SuperGroup Plc

Annual Report

for the year ended 30 April 2016

Welcome to our 2016 Annual Report.

SuperGroup Plc ("*SuperGroup*" or the "*Company*") is the owner of the 'Superdry' brand, founded in Britain. In this report we outline the progress made over the past year towards our ambition to create a global lifestyle brand.

We offer our customers around the world innovative, premium, affordable quality clothing and accessories with a focus on design detail. The Superdry customer is loyal, comes from all walks of life and is not defined by age but rather by their attitude.

We hope you enjoy reading our report which reflects changes made as a result of shareholder feedback. Reflecting a growing and more mature business we are committed to providing transparent and consistent reporting, but again would welcome your feedback at investor.relations@supergroup.co.uk.

Read more on our four strategic pillars:

- **EMBED** see page 16
- **ENABLE** see page 18
- **EXTEND** see page 20
- **EXECUTE** see page 22

Strategic Report

Our Governance

Financial Statements

Business Purpose

To become a global lifestyle brand...

1 ...by creating and selling the best product on the planet to the planet

2 ...at a price point that can't be matched on quality and innovation

Brand Purpose

To help our customers feel amazing

Chairman's Welcome.

"Our four pillar strategy is building Superdry as a global lifestyle brand: 55% of all Superdry product is now sold outside the UK and almost 90% of the new space opened during the year was in mainland Europe. We have seen greater professionalism throughout the Company, consistent delivery of key initiatives and results as well as an increase in the pace of innovation and new product ranges."

Peter Bamford
Chairman
13 July 2016

I am delighted to report on a year of solid progress. Financial results have been in line with expectations and we have seen good growth on all key performance measures. In addition, significant steps have been taken in delivering our four pillar strategy aimed at building Superdry as a global lifestyle brand: 55% of all Superdry product is now sold outside the UK and almost 90% of the new space opened during the year was in mainland Europe.

Euan Sutherland has provided clear leadership to the Company in his first full year as Chief Executive Officer and has developed strong working relationships with Julian Dunkerton and James Holder, the founders of SuperGroup. Euan has also continued to build the overall capability of the organisation with further appointments to the Executive Committee and broader management team. As a Board we have seen greater professionalism throughout the Company, consistent delivery of key initiatives and results, as well as an increase in the pace of innovation and new product ranges.

The Board has continued to develop and change. James Holder's decision to resign as an employee and Director has been a significant step but a natural evolution in his role as a founder and leading creative force in the Company. Through the SuperDesign Lab, James will continue to drive major product innovations and contribute to the overall strategy and direction of the brand while having the freedom to pursue his personal interests. In addition, following Nick Wharton's appointment as Chief Financial Officer in June 2015, we were delighted to appoint Steve Sunnucks to the Board as a Non-Executive Director in March 2016. Steve brings a huge breadth and depth of experience, particularly from his time at The Gap, which will be of great benefit in the international development of SuperGroup. Ken McCall has decided to stand down from the Board and will leave us on 13 July 2016 having been with the Company since its flotation in 2010. On behalf of the Board I would like to thank James for his unique role and invaluable contribution to the SuperGroup story so far and to Ken for his insight, input and support over the last six years.

We completed an externally facilitated Board evaluation this year. The overall assessment was that the Board was working very well. Areas for improvement were mainly in ensuring that we evolve the Board agenda to ensure that focus is on the key strategic issues and on increased delegation in certain areas to management to reflect the growth in both the size of the Company and the capability of the management team. We have also discussed the need to ensure we focus our succession planning for Non-Executive Directors on continuing to increase the strength and depth of international experience on the Board. I am delighted that Beatrice Lafon will join the Board as a Non-Executive Director with effect from 14 September 2016, adding both an international perspective and further retail experience to the Board.

We have also continued to reflect the growth and maturity of the Company in our approach to corporate governance generally. During the year the Board has spent significant time reviewing our corporate and social responsibility programme, with a particular focus on our relationships with suppliers to ensure that we and they are trading ethically. As an integral part of our commitment to human rights, we are actively working to ensure that our business, business partners and their associated supply chains are free from all forms of slavery and human trafficking. Cyber security has also received increased focus and attention both at Board level and within the management team. These points are noted in the risk section on pages 44 to 48. We have also considered and confirmed, for the first time, our longer term viability based on modelling the impact of potential damage to our brand should any significant commercial or reputational risks materialise.

In overall terms this Annual Report reflects progress on all fronts over the last year. The business continues to be highly cash generative and the Board considers that the Group has adequate funds to pay a final dividend, to support its capital expenditure programme for the financial year 2017 and beyond and still have excess capital. The Board has declared a special dividend of 20.0 p per share to be paid to all shareholders at the same time as the final dividend. This will ensure efficient balance sheet management, and reflects the Board's confidence in the Superdry brand, the management team and the business.

On behalf of the Board I would like to thank you, our shareholders, for your continued support and to thank our colleagues throughout SuperGroup for their passion, commitment and hard work.

The Journey So Far.

Superdry launched in 2003, by our founders Julian Dunkerton and James Holder, is a lifestyle brand designed for attitude, not age. Our brand has democratic appeal, offering affordable, premium-quality clothing, accessories and footwear complemented by other lifestyle categories such as eyewear, cosmetics and luggage.

As we develop the breadth and nature of our product range, we are widening our appeal to a broader, aspirational age group; those who want to feel amazing in what they wear and appreciate style, quality and attention to detail. We create high-quality, contemporary products that, in varying degrees, fuse vintage Americana and Japanese-inspired graphics with a British style, characterised by:

- quality fabrics with authentic vintage washes
- unique vintage detailing
- world leading hand-drawn graphics
- tailored fits with diverse styling

Already well established in our home market of the UK we operate a significant and continually expanding international business with 55% of our sales now generated outside of the UK. We sell through a number of complementary routes to customer, tailored specifically to each market. This multi-channel approach includes stores, both our own and those operated by franchise partners, websites and third party partners. These wholesale partners are selected in each country in which we operate, taking advantage of local knowledge and expertise.

We have expanded quickly over the 13 years of our life, fast becoming an international brand with a physical presence in 51 countries. We have added almost 100 points of sale to our portfolio around the world during FY16, taking our total number of owned, franchised, licensed stores and retail concessions to 512,with 160 wholesale concessions (“shop-in-shops”).

We will continue to grow and diversify our business across channels, geographies and categories in order to deliver sustainable long-term growth and insulate the business against economic conditions in any single market.

Our Growth Since 2010.

Our business has grown rapidly over the past six years, since listing on the London Stock Exchange.

+329%
sales

+173%
underlying profit before income tax

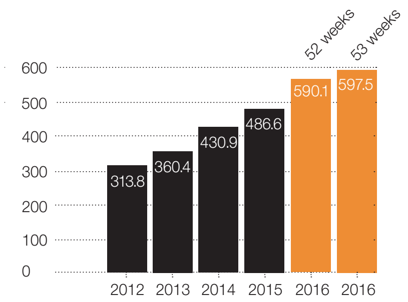
+243%
net cash

+1586%
e-commerce net revenue

Financial and Operational Highlights.

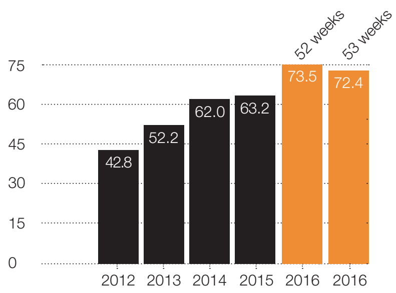
Group revenue

£597.5 million* **+22.8% growth**
£590.1 million† **+21.3% growth**



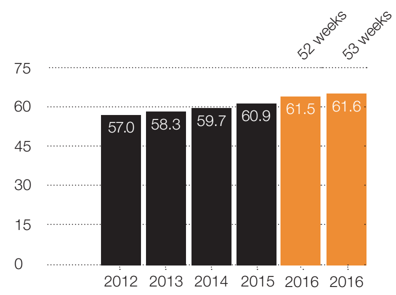
Underlying[1] Group profit before income tax

£72.4 million* **+14.6% growth**
£73.5 million† **+16.3% growth**



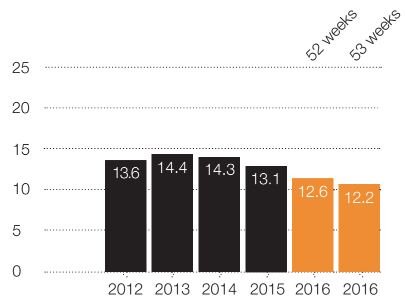
Underlying[1] Group gross profit margin

61.6%* **+70bps growth**
61.5%† **+60bps growth**



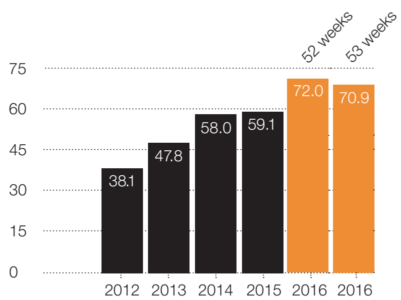
Underlying[1] Group operating profit margin

12.2%* **-90bps change**
12.6%† **-50bps change**



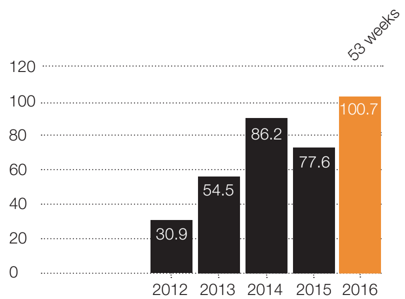
Underlying[1] basic EPS

70.9 pence* **+20.0% growth**
72.0 pence† **+21.8% growth**



Year-end net cash[2]

£100.7 million **+29.8% change**



Opened 136,000 square feet of new retail space

22.5% average space growth

E-commerce participation

23.1% of total retail sales +490bps

Successful brand innovation through launch of Superdry Sport and Premium, in collaboration with Idris Elba, ranges

* 53 weeks
† 52 weeks

Our financial results[1] reflect our progress in establishing Superdry as a global lifestyle brand.

On a comparable 52-week basis:

- Revenue up 21.3% to £590.1m
- Underlying gross margin up 60 basis points to 61.5%
- Underlying operating margin 12.6% (2015: 13.1%), 13.6% excluding initial trading losses in key development markets
- Underlying profit before income tax up 16.3% to £73.5m
- Underlying basic earnings per share up 21.8% to 72.0p (2015: 59.1p)
- Full year ordinary dividend 23.2p per share representing a 3.1x cover
- First special dividend 20.0p per share

On a 53-week basis:

- Revenue up 22.8% to £597.5m
- Underlying operating margin 12.2% down 90bps
- Underlying profit before income tax up 14.6% to £72.4m
- Profit before income tax £55.4m (2015: £59.5m)
- Underlying basic earnings per share up 20.0% to 70.9p (2015: 59.1p)
- Basic earnings per share of 50.7p (2015: 56.1p)
- Cash generated from underlying operating activities of £91.6m (2015: £50.8m)
- Year-end net cash[2] position up 29.8% to £100.7m (2015: £77.6m)

1. Underlying is defined as reported results adjusted to reflect the impact of the loss/gain recognised on re-measurements (being the fair valuation of financial derivatives), exceptional items and, when appropriate, the related income tax. The Directors believe that the underlying results provide additional guidance to statutory measures to help understand the performance of the Group. Further details of the adjustments are included in note 6 to the Financial Statements. All references to underlying are after making these adjustments. Retail and Wholesale segments are presented before inter-segment royalties.

2. Net cash in the prior year includes cash and cash equivalents together with term deposits classified as “Other financial assets”.

▶ Read more on **Our Performance** on pages 32 to 42

▶ Read more on **Key Performance Indicators** on pages 34 to 35

Our Strategy.

Superdry: a global lifestyle brand

In 2015 we set out a clear vision to build a global lifestyle brand, encompassing all aspects of our product, brand and retail experience. Under this vision we are broadening and strengthening the appeal of the iconic Superdry brand across countries and age groups. We are building Superdry into a brand with longevity that will appeal to customers through all life stages and be a part of their lives beyond any individual product.

During the year we have further refined our brand strategy based on a clear definition of the brand purpose focused on helping our customers feel amazing. This brand strategy has three key elements:

1. **Drive awareness of the breadth of the Superdry range** – As we deliver innovation through our products, there is a need to ensure our existing and potential customers are aware of and buy into the breadth of our product range. This opportunity is particularly relevant for women and more mature customers, and will allow us to increase consideration and purchase across a broader customer spectrum.

2. **Build a broad cross-channel relationship with customers** – Our customers interact with us in a multi-channel environment (i.e. both in-store and online). A multi-channel customer is of significantly higher economic value to us and we therefore seek to provide a sector leading multi-channel experience around the world.

3. **Deliver a consistent global brand proposition** – We will achieve consistency by applying best practice in each market, using global brand icons to connect the customer with the brand, and leveraging our global capability in merchandising, range selection and a clear understanding of how we optimise retail space.

As an additional refinement to our brand strategy we categorise each territory by the stage it has reached in developing the brand:

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

Embed.
Our brand values for long-term sustainable growth

▶ Read more on page 16

Enable.
Future growth through investment in people, systems and infrastructure

▶ Read more on page 18

Extend.
Our key categories to achieve our brand growth potential

▶ Read more on page 20

Execute.
Growth opportunities in new and existing markets and online

▶ Read more on page 22

How We Will Deliver Our Strategy.

Our four pillar strategy is clear, grounded in a thorough understanding of our brand, customer and product.

Embed

- our founding principles and brand values that bring our brand to life and is directly linked to the success of our business. We will embed these principles and values with every single colleague, every single store and online and in every country in which we operate so that there is a real understanding and appreciation of what our brand stands for.
- an extensive understanding of our customer into everything we do to ensure that they feel valued and are loyal to Superdry.
- the strong link between our brand values and our four product attributes, which are: design detail; quality obsession; end-to-end innovation; and affordability.
- the knowledge, skills, drive, passion and enthusiasm of our colleagues, wherever they are in the world.

Enable

- growth by continued investment in our colleagues, systems and infrastructure so that we drive more efficiency and greater profit opportunity as we grow our business.
- the entrepreneurial and innovative culture we inherited from our founders to remain at the heart of our way of working, allowing colleagues to flourish and fulfil their potential through working in a creative environment.
- the optimisation of our design to customer process including the ongoing investment in our IT systems, including our transactional and internal business systems, and our infrastructure.

Extend

- our product opportunities by constant innovation both within our core mainline offer, particularly in womenswear, premium and denim, but also in adjacent categories including active sportswear, ski and footwear.
- our category management and design to customer process to offer newness more frequently as we go through the seasons.

Execute

- opportunities to expand Superdry's points of sale globally based upon a disciplined territory-by-territory approach.
- the significant opportunity for new retail space in both our existing key markets in mainland Europe and new markets.
- a multi-channel relationship with our customers that enables them to order anywhere, on any device, using any payment method, and have their order delivered to wherever they choose.
- increasing e-commerce penetration across the world including developing our partner programme, where we offer our product for sale on third party retailer sites.
- the growth and development of our Wholesale division.

The SuperGroup investment case.

We have a well-defined brand strategy and our extensive research shows awareness and perception of our brand is improving.

We appeal to a broad and broadening customer base and our product range attracts customers of all ages.

We have a clear strategy to continue the momentum in our fast growing e-commerce business globally and in growing our owned retail store business in Europe, USA and China.

We are increasingly diversifying our business model, geographically, by channel and by category, reducing our reliance on any single market, route to the customer or product range.

We are a highly cash generative business with a progressive dividend policy, having made our maiden interim dividend payment in 2016 and are committed to returning excess capital to shareholders.

We continue to invest in our business, enabling further growth and delivering strong returns on invested capital.

We are constantly innovating and extending our product range using data and research to drive innovation and, in so doing, ensuring newness, positioning us to capture market share.

We are becoming a more efficient business as we improve our design to customer processes and refine our wholesale model.

We have a strong, collaborative leadership team working alongside the founders, continuing the journey towards becoming a global lifestyle brand.

Our Evolving Business Model.

We design, produce and sell innovative, affordable clothing and accessories exclusively under the Superdry brand in 672 points of sale around the world as well as online. Our broad product range, for men and women, holds wide appeal across a broad age spectrum.

Our brand management, product design and innovation, is centralised at our head office in Cheltenham in the UK, along with all the main support functions including human resources, merchandising, finance and legal, customer services, marketing and IT. Whilst design, category management and merchandising of our products are all managed by our colleagues, our products are manufactured by partners (third party suppliers) predominantly located in Turkey, China and India. We have two main distribution centres – one in the UK and one in Belgium – which receive and dispatch our products across our multi-channel business (**Retail**, **E-commerce** and **Wholesale** – our three routes to customer). We plan to open two further distribution centres in 2016, one in Europe and one in the USA, to serve better their respective markets and to drive further efficiencies.

Our Customer.

Our target customer is characterised by attitude not age.

We are now in the second year of our customer insight program, which was extended this year to Germany, the USA and further key product areas. This ongoing qualitative and quantitative customer research provides us with a deep understanding of, and insight into, our customer demographics, their perception of Superdry and their buying behaviour, enabling us to meet their needs. This investment is key to understanding our customers' perception of the brand and awareness as we become a global lifestyle brand.

From this research we know our customer is:

- from a broad spectrum
- aspirational
- appreciative of style, quality and attention to detail
- focused on value for money, not price

The research also highlighted three key findings:

1 Superdry has broad democratic appeal and consistent brand perception across the world

2 Superdry remains relevant in its core UK market

3 Opportunities exist to communicate better the breadth of our product and extend certain categories, in particular, womenswear

The qualitative insights we have gleaned show what customers think of Superdry. This evidences that Superdry is a strong brand with considerable democratic appeal. We are known for high-quality products and iconic styles often associated with big logos, but have also developed to produce clothing with more subtle branding. However, these insights have highlighted that the brand is still perceived as being rather masculine and that womenswear has a narrower appeal to younger customers. This is a significant opportunity for us and will be a key focus over the coming year.

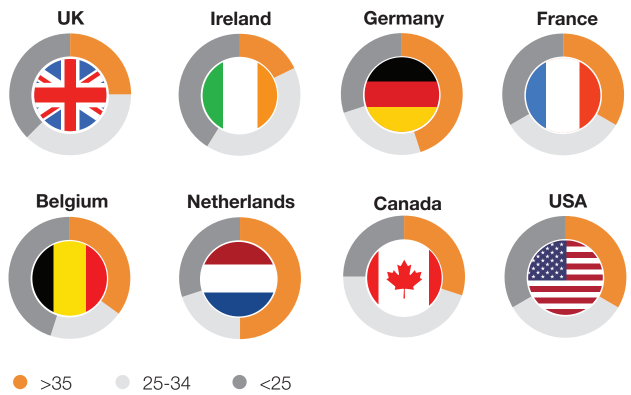
We are progressively embedding this research in our design process and range planning, as well as our customer communication, and have identified a number of opportunities to improve and extend our product range. This is evident in the progression of our womenswear ranges where the changes in creating more feminine garments have been grounded in customer-led feedback and supported by the changes we have made in our design team.

The research has also identified adjacent categories that our customers believe the brand should be represented in. One such category is the sportswear range. This is a natural extension for the Superdry brand building on the "Ath-leisure" products our customers, particularly females, wear to visit the gym. Our research suggested an unmet customer need for technical sportswear with a Superdry design element. Following a positive response from customers we trialled a range of sportswear for women that was well received and led to a roll-out to stores in time for our peak trading period at Christmas 2015. A men's sportswear range was launched in spring 2016. This customer-led approach and trialling of new innovation results in de-risking the introduction of new categories.

Socio-economic classification:

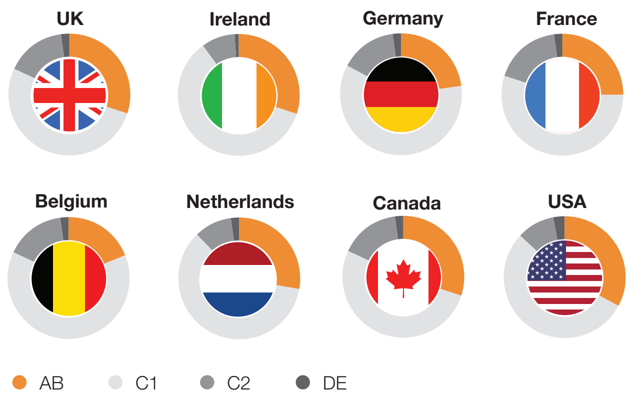
- AB Higher & intermediate managerial, administrative, professional occupations
- C1 Supervisory, clerical & junior managerial, administrative, professional occupations
- C2 Skilled manual occupations
- DE Semi-skilled & unskilled manual occupations, Unemployed and lowest grade occupations

Age profile trend in our market



Source: ABA Research online survey of Superdry e-commerce customers January–March 2015

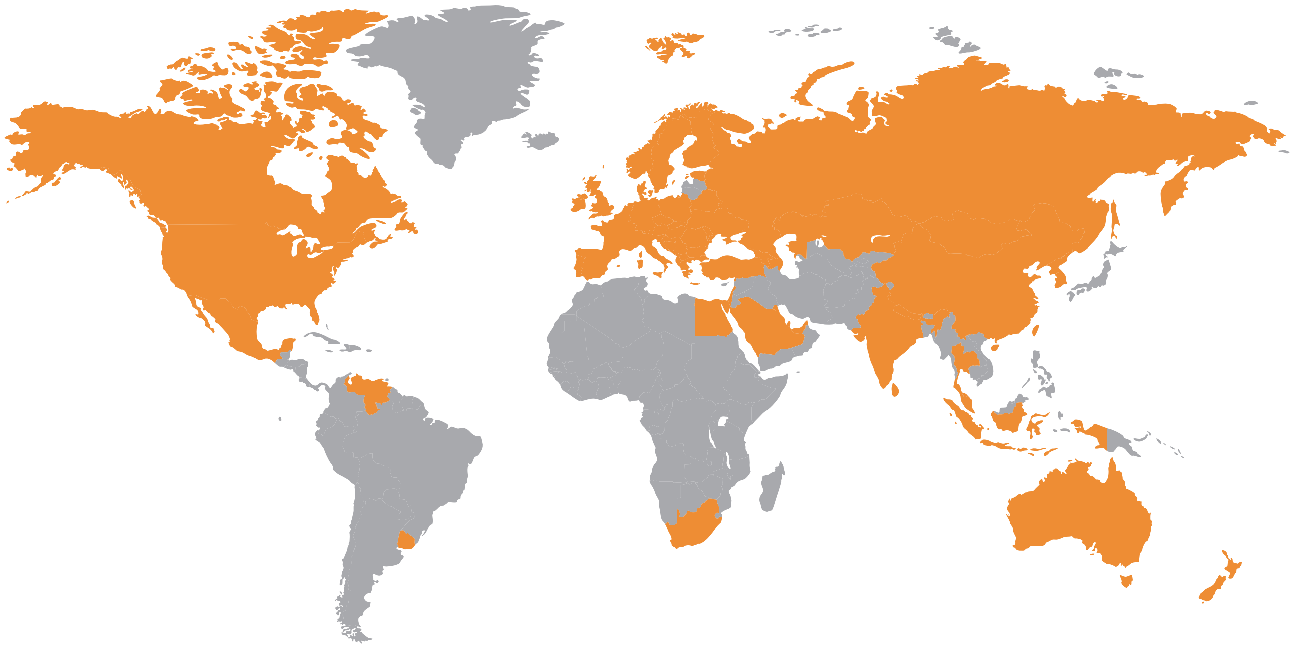
Socio-economic profile



Source: ABA Research online survey of Superdry e-commerce customers January–March 2015

Our Marketplace.

The Superdry brand competes with all clothing and accessory retailers on an indirect basis, however, we occupy a niche position within the branded fashion market defined by our unique product range and the design detail we are famous for.



■ Superdry presence

AMERICAS
21 own stores and concessions

EUROPE
475 own stores, franchises and concessions

REST OF WORLD
176 franchises and concessions

From this established position, we continue to innovate and extend our product range to adapt to customer needs and market trends. We believe there are very few brands with our global reach and diverse customer base.

We sell our product consumers through stores and e-commerce channels, competing with traditional retailers and brands, pure e-commerce and multi-channel businesses. The impact of online retailing is becoming more evident as customers' shopping habits change with online channels increasingly used to research and purchase products. We are embracing this and continually enhance our customers experience on-line to provide a sector leading multi-channel proposition. For more information on our e-commerce strategy, please refer to page 23.

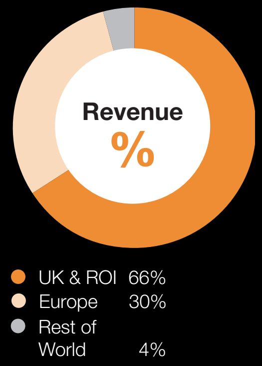
Superdry started its international expansion early on in its development and is now sold in 51 countries with 55% of total sales volume generated outside of the UK based on retail selling price. Our short to medium-term focus is to grow the retail proposition in Western Europe where we are growing rapidly, particularly in Germany. In financial year 2016 ("***FY16***") 88% of our new space was in markets outside the UK and this is a trend that will continue.

Looking to the long-term we have identified significant opportunities to grow our global presence through developing the Superdry brand in North America and China. We will adopt a tailored approach in our routes to the customer in each of these markets.

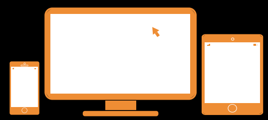
Our Routes to Customer.

We have a multi-channel business with three routes to customer:

1 Retail

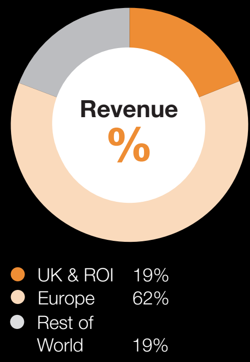


2 E-commerce



25 international websites delivering to over 173 countries

3 Wholesale



Our **Retail** channel (which includes e-commerce) comprises the entire owned store portfolio in the UK, mainland Europe and North America together with our websites.

There are 202 owned stores, with total space of 900,000 square feet, consisting of smaller boutique stores (mostly situated in mainland Europe), medium-sized stores of around 5,000 to 6,000 square feet (principally in the UK and increasingly so in mainland Europe), and larger stores, such as our flagship stores in Regent Street, London and Munich, Germany. Superdry outlet stores enable us to optimise the value generated from excess stock and protect the brand integrity of our non-outlet stores.

We have granted a licence for Superdry to be sold in Australia and the licensee now trades from 13 Superdry branded stores. Sales made by the licensee are included in the royalties earned from sales in "other gains and losses" in the Group statement of comprehensive income.

E-commerce consists of 25 international websites across 18 countries covering 12 different languages and delivering to 173 countries. E-commerce connects our Wholesale and Retail channels and includes our programme with partners including Zalando, La Redoute and The Iconic. We use eBay as another sales channel to sell our end of line or discounted products whilst maintaining our brand integrity and retaining gross margin. An innovative way in which we have brought e-commerce and Retail closer together is through our iKiosks which give customers access to our full collection through the Superdry website, with the opportunity for in-store ordering and free next day collection.

Our **Wholesale** channel introduces Superdry complementary points of sale, tailored to each market, including:

- independent retailers and international distribution partners supplying the independent retail markets in their respective territories. This is the largest of our wholesale routes to market accounting for almost 40% of total wholesale revenue;
- international franchise partners operating 260 Superdry branded franchised stores; and
- key wholesale accounts.

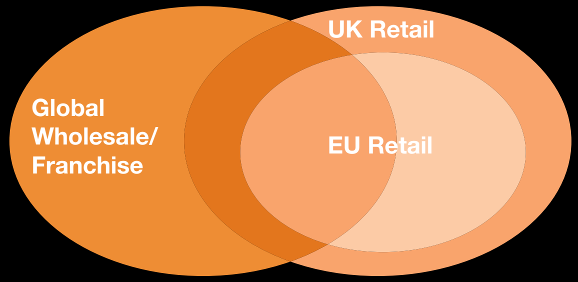
Our Evolving Operating Model.

We are currently transforming our category management approach, buying model and stock management process to improve speed to market, increase efficiency and lower operating costs. Within a multi-year programme, referred to internally as "Design to Customer", we will continue to invest in our systems and processes to deliver greater efficiencies.

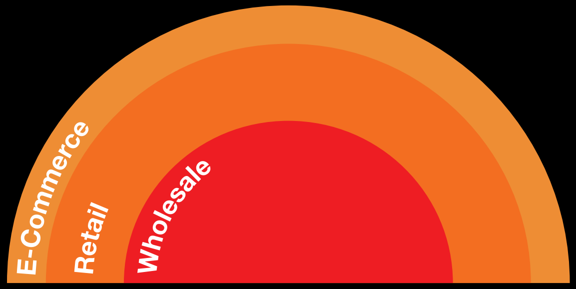
Key to this are:

- one single integrated range construction so that the wholesale offering is a subset of the retail range which, in turn, is a subset of our largest range offered through e-commerce. This allows us to optimise our buying model across the routes to customer and, in turn, drives purchasing economies and enhances sell-through;
- increasing our direct sourcing and better phasing product buys to ensure newness for our customer, improve stock management, product availability, and stock levels;
- bringing our distribution centres closer to market, with a single pool of stock to maximise availability and achieve zonal fulfilment across all routes to customer; and
- ensuring our range development strategies are informed by a deep understanding of our customer and reflects the insight gleaned from our extensive customer research programme.

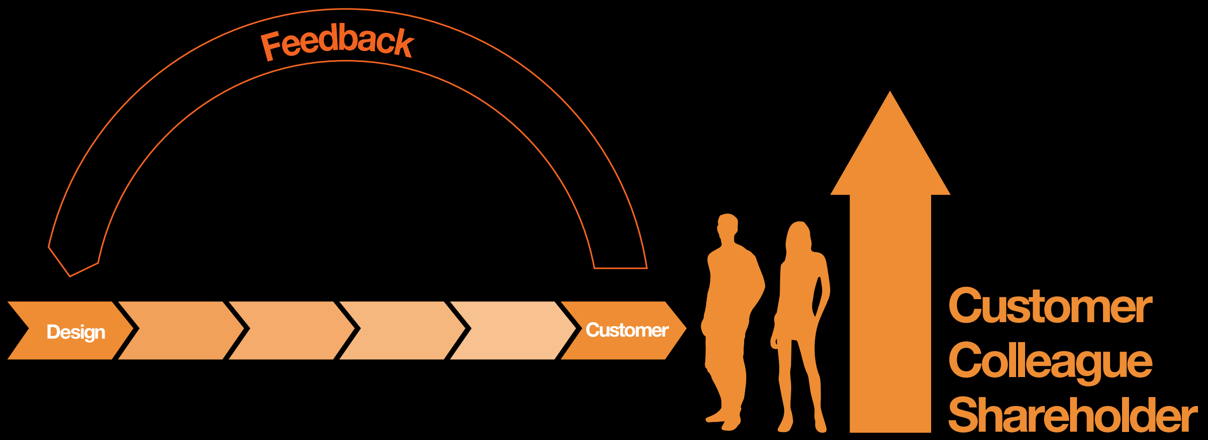
Previous stock buying model



New stock buying model



Future business model



▶ Read more about **Our Customers** on page 09
▶ Read more about **Our Colleagues** on page 19
▶ Read more about **Our Governance** on pages 50 to 87

Chief Executive's Review.

"The brand innovation through launching the Superdry Sport collection has been received positively by our customers and delivered immediate incremental sales, with extensive opportunities for the future. Insight tells us that sportswear and "ath-leisure" fits perfectly with our brand image and is a future worldwide growth market for both the men's and women's sectors."

Euan Sutherland
Chief Executive Officer
13 July 2016

Our focus is to execute our strategy so that we deliver long-term sustainable growth.

FY16 delivered a consistent trading performance

This has been a successful year that has seen, on a comparable 52-week basis, Group sales grow by 21% and underlying profit before tax increase by 16%.

Our sales performance has been consistently strong throughout the year with similar levels of sales growth in both of the first and second halves of the year, reflecting consistent growth from new stores and a strong e-commerce performance. Evidencing the progress we have made in delivering our strategy, all channels: Retail, E-commerce and Wholesale, delivered positive like-for-like growth.

The Retail division delivered a robust sales performance driven by: strong like-for-like sales, against weak prior year comparatives in the first half-year, and the opening of new stores that saw average new space grow by 23%.

Our Wholesale division performance benefitted from the introduction of improved processes and range enhancements that have driven strong in-season sales.

The following describes the highlights for the year under each of the four pillars of our strategy:

▶ Read more on **Embed** on pages 16 to 17

▶ Read more on **Enable** on pages 18 to 19

▶ Read more on **Extend** on pages 20 to 21

▶ Read more on **Execute** on pages 22 to 25

Embed.

Our brand values for long-term sustainable growth.

People
Doing the right thing for our Superdry family (customers and team)

Product
The ongoing creation of perfect products

Progression
Stay grounded and innovate like mad

Passion
Always keep the passion, energy and enthusiasm that created the brand

Innovative, British, premium lifestyle brand with global appeal.

Embedding our brand values is a key element to realising our ambition to become a global lifestyle brand. This focus ensures that all SuperGroup colleagues across the world have a real understanding and appreciation for what our brand stands for. This understanding, based on an extensive customer insight programme over the past two years, allowed us to structure, during this year, a brand purpose for all colleagues and business partners that:

1. defines the brand and reason for being;
2. creates one clear and concise brand story for all markets; and
3. delivers a brand strategy that is relevant and actionable for all parts of the business.

We have extended our customer insight programme, which we started in the UK last year, to Germany, USA and to key product areas. Through collecting customer and market data we are able to improve the customer experience by embedding this insight into our ongoing product innovation programme. This has been particularly successful in developing the sportswear range and in developing our premium product range, both of which have been well received by our customers.

With extending category and product ranges we have to consider how best to merchandise and create a store layout that maximises our customers' shopping experience. During the year a store environment trial was commissioned. Our first store to be re-fitted was opened in May 2016 in White City and a second at Manchester's Arndale centre which opened on 8 July 2016. These trial stores introduce a number of new concepts to the store designed to project better the wider product offer, particularly in womenswear, increase range intensity while increasing circulation space, and use technology to enhance the shopping experience. The learning from this trial will inform the approach to a store re-fit programme which we anticipate will roll-out in calendar year 2017.

To ensure that our colleagues have a real appreciation and understanding of our brand and that we can create a more positive working environment and strengthen our employment brand, we conducted our first engagement survey during summer 2015. From this study we have developed an action plan both at the corporate and local level, to take us from being a 'good' to being a 'great' company to work for.

Enable.

Future growth through investment in people, systems and infrastructure.

The design to customer process will improve our speed to market, eliminate wastage and reduce our operating costs.

People

Doing the right thing for our Superdry family (customers and team)

Strengthening our teams

Acknowledging that the loss of key colleagues is one of our biggest potential risks, we have invested in our design and buying departments, established category management and further developed our merchandising capability. We now have a strong team with a breadth of capabilities enabling our two founders to be focused entirely on design and new product development.

During the year, the senior management team was further strengthened by the appointment of Nick Tatum as Global Retail Director, with responsibility for the Group's retail operations and logistics.

Optimising the design to customer process

As we optimise the design to customer process, we will improve our speed to market, eliminate wastage and reduce our operating costs. During the year we undertook an end-to-end review of this key process to identify its strengths, limitations and weaknesses, led by our teams and supported by a global consultancy practice. This review identified a multi-year business change programme that will introduce processes more appropriate to a business of our envisaged scale and business model complexity, while retaining the entrepreneurial art that is pivotal to ensure the ongoing success of the business. Consistent with our approach to any significant change, we will adopt a measured stance, introducing initiatives and working practices progressively so as not to create any risk to the underlying business. We are confident that the changes we are planning are well proven, best practice in the retail sector suitably adapted to our business model.

Direct sourcing

Having established our own quality assurance teams in India and China, this year we will continue to drive efficiencies through increasing our direct sourcing, which now stands at c.60%.

Infrastructure development

Investment in infrastructure to support the growth and development of the business will continue over the medium-term as we introduce developments to both our systems and physical infrastructure to benefit the Group. This programme will centre on executing one significant change per year in order to protect the quality of execution.

The key system investments and improvements we have made this year include the following:

- a redesign of the look and feel of our e-commerce site; improving the web hosting architecture to improve the delivery speed of content and checkout optimisation; and
- the merchandising team have been utilising a new merchandise planning system which complements Mercatus, our existing merchandising management system. This has provided an effective set of tools that has facilitated an improvement in planning, monitoring forecasting and reporting, which has contributed to improvements in range planning and stock allocation.

In the current financial year we will focus on the introduction of new distribution facilities in Europe and USA, with known developments for future years including the re-platforming of our e-commerce operations and the consolidation of inventory into a single flexible pool of stock.

The harmonisation of our inventory into a single stock pool is part of a clear supply chain strategy to establish zonal fulfilment in each of our key operating regions being able to fulfil Retail, E-commerce and Wholesale from a single distribution facility. This development will balance better our stock to support business growth by holding inventory closer to the end customer.

Extend.

Our key categories to achieve our brand growth potential.

Significant opportunities exist for Superdry as we look to extend into naturally adjacent product categories.

Our product opportunities

Significant opportunities exist for Superdry as we look to continually extend into adjacent product categories and ranges that are natural extension for the brand. Led by womenswear, which represents our most significant opportunity, denim, ski and footwear also continue to gain traction with our customers. The brand innovation through launching Superdry Sport has been received positively by customers and delivered immediate incremental sales, with extensive opportunities for the future. Insight tells us that sportswear and "ath-leisure" fits perfectly with our brand image and is a future worldwide growth market for both the men's and women's sectors. We launched a premium range, collaborating with Idris Elba, ahead of peak Christmas trade which provided a strong addition to our price architecture. The autumn/winter collection performed in line with our expectations and the insight gained from our customers has been used to design the spring/summer range. Both Superdry Sport and our premium range provide meaningful opportunities for 2016 and beyond.

Focusing on the opportunity in womenswear

Our strategy to grow the womenswear participation towards parity with menswear has shown great traction over the past year with womenswear representing the fastest growth category. Our recently established category and design teams are focused on putting the female customer at the heart of our decision making process, designing styles that our customers want to buy, and selling in a way that engages and inspires women. The key to the evolution of the womenswear range has been to take a more feminine direction, including displaying products as complete looks in-store, offering regular newness to encourage repeat purchases, brand loyalty and broadening appeal of our core range to better match our identified customer profiles.

Having, in the past two years, developed the capacity and capability of our design team, the business is now well placed to continue its planned programme of core product development. This programme will be complemented by the creation, in the current year, of the SuperDesign Lab which, led by James Holder, will focus on the creation of further extensions of the Superdry brand into adjacent lifestyle categories.

Passion

Always keep the passion, energy and enthusiasm that created the brand

Execute.

Growth opportunities in new and existing markets and online.

Forming a multi-channel relationship with our customers is vital.

Progression

Stay grounded
and innovate
like mad

Expanding our retail estate in mainland Europe

A key driver of our growth strategy is the expansion of our retail estate which is, as mentioned on pages 7 and 38, predominantly focused in mainland Europe. Our core owned estate targets stores between 4,000 to 6,000 square feet in major city locations or prime locations in shopping malls. We continued to make good progress in FY16 and opened 119,000 square feet of new space in continental Europe, including a 20,000 square foot store in Cologne and an 11,000 square foot store in Gothenburg. New stores opened in mainland Europe represented 88% of the total net new space and we now operate from 87 owned stores: 26 in Germany, 20 in Belgium, 11 in France, 9 in the Netherlands, 7 in Austria, 7 in Scandinavia, 5 in Italy and 2 in Spain. Mainland Europe owned stores at the year-end comprised 281,000 square feet of trading space, an increase of 73% during the year, and represents 31% of our total retail estate.

Our European stores continue to deliver excellent returns on capital with, on average, a 23-month post-tax payback against a target of 30 months. Looking at Germany in particular, we are pleased with the overall performance of the store portfolio especially given how young most of our stores are. Since we opened our first store in November 2012 we have grown our presence to 26 owned stores and 11 franchises and we plan to have 50 owned stores in Germany in the next five years.

Increasing e-commerce penetration

Strong growth in e-commerce continued during FY16 with internet participation increasing to 23.1% of total Retail sales. During the year this growth, which was stronger than many pure play operators, reflects our continued investment to improve the customer on-line experience, the introduction of iKiosks to owned and franchised stores and the significant improvement in on-line availability following the consolidation of retail stock prior to peak trading. The bespoke iKiosk App gives customers in-store access to the full product range from www.superdry.com helping us to build transactions with customers and capture potentially lost sales.

Our partner programme, where we offer our product for sale on third party retailer sites, is another important driver generating incremental growth. This route to the customer provides us with access to a new customer base and allows us to expand where we already have a presence whilst controlling the brand experience. We have seven partner sites currently, including Zalando, La Redoute, and The Iconic. The partner programme has seen good growth during the year and now represents 12% of our e-commerce business.

Improving our Wholesale operation

The Wholesale division continues to represent a significant part of our business and provides good growth opportunities. Over the past few years the performance of our Wholesale channel has been restricted by limited investment, an unnecessarily complex business model which did not leverage the retail offer, and some consolidation in the marketplace resulting in the loss of key accounts. During the year there has been a focus on simplifying and standardising our processes and contractual arrangements to enable us to develop stronger relationships with existing customers as well as identifying new ones. These improvements have to date been implemented for our European operations, but will be extended to our rest of world partners in 2016. With Wholesale now being integrated better into the rest of our business planning and processes, there are many opportunities to achieve closer alignment between Retail and Wholesale so that, in time, we will have a single optimised structure for all routes to market.

During FY16 we have seen strong in-season sales as well as double-digit growth in our order books reflecting the progress we have made in our renewed focus on the Wholesale business. Europe has seen the fastest sales growth and Germany overtook the UK to become our largest wholesale market. We opened a net 48 franchise stores in the financial year including our first stores in Iceland, Iran, Oman and Poland, adding 93,000 square feet to the franchised store estate.

Execute.

We will continue to invest in our infrastructure, product, processes and colleagues to deliver long-term, sustainable growth and create a global lifestyle brand.

5 Trial Stores
Planned for North America in 2016

3 Trial Stores
Planned for China in 2016

up to £18m
combined investment in China through joint venture

Developing new markets

Looking to the long-term we are developing two markets that represent significant future growth opportunities.

North America

Establishing a successful presence in North America is an important and natural step to realising our global ambition. North America provides us with the opportunity to enhance our brand and build significantly the long-term value of our business. Progress has been made during the year in re-setting the USA e-commerce and wholesale routes to market and we are starting to see a positive customer response from the remedial actions we have taken in the stores that we inherited. Store trading improvements have been seen as a result of the introduction of a broader product range, better price architecture and more capable store colleagues. During 2016 we plan to open five trial stores which will enable us to experiment with different store formats. These stores will be predominantly located in the North-East and will reflect a full Superdry offer, representative of that seen in Europe. We are confident that we have secured good locations at appropriate rents and will use the learning to develop a new store opening programme.

China

China is an exciting market and is forecast to overtake the USA as the largest apparel and footwear market in the world. Customer tastes are evolving from luxury brands to brands influenced by "pop" culture and we believe that the Superdry brand, with the right product, pricing model and infrastructure, is well positioned to be successful. We have a 10-year minimum 50:50 joint venture agreement with Trendy International Group ("***Trendy***"). The day-to-day business operations will be managed by Trendy, whilst our involvement will be focused on strategic direction, brand support, design services and supporting Trendy's marketing activities. The operation will be funded by a combined investment of up to £18m though we anticipate that the joint venture will be self-funding in the medium-term. We remain on track to open three trial stores during 2016 and, if successful, will undertake a measured roll-out programme using a combination of owned and franchised stores.

In conclusion, we have made good progress against our four strategic objectives this year. Delivering these objectives will build both our international scale, primarily through opening new stores in Europe and further global e-commerce growth, while also improving efficiency across the business. We will continue to invest in our infrastructure, product, processes and colleagues to deliver long-term, sustainable growth and create a global lifestyle brand.

▶ Read more about **Our Performance** on pages 32 to 42

Corporate Responsibility.

"We remain committed to corporate responsibility at all levels in our business, with our Ethical Trading Manager and our Energy and Environment Manager ensuring that the Executive Committee and the Board are appraised fully on the progress we are making against our objectives."

We take our responsibility to operate ethically and responsibly seriously. Respecting human rights is a fundamental part of our Company's integrity.

Our corporate responsibility programme is designed to:

- ensure integrity in our supply chain relationships;
- drive environmental sustainability improvements;
- support the communities we interact with; and
- ensure the welfare of our colleagues.

We believe that this approach is not only beneficial to stakeholders, but also contributes to the economic sustainability of the business.

Governance and risk management of corporate responsibility

We remain committed to corporate responsibility at all levels in our business, with our Ethical Trading Manager and our Energy and Environment Manager ensuring that the Executive Committee and the Board are appraised fully on the progress we are making against our objectives. This team works with departments across the business to identify opportunities to operate in a more sustainable manner as well as helping to implement and monitor their success.

Issues pertaining to corporate responsibility are reviewed within our internal control and risk management processes. Ethical trading issues in the supply chain are considered as a risk to the business and are reviewed in accordance with risk management protocols. You can read more on how we manage our risks on pages 44 to 48.

Integrity of our relationships

We take our responsibility to operate ethically and responsibly seriously. Respecting human rights is a fundamental part of our Company's integrity.

Our approach

We are committed to ensuring our clothing and accessories are made by workers who are treated fairly for the work they do, with respect for their human rights and wellbeing.

We are a member of the Ethical Trading Initiative ("***ETI***") and work closely with our suppliers and their factories to ensure they operate in line with our Ethical Trading Code of Practice, which is based on the ETI's Base Code. The Base Code sets out the minimum benchmark principles covering:

- safe and fair working conditions;
- no forced labour, child labour, discrimination or physical maltreatment;
- freedom to associate and collectively bargain; and
- fair wages and reasonable working hours.

Our approach prioritises transparency and improvement to best support a stable but growing supply base. Where suppliers fall short of our Ethical Trading Code of Practice we engage actively with them to support long-term and sustainable improvement. We do, however, commit to terminating our relationships with suppliers that demonstrate repeated or serious breaches of our Ethical Trading Code of Practice, with no evidence of improvement and/or a severe lack of engagement with these issues.

Our team

Our ethical trading team sits within our sourcing function in our Cheltenham head office. As an integrated operational function, the ethical trading team is able to:

- facilitate better understanding of the challenges faced by factories and workers enabling us to respond quickly to issues if they emerge;
- support the business to grow our supply base responsibly; and
- reinforce our commitment to our suppliers.

The day-to-day management of factory ethical trading performance is increasingly led in-market; we recruited an Ethical Trading and Technical Compliance Manager in Turkey in March 2016, with a similar role recruited in India in May 2016. As we establish more direct sourcing offices, identifying appropriate resource to manage our suppliers' ethical performance will be a key action. Our ethical trading programme performance is overseen by the Transformation Director and is represented at the Board by the Chief Executive Officer.

Corporate Responsibility.

Our suppliers

We produce our clothing and accessories through third party suppliers; the majority operate in Turkey, China and India. Each supplier may operate from a number of factories or production units.

Ethical audit of suppliers' factories

	FY16	FY15	Change
Third party suppliers	**74**	58	+28%
Factories (tier 1 only)	**161**	134	+20%
% of factories with ethical audits	**100%**	98%	+2%

During the year the number of suppliers we worked with increased by 28% whilst the number of factories increased by 20%. We continue to strengthen our ethical trading processes to support responsible growth through early engagement with both new suppliers and new factories, locally, to ensure they meet our requirements.

Once we start working with factories, they enter our Ethical Audit Programme ("***Programme***"), which enables us to complete regular baseline checks against our Ethical Trading Code of Practice and now covers 100% of tier 1 factories:

- all factories are audited by a globally recognised third party audit provider;
- all audits are completed on a semi-announced or unannounced basis; and
- each audited factory is graded against our Ethical Trading Code of Practice. We work closely with each of our suppliers and their factories to support improvement and the frequency of visits and a need for a re-audit is determined by the audit grade achieved. For example, less compliant factories are visited more frequently.

Our progress

This year, as a result of establishing local resource within key source countries, we have strengthened our collaborative approach with factory partners to support continuous and sustainable improvement.

Our Programme continues to adapt and respond to local challenges:

- we have started to map and monitor our sub-contracted supply base (tier 2), initially starting with our largest suppliers (tier 1), covering a significant proportion of our volume globally;
- we have developed and implemented our Migrant and Contract Worker Policy and Guidelines to support our suppliers in protecting this particularly vulnerable group of workers from exploitation;
- we have established relationships with locally based Non-Governmental Organisation ("***NGO***") partners in Turkey and India to support the sustainable remediation of specific factory based issues. This included a local NGO partner to support us in the responsible remediation should we identify any Syrian child labour in Turkey, and in establishing effective worker/management dialogue systems in two factories in India; and
- we are working with key China based outerwear and accessories factories to improve overall compliance through better transparency and training to provide workers with the opportunity to increase their take-home wage, funded by targeted quality and productivity improvements. Three key outerwear factories completed the training this year and a further two accessories factories are on target to complete the training in the summer.

Core achievements in our outerwear factories were:

- quality improvements resulting in a reduction of re-work of between 3.0% and 4.4%;
- productivity on sewing lines increased by between 3% and 16% in the pieces they produced per hour; and
- in one factory, the average overall monthly take-home wage across the workforce increased by 23% in the year to March 2016, mainly due to improvements in productivity.

Collaboration

We recognise the importance of collaborating with other brands, retailers, trade unions and NGOs to pursue solutions for some of the more complex, systemic problems within global supply chains that we cannot solve alone. We continue to work through the ETI on issues including living wage, and the ethical treatment of migrants and refugees with a particular focus on high risk locations including India, Mauritius and Turkey.

In 2016, in partnership with six other brands, the ETI, Fair Labour Association and the Turkish Ministry of Labour launched the distribution of a Turkish and Arabic paper flyer across Turkey raising awareness of individuals on their rights while working in garment factories in this region, initially circulating 270,000 copies.

Strategic Report
Our Governance
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Environmental sustainability

Solar Power at our distribution centre

Our distribution centre in Burton upon Trent hosts a 250kw roof mounted solar photovoltaic array. The installation was completed in March 2016 and consists of 1,000 solar panels. The array will generate more than 220MWh of electricity each year, representing approximately 15% of the site's electricity needs and saving more than 100 tonnes of carbon emissions per annum.

How we create environmental value

We understand that as a global retailer and wholesaler of clothing, footwear and accessories we impact the natural environment in a variety of ways. Reflecting this, environmental consideration is integrated into our core business operations, decision making and evaluation procedures. We are therefore committed to reducing greenhouse gas emissions, energy consumption and waste.

Energy efficiency

Energy efficiency is a key consideration during store design. We ensure that we use the most energy efficient equipment and new stores are fitted with 100% LED lighting offering energy savings of up to 70% versus conventional lighting systems. Additionally all new stores are fitted with smart meters and building management systems as standard to ensure that only the minimum amount of energy is used in store operations. Work continues to upgrade legacy stores in the estate to the latest energy efficiency standards - our UK store estate is now 10% more efficient than two years ago.

Renewable energy

We continue to procure renewable energy wherever possible in both the UK and the Republic of Ireland. Renewable energy represented 91% and 96% of electricity consumption, respectively, in these territories, the majority from wind, hydro and solar power. As part of our policy to procure renewables as the default energy option wherever technically feasible, further 'green' supplies have been secured in our Austrian, Belgian, Dutch, German, Italian and Danish estates. All remaining territories will see 'green energy' as the primary source of power over the coming year.

Global greenhouse gas ("*GHG*") emissions (Tonnes of CO_2 equivalent)

	1 May 2015 to 30 April 2016	1 May 2014 to 30 April 2015
Emissions:		
Scope 1: Combustion of fuel and operation of facilities	500	355
Scope 2: Electricity, heat, steam and cooling purchased for own use – location based method	9,575	9,422
Emissions per £m of revenue	17.09	19.13

	1 May 2015–30 April 2016	
	Location based method	Market based method
Emission comparison		
Scope 2: Electricity, heat, steam and cooling purchased for own use	9,575	4,350

We have measured our operational carbon footprint, providing insight into where the largest climate impacts are, enabling us to better prioritise resources. Emissions are stated in tonnes of CO_2 equivalent and data has been verified to AA1000 Assurance Standard. GHG emissions intensity declined over the past 12 months reflecting the increase in energy efficiency in our stores. In addition, new guidance on the reporting of 'Scope 2' emissions allows us to demonstrate the reduced environmental impact of purchasing renewable energy. 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 used in the past.

Corporate Responsibility.

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 2015.

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. 10% of our emissions this year are based on estimated data.

Working with our communities
Youth employment remains an important social issue in the UK and in many other countries where we operate. The investment in our careers website has received overwhelmingly positive feedback from schools and careers advisers as it has raised awareness of the variety of careers young people can pursue and has shown them how to take that first step in building a career in our industry.

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 with Superdry colleagues their career journeys. 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 second 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 their requirements to complete their degree courses.

Prince's Trust
We provide sponsorship and work placements for young people as part of the 'Get into Retail' programme run by The Prince's 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.

Charitable Activity
Superdry360, our charity and community support programme, continues to grow and is a platform for charitable projects supporting the local, national and international communities in which we operate. This year we raised or donated approximately £200,000, an increase of £25,000 on the previous year. Some key initiatives included:

Match funding: In order to maximise the breadth of our charitable impact our primary focus is on matching funds raised by our colleagues to benefit various valuable causes across the globe. During the year we matched £4,155 in support of our colleagues' chosen charitable causes.

'Project Everyone': 'Project Everyone' was established during the year to support the dissemination of the new UN Global Goals for sustainable development - a series of ambitious targets to end extreme poverty, fight inequality and injustice, and fix climate change for everyone by 2030. As a global partner, the Group was proud to be involved in this unique opportunity and through its donation will help raise awareness of the project's goals through a wide range of media including music, radio and cinema globally.

Rush Skate Park sponsorship: We continued our sponsorship of the Rush Skate Park for a second year. This award-winning park (run by a local Community Interest Company) has a growing national and international reputation and provides recreational opportunities for local youth.

The welfare of our colleagues
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. Since our earliest days, we have created and maintained an environment where colleagues can flourish and fulfil their potential.

We now employ approximately 4,500 people (including part-time colleagues) across the UK, Europe, USA and Asia. Colleague numbers will continue to grow in the coming year as we embark on initiatives to deliver further growth. To support attraction and recruitment across our international businesses we have launched local careers sites in France, Belgium, Germany, Italy and the USA.

In our first ever Group-wide engagement survey colleagues reinforced our view that SuperGroup is a very attractive place to work, with more than three quarters of colleagues believing that it is the place "where they want to work".

Sharing in our success is something that we value highly and for the fifth year colleagues in the UK will have the opportunity to join the Sharesave scheme and benefit from the newly introduced Buy As You Earn (***"BAYE"***) share scheme.

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. Our suite of tools and learning opportunities to equip colleagues with the agility and skills to drive SuperGroup forward and offer them rewarding careers has been further enhanced this year. 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 bi-annually giving us real line-of-sight of our future talent demands, existing pipeline of supply, as well as planning future succession.

Looking ahead, the focus will continue to be on how the right talent is sourced, together with a strategy to develop our colleagues ahead of our growth curve.

Diversity

Equality and diversity are fundamental values to us. 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 members of staff 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.

The Board recognises the benefits of encouraging diversity across all areas of the Group and believes 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.

We are committed to increasing the participation of women on the Board and at senior management 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	9	90	1	10	10
Executive Committee	6	66	3	34	9
Senior Managers	14	64	8	36	22
Other Employees	1,946	44	2,516	56	4,462
Total Employees	**1,975**	**44**	**2,528**	**56**	**4,503**

Human rights

We are committed to upholding all basic human rights and we welcome the implementation of the United Nations' Guiding Principles of Business and Human Rights.

Our programme incorporates the principles of the California Transparency in Supply Chains Act by working to prevent human trafficking and slave labour in all of our factories around the world.

Modern Slavery Act

2016 marked our first public Modern Slavery Act disclosure which will be published alongside this report and will be available at www.supergroup.co.uk.

Health and safety

We recognise the importance of health and safety and are committed fully to providing a safe and healthy environment for our employees and customers.

A risk management process including monthly inspections, annual auditing and trend analysis is followed to identify hazards or increased risks within our Group and ensure that mitigating controls are effective.

Policies and procedures are reviewed regularly to ensure they are robust and continue to further improve our health and safety standards. This, along with the ongoing training programme for stores and head office employees delivered by the health and safety team, has ensured that the level of reportable accidents remains extremely low at just four during FY16.

Employees are encouraged to report any health and safety concerns they may have either internally through the escalation procedure or via the independent whistleblowing hotline. No reports or calls regarding health and safety have been made in FY16.

Substantial investment continues to be made in protecting our colleagues and customers through the installation and upgrading of physical security and fire detection systems.

Our Performance.

"The Group's strong financial development during the year mirrors the progress delivered across each element of the business' strategy. We continue to strengthen our business for the longer term through investments in core infrastructure and the development of our operations in North America and China."

Nick Wharton
Chief Financial Officer
13 July 2016

"These financial results reflect the strong progress made within our strategy to establish Superdry as a global lifestyle brand by expanding the business globally through geography, category and channel diversification and thereby reducing the reliance on any single market."

Basis of Commentary

The 2016 financial year represents trading for the 53 weeks to 30 April 2016. The comparative 2015 period represented trading for the 52 weeks to 25 April 2015. In order to provide comparability of performance across the two years the trading commentary below focuses on the 52-week period to 23 April 2016 (the "***year***") while also referencing the 2016 year in full. In summary the 53rd week, which was characterised by a low seasonal sales profile in each of our channels, represented £7.4m of revenue and an operating loss of £1.1m.

Introduction

We have made good progress again this year with strong performance against each of our key financial metrics. Total sales growth of 21.3% over the year reflected ongoing space growth, increasing by an average 22.5%, and positive like-for-like growth in each sales channel. Reflecting the strength of our on-line proposition the e-commerce penetration of Retail sales increased by 490bps to 23.1%. Gross margin accretion continued and underlying profit before income tax increased by 16.3%.

We remain committed to investing in our business to support future growth. Capital investment totalled £53.2m (2015: £41.1m) reflecting the increased scale of our new retail space programme, leading to store related investment of £30.7m (2015: £15.0m) and the continued development of our Group infrastructure. Capital investment to enhance our distribution capability and improve systems were matched by ongoing investment in our central headcount to increase our overall management capability.

Furthermore we continued to invest in our two development markets, North America and China, which each incurred initial trading losses during the year. Excluding these trading losses underlying profit before income tax for the 52-week comparable trading period was 21.8% above the prior year.

On a 53-week basis total sales growth was 22.8%, underlying profit before income tax increased by 14.6% and statutory profit before income tax was £55.4m (2015: £59.5m).

Our key performance indicators ("***KPIs***") that have been adopted for reporting are shown on pages 34 to 35.

- 22.5% increase in average retail space*
- 50bps decrease in underlying operating margin*
- 16.3% increase in underlying profit before income tax*

* 2016 is treated as a 52-week comparable period for these measures.

Measuring our Performance.

The following KPIs remain the metrics considered most appropriate to measure our performance.

Growth

- Group revenue represents amounts receivable for goods supplied, net of discounts, returns and sales taxes.
- foreign currency sales are translated at the average rate for the month in which they were made.
- total retail selling space is defined as the trading floor area of all Group owned standalone stores, excluding concessions, and does not include stockrooms, administration and other non-trading areas.
- new store payback represents, for stores opened in the past three financial years, the actual or anticipated period to recover the initial investment in capital and working capital on a post-tax basis.
- like-for-like sales growth is defined as the year-on-year increase in revenue from Group stores, e-commerce and concessions open for more than one year, and allowing for store upsizing of no more than 100% in original trading space.
- e-commerce participation is the proportion of Retail sales represented by e-commerce.

Growth KPIs

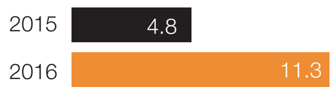
Group revenue (£m)
£590.1m +21.3% change*

Total retail selling space
900,000 sq. ft +17.8% change

E-commerce participation of Retail revenue (%)
23.1% +490 bps change

Payback on new store investments
23 months

Like-for-like sales (%)
11.3% +650% bps change*



Wholesale sales (£m)
£174.2m +14.2% change*

* 2016 is treated as a 52-week comparable period for these measures.

Operational

- gross margin percentage is gross profit expressed as a percentage of Group revenue.
- underlying operating profit margin is the ratio of underlying operating profit to Group revenue.
- underlying operating profit is Group revenue less cost of sales, selling, general and administrative expenses, plus other gains and losses (net), and before charging/crediting re-measurements and exceptional items (note 6).

Operational KPIs

Underlying[1] Group gross margin (%)

61.5% **+60 bps change***

Underlying[1] operating profit margin (%)

12.6% **-50 bps change***

Financial

- underlying fully diluted earnings per share ("*EPS*") is underlying profit after income tax attributable to the owners of the Company divided by the weighted average number of shares.
- cash flow from underlying operations represents the cash generated from the core operating activities of the Group, before movements in working capital, capital expenditure, financing, taxation, and acquisitions.

Financial KPIs

Underlying[1] profit before income tax (£m)

£73.5m **+16.3% change***

Net cash position[2] (£m)

£100.7m **+29.8% change**

Underlying[1] operating cash flow before movements in working capital (£m)

£101.7m **+22.1% change**

Underlying[1] fully diluted EPS (p)

71.8p **+22.1% change**

1. Underlying is defined as reported results adjusted to reflect the impact of the loss/gain recognised on re-measurements (being the fair valuation of financial derivatives), exceptional items and, when appropriate, the related income tax. The Directors believe that the underlying results provide additional guidance to statutory measures to help understand the performance of the Group. Further details of the adjustments are included in note 6 to the Financial Statements. All references to underlying are after making these adjustments. Retail and Wholesale segments are presented before inter-segment royalties.
2. In 2015 net cash included cash and cash equivalents together with term deposits classified as 'Other financial assets'.

* 2016 is treated as a 52-week comparable period for these measures.

Our Performance.

Group statement of comprehensive income

Group revenue for the 53 weeks rose by 22.8% to £597.5m (2015: £486.6m), with revenue from newly opened and maturing retail space contributing 11.5% of this growth. Underlying profit before income tax increased by 14.6% on the prior year to £72.4m (2015: £63.2m).

Underlying £m	52 weeks	53 weeks
Revenue	590.1	597.5
Gross profit	362.9	367.8
Gross profit %	61.5%	61.6%
Operating costs	(288.7)	(294.7)
Operating profit	74.2	73.1
Profit before income tax	**73.5**	**72.4**

Revenue for the 52 weeks rose by 21.3% to £590.1m. The Group gross margin rose 60 basis points to 61.5% (2015: 60.9%), reflecting the benefit of continued sourcing gains from scale benefits and direct supply strategies, net of the focused re-investment of a portion of these benefits. Such investments include those in enhanced product quality or reduced retail price and in our revised promotional programme designed to drive customer footfall during key trading periods.

Sales and distribution costs (which include costs associated with operating stores (including depreciation) and transporting products) totalled £247.3m (2015: £193.8m), an increase of 27.6%. Sales and distribution costs for the 52 weeks were £242.4m, an increase of 25.1%. On an ongoing basis these costs are primarily driven by our continuing store opening programme, where average retail space increased by 22.5% during the year, together with the continued impact of the higher unit variable cost to serve of our fast growing e-commerce business.

The year under review was also impacted by investments made within our main distribution facility to protect service to customers at the time of consolidating our retail stock pools and the first year of trading of our acquired stores in North America, following the termination of the previous licence in March 2015, which were significantly loss-making.

Central costs (which include the costs of operating our global operations teams and support functions, marketing costs and related depreciation) were £55.9m (2015: £44.5m), an increase of 25.6%. Central costs for the 52-week period were £54.8m, an increase of 23.1%. Growth in central costs reflects increased incentive costs from improved business performance and wider participation in short and long-term incentive schemes and the continued investment in key infrastructure, through the expansion of the merchandising and design teams and in more scalable and functional IT platforms.

Group underlying operating margin declined by 90 basis points on last year to 12.2% (2015: 13.1%) and declined by 50 basis points to 12.6% for the 52 weeks. Excluding the initial trading losses incurred in our two development markets, operating margins increased year-on-year benefitting from the cost leverage from strong like-for-like revenue growth.

Underlying profit before income tax increased by 16.3% on the prior year to £73.5m (2015: £63.2m).

	Underlying 2016* £m	Re-measurements £m	Exceptional costs £m	Total 52-week 2016* £m
Revenue:				
Retail	415.9	–	–	415.9
Wholesale	174.2	–	–	174.2
Group revenue	590.1	–	–	590.1
Operating profit:				
Retail	67.7	(1.9)	(3.2)	62.6
Wholesale	60.5	(11.9)	–	48.6
Central costs	(54.0)	–	–	(54.0)
Total operating profit	74.2	(13.8)	(3.2)	57.2
Net finance expense	(0.1)	–	–	(0.1)
Share of loss of investments	(0.6)	–	–	(0.6)
Profit before income tax:				
Retail	67.7	(1.9)	(3.2)	62.6
Wholesale	60.5	(11.9)	–	48.6
Central	(54.7)	–	–	(54.7)
Total profit before income tax	73.5	(13.8)	(3.2)	56.5

* 2016 is treated as a 52-week comparable period for these measures.

Underlying and reported profit

Underlying is defined as reported results adjusted to reflect the impact of exceptional items and re-measurements and the related income tax where appropriate. We believe that the underlying results provide additional guidance to statutory measures to help understand the performance of the Group. All references to underlying are after making these adjustments.

For FY16 those items relate to the following:

- the loss on financial derivatives of £13.8m (note 6 to the Financial Statements);
- the loss from the reassessment of fair values at the anniversary date of assets acquired and liabilities assumed from SDUSA LLC of £0.7m (note 6); and
- a cost of £2.5m representing the impact of fair value to inventory originally acquired as part of the USA business combination and realised in the year (see note 6).

Our Performance.

Our Retail division (including e-commerce)

Reflecting the continued expansion of owned stores across Europe together with positive Group Retail like-for-like growth in the year of +11.3% (2015: +4.8%), our Retail division delivered revenue of £415.9m (2015: £334.1m), up 24.5% on the year. The Retail division represents 70% of total Group revenue (2015: 69%). An additional 136,000 square feet of space was added in the year through a net 24 new store openings in eight countries, including a further eight in Germany, reflecting the strategic emphasis on this market.

Group Retail like-for-like sales were particularly fuelled by a strong e-commerce performance that benefitted from enhancements to the on-site customer journey, improved availability from the combination of Retail and e-commerce inventory into a single inventory pool and improved and widened product availability on our key partner sites.

The Retail division's operating profit in FY16 was £62.6m (2015: £61.1m). Underlying operating profit was £67.7m (2015: £60.9m), up 11.2% on the year, and underlying operating profit margin was 16.3% (2015: 18.2%).

While we continue to deliver scale-led efficiencies within our distribution, the operating margin decline reflects the net impact of the higher unit variable cost to serve of our fast growing e-commerce business together with investments made within our main distribution facility to protect service to customers at the time of consolidating our retail stock pools.

Retail division	**2016* £m**	2015 £m	Growth
External revenues	**415.9**	334.1	24.5%
Underlying operating profit	**67.7**	60.9	11.2%
Underlying operating margin (%)	**16.3%**	18.2%	(190)bps
Re-measurements	**(1.9)**	3.6	
Exceptional items	**(3.2)**	(3.4)	
Retail operating profit	**62.6**	61.1	2.5%

* 2016 is treated as a 52-week comparable period for these measures

£67.7m
Retail Underlying Operating Profit

16.3%
Underlying Operating Margin

Our Wholesale division

Our Wholesale division delivered revenue of £174.2m, up 14.2% (2015: £152.5m), representing 30% of total Group revenue (2015: 31%). At the end of the year the Group had Wholesale operations in 51 countries through direct sale relationships with major and independent accounts, 260 (2015: 212) Superdry branded franchise stores and 13 (2015: 9) licensed stores.

Revenue growth in Wholesale was achieved across all territories. Our most significant sales increase was generated in our European operations benefitting from a concentration of new franchise openings and the favourable results from our initial efforts to reposition our wholesale offer. This focus led to significant increases in in-season sales and order fill levels materially higher than in recent years. The support processes developed for our European operation will now be extended to our rest of world business, which benefitted in the current year from initial sales to North American partners.

Wholesale revenue by territory	**2016* £m**	2015 £m	Growth %
UK and Republic of Ireland	**32.5**	31.6	2.9
Europe	**105.5**	87.3	20.9
Rest of World	**32.8**	25.9	26.6
Clearance & other	**3.4**	7.7	(55.8)
Total Wholesale revenue	**174.2**	152.5	14.2

Operating profit was £48.6m (2015: £43.3m), whilst underlying operating profit was £60.5m (2015: £46.0m). Underlying operating margin at 34.7% (2015: 30.2%), increased by 450 basis points year on year reflecting higher gross margins from reduced levels of clearance sales and the favourable mix benefit from higher sales in Europe.

Wholesale division	**2016* £m**	2015 £m	Growth
External revenues	**174.2**	152.5	14.2%
Underlying operating profit	**60.5**	46.0	31.5%
Underlying operating profit margin %	**34.7%**	30.2%	450bps
Re-measurements	**(11.9)**	9.8	
Exceptional items	**–**	(12.5)	
Wholesale operating profit	**48.6**	43.3	12.2%

* 2016 is treated as a 52-week comparable period for these measures.

£174.2m
Total Wholesale Revenue

£60.5m
Wholesale Underlying Operating Profit

Our Performance.

The following sections relate to the 53-week period unless otherwise stated.

Re-measurements and exceptional items

Re-measurements in the year reflect a £13.8m charge in respect of the year on year movement on financial derivatives (2015: £13.4m gain) which has been driven primarily by the movement of the Euro relative to the Group's forward contracts.

Exceptional items in the year comprise a £0.7m reduction to the fair values of assets acquired as part of the prior year business combination in the USA and a cost of £2.5m representing the impact of fair value uplift to inventory originally acquired as part of that combination and realised in the year. Within the re-measurements and exceptional items for the year is a net deferred tax credit of £0.7m which comprises a deferred tax charge of £1.8m for the reduction in UK corporation tax rates offset by a £2.5m credit in relation to the re-measurement of financial derivatives.

Taxation in the period

Our income tax expense on underlying profit of £14.8m (2015: £14.8m) represents an effective tax rate of 20.4% (2015: 23.4%). This is higher than the UK statutory rate of 20.0% (2015: 20.9%) primarily due to the depreciation and amortisation of non-qualifying assets and non-allowable expenses. The UK corporation tax rate has been offset by the recognition of deferred tax assets in relation to overseas tax losses (at a higher taxable rate) recognised on the basis of expected recoverability against our future plans. The UK corporation tax rate will reduce from 20% to 19% with effect from 1 April 2017. In the medium term we anticipate that the substantial majority of the Group's earnings will be taxed in the UK.

During the year we paid £44m (2015: £40m) in UK taxes, which includes corporation tax, import duty, business rates, employer's national insurance and stamp duty.

Earnings per share

Reflecting the increased profitability of the Group during the year and the reduction in the effective tax rate, underlying basic earnings per share is 70.9p (2015: 59.1p), an increase of 20.0%.

The improved underlying performance of the business offset by the movement in re-measurements and exceptional adjustments outlined above leads to reported basic earnings per share of 50.7p (2015: 56.1p) based on a basic weighted average of 81,148,918 shares (2015: 80,972,376 shares). The increase in the basic weighted average number of shares is predominantly due to 160,089 5p ordinary shares being issued during August 2015 in accordance with the vesting of the 2012 Performance Share Plan.

Underlying diluted earnings per share is 70.7p (2015: 58.8p) and diluted earnings per share is 50.6p (2015: 55.8p). These are based on a diluted weighted average of 81,382,620 (2015: 81,370,944) shares.

Dividends

During the year we made our first dividend payment since listing in March 2010, through an interim ordinary dividend of 6.2p per share aligned to our previously announced progressive dividend policy. The introduction of a dividend policy acknowledged our confidence in the Superdry brand as well as our ability to deliver sustainable profitable growth, cash generation and return on capital. The policy also recognised the significant range of investment opportunities available to us to grow shareholder value while providing flexibility for the organic and other opportunities that may require investment concentrated within a short time period.

The key parameters of our dividend policy remain 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.

In line with this policy the Board has recommended a final ordinary dividend of 17.0p per share, taking the full year ordinary dividend to 23.2p per share and has declared a first special dividend of 20.0p to be paid alongside the final ordinary dividend. If approved, the ordinary final dividend, together with the declared special dividend, will represent a cash outflow of approximately £30m and will be paid out on 23 September 2016 to shareholders on the register at the close of business on 22 July 2016. The total ordinary dividend represents a dividend cover of 3.1x on a full year basis.

Strategic Report

Our Governance

Financial Statements

Cash flow, balance sheet and investments

We remain financially strong and highly cash generative, increasing our closing net cash by £23.1m and retaining net cash balances of £100.7m (2015: £77.6m including cash equivalents and term deposits classified as 'Other financial assets') as at the end of the year after funding continued investment across our business.

£m	2016 £m	2015 £m
Underlying operating cash flow before movements in working capital	**101.7**	83.3
Working capital movement	**(10.1)**	(32.5)
Net interest	**(0.6)**	0.4
Income taxes	**(18.9)**	(10.9)
Exceptional items	**–**	(14.2)
Net cash generated from operations	**72.1**	26.1
PPE and intangible assets	**(50.6)**	(27.4)
Investments	**(3.8)**	(13.9)
Landlord contributions	**6.7**	4.4
Interim dividend	**(5.0)**	–
Other (including FX movement)	**3.7**	2.2
Net increase/(decrease) in cash	**23.1**	(8.6)

Net cash generated from operations of £72.1m has increased versus the prior year (2015: £26.1m) reflecting improved trading results, ongoing inventory efficiencies including the benefit of a focused promotional programme to clear excess seasonal inventory, and working capital benefits in both receivables and payables.

Investment in inventories, trade receivables and trade payables was unchanged during the year at £96.7m (2015: £96.7m) and as a proportion of Group revenue was 16.2% (2015: 19.9%). Inventory levels declined by 6.0% on a like-for-like basis and increased only by 4.4% at a total level to £112.6m (2015: £107.9m) despite a 22.5% increase in average trading space. Trade payables were £56.6m (2015: £51.2m), an increase of 10.5% on the prior year representing 9.5% (2015: 10.5%) of Group revenue. Despite the growth of the Wholesale business, trade receivables (excluding prepayments and provisions) increased by only 1.8% to £40.7m (2015: £40.0m) and were 6.8% (2015: 8.2%) of Group revenue.

We continue to review our supplier base in order to manage risk and meet growth expectations. During the year, the number of primary suppliers of goods for resale increased to 74 (2015: 58) although several of these operate from multiple locations. Changes to sourcing in recent years have resulted in the supply base being focused in three principal territories: Turkey, China and India. The flexible sourcing model that we have adopted, in terms of both suppliers and territories, enables us to generate competitive tension between suppliers and de-risk our sources of supply.

There has been an investment in property, plant and equipment and intangible assets of £53.2m (2015: £41.1m). This has been driven by expenditure incurred in opening 136,000 (gross of closures) square feet of new retail space, ongoing information technology investments and, recognising the importance of strengthening the central capability and the ongoing centralisation of regional support functions, the reconfiguration and expansion of our UK head office.

As at 30 April 2016, the net book value of property, plant and equipment was £95.4m (2015: £72.3m).

Current assets		2016 £m	2015 £m	Growth %
Inventories		**112.6**	107.9	4.4
Trade and other receivables	Trade receivables	**40.7**	40.0	1.8
	Other receivables/derivatives	**40.4**	40.7	(0.7)
Subtotal receivables		**81.1**	80.7	0.5
Net cash		**100.7**	77.6	29.8
Total current assets		**294.4**	266.2	10.6
Trade and other payables	Trade payables	**(56.6)**	(51.2)	(10.5)
	Other payables/derivatives/borrowings	**(47.3)**	(41.6)	(13.7)
Total current liabilities		**(103.9)**	(92.8)	(12.0)
Net current assets		**190.5**	173.4	9.9
Working capital	Inventories	**112.6**	107.9	4.4
	Trade receivables	**40.7**	40.0	1.8
	Trade payables	**(56.6)**	(51.2)	(10.5)
Total working capital		**96.7**	96.7	–

Our Performance.

During the year, £46.8m (2015: £22.1m) of capital additions were made, of which £27.0m (2015: £11.4m) relates to leasehold improvements across the Group relating to new stores. We continue to generate strong returns on these investments with the average payback from stores opened in the last three financial years anticipated to be 23 months. The balance includes land and buildings (£4.5m), furniture, fixtures and fittings (£11.5m) and computer equipment (£2.2m).

Landlord contributions of £6.7m (2015: £4.4m) were received during the year and will be amortised over the length of the respective leases.

Intangible assets, comprising goodwill, lease premiums, distribution agreements, trademarks, the website and computer software, stood at £51.5m at the year-end (2015: £52.1m). Additions in the year resulted in £6.4m being added to intangibles.

Robust financial management

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

In line with best practice and other retail businesses, we have again reviewed our contractual relationships with suppliers and can confirm that there are no complex supplier arrangements in place.

Outlook

The Group's strong financial development during the year mirrors the progress delivered across each element of the business' strategy. Our disciplined growth strategy, across geographies and categories, has crystallised in strong revenue growth and scale benefit to gross margin. We continue to strengthen our business for the longer term through investments in core infrastructure and the development of our operations in North America and China. The business remains strongly cash generative, well able to support the investments necessary to deliver our planned growth while introducing returns to shareholders, both through a progressive ordinary dividend and an initial special dividend.

Our focus remains on the development of a global lifestyle brand and we are well positioned to continue the growth delivered in the year. Our new store pipeline remains strong, we have good momentum in our e-commerce business and our executed brand extensions in premium and sportswear will benefit the entirety of the current financial year.


極度乾燥(しなさい)
Superdry®

How we Manage our Risks.

In accordance with the Code, we understand the need for a system of internal control and risk management. The identification and management of key risks for the Group is achieved through a risk register which is reviewed formally and updated by management on a regular basis to ensure that it is focused on real, current and significant business risks, that mitigating actions are feasible and effective and that the resulting net risk is appropriate.

A Risk Committee is chaired by the Chief Financial Officer and includes the Global Retail Director, Director of IT, Head of Risk & Assurance, Head of Internal Audit, Group General Counsel and Group Programme Manager. The Committee meets monthly to co-ordinate the risk management programme throughout the business, and review the risk procedures and practices in place to ensure they reflect the growing scale, maturity and complexity of the Group.

On an annual basis each member of the senior management team is required to document and present their key risks to the Risk Committee as part of a programme of departmental risk reviews. These reviews serve to heighten awareness of risk and greater accountability for management of risk at all levels within the organisation and specifically, for each department, consider existing and emerging risks, current and planned mitigations, together with a wider consideration of business continuity risks.

Following a review of our risks, we have further assessed our key risks and uncertainties which are reviewed and challenged robustly by the Executive Committee and Board twice a year. We consider the following matters to be the principal risks and uncertainties affecting SuperGroup. However, these may not be exhaustive and there might be additional unknown risks that could have an adverse effect on the business.

Risk	Potential Impact	Mitigation	Change in risk 2015	Change in risk 2016	Link to Strategy
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.	The Group may experience inventory shortages or excesses that could result in lower margins, lost revenue or customer goodwill.	The combination of an enhanced programme of customer research and the brand understanding embedded in the organisation and particularly in our founders provides a strong understanding of and connection to the market and our customers. This combined understanding informs our range and product development. We have continued to develop new product ranges including our premium collection, in collaboration with Idris Elba, and Superdry Sport, each launched during the past year. The ongoing launch of new ranges is expected to further broaden and strengthen customer appeal. We have implemented improved planning and stock management processes and systems which are enabling the business to make better decisions on initial stock quantities, allocation across sales channels and to respond more rapidly to inventory levels and opportunities.	↔	↔	

Risk	Potential Impact	Mitigation	Change in risk 2015	Change in risk 2016	Link to Strategy
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 achieve planned growth targets could significantly impact on investor sentiment.	The four pillar growth strategy sets out how we will create a global lifestyle brand. We continue to implement this strategy effectively as laid out in the Strategic Report section of this report, including planned store expansion within Europe and the creation of key points of infrastructure necessary to support our planned growth. Our executive team, which has been further strengthened during the year, has broad retail and business experience with clearly defined ownership for each element of the strategic plan. Our transformation function provides consistent programme management disciplines and management reporting. Regular Executive Committee and Board reviews take place of key initiatives to ensure that progress against plans are tracked and that issues are resolved and opportunities pursued in a timely manner. Such reviews also consider the balance of current and estimated sales in each channel within a key territory to ensure it remains optimal and reflects changes to customer shopping behaviours. We continue to be strongly cash generative and able to fund our ongoing investment programme.	⇔	⇔	Embed, Enable, Extend, Execute
Failure to deliver on our business aspirations in North America.	Failure to improve the performance of and expand our operations in North America could result in financial losses and/or brand damage, which could undermine the strategy of becoming a global lifestyle brand.	Execution of the business plan continues with key integration and improvement steps nearing completion. The customer offer has been successfully repositioned in all customer channels over the past 12 months through the clearance of legacy stock and improvements to range, price positioning, availability and product density. Additional test retail stores that support better the brand proposition are planned for 2016. All key operating processes, including those for merchandising and replenishment, have been transferred on to the Group's global infrastructure and, combined with the strengthening of the North American team, enables us to deliver an effective balance of local and global capabilities. The introduction of a dedicated warehouse in the USA to support retail operations is scheduled for 2016.	NEW	⇔	Embed, Execute

Key:
↑ Increasing ⇔ Stable ↓ Reducing NEW New risk Embed Enable Extend Execute

How we Manage our Risks.

Risk	Potential Impact	Mitigation	Change in risk 2015	Change in risk 2016	Link to Strategy
Loss of key colleagues or the inability to attract and retain talent or preserve the Superdry culture.	Lack of appropriately skilled and experienced resource could result in a delay in achieving the Group's strategic goals.	Euan Sutherland as Chief Executive Officer and Julian Dunkerton as Founder and Brand and Product Director provide the necessary leadership skills to drive our global strategic goals. In addition, the appointment of the Global Retail Director during the year has completed the executive team and we now have a strong and highly experienced leadership team in place. The founders each remain totally committed to the Group and the retention of James Holder's unique design and creative skills on an exclusive consultancy basis is a further example of the measured development of our leadership team over time. Our ongoing resourcing, talent review and succession planning processes are providing the executive team with the necessary data and tools to understand the future skills requirements of the business. This has led to the significant strengthening of key functions, particularly design and merchandising, during the year. This process is also helping to ensure that all colleagues can benefit from rewarding careers. Recognising the importance to the overall Superdry proposition of a service led customer experience, colleague retention and recruitment in stores is a priority. Retention levels have improved during the year as we have enhanced our training and development programmes. We recognise that retaining the Superdry culture is key and have undertaken a colleague survey to understand better the level and drivers of engagement. While this showed that our colleagues rate us as a 'really good' place to work, we are developing an action plan to drive this to 'great'.	↔	↓	
Economic and financial conditions or external world events result in challenging trading conditions or economic instability.	Our results can be affected by events or circumstances which impact consumer confidence and buying habits.	Our increasingly diversified business model encompassing Retail (including 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 team manages closely credit terms and use of insurance and bank guarantees with their trading customers to balance their ability to purchase goods with managing the risk of bad debts. 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. The policy governing this is laid out in note 31 to the financial statements.	↔	↔	

Risk	Potential Impact	Mitigation	Change in risk 2015	Change in risk 2016	Link to Strategy
Failure to protect the well-being of our customers and the colleagues who work for us or in support of our business.	There is a potential for SuperGroup to suffer negative customer and investor sentiment.	Our health and safety policies are enforced through regular training and audit activities in all Group 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 of Practice. 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 holding our maiden global supplier conference.	↔	↔	Embed, Enable
Key infrastructure or IT systems may be unavailable due to operational problems or a major incident.	Should any of our IT facilities be unavailable for an extended period, our ability to trade would be impaired. If a major incident impacted the peak trading period from November to January, then the impact on earnings would be more severe.	The IT replacement programme has continued to deliver systems with improved reliability and availability, including enhancements to our merchandise planning system capability. In addition, a major focus in the past year has been the transitioning of many of our international operations onto our global infrastructure and applications, which benefit from greater resilience than local infrastructure. Our IT disaster recovery capabilities have been further enhanced and we have now contracted for a business continuity capability to provide an alternative facility in the event of the loss of our head office.	↓	↔	Enable
Brand damage may occur due to distribution through inappropriate channels or the existence of counterfeit product.	The strength of the Superdry brand is fundamental to the success of our business. There is a risk that the equity within the brand may be damaged by distribution through lower perceived quality points of sale or the existence of counterfeit products with inferior quality and/or design.	Our ongoing customer research insight programme continues to show that the Superdry brand has strong appeal in all of our major markets. The research has shown that our addressable customer market is broader than previously understood and more defined by attitude than age. The research programme will be extended further in the coming year to provide insight to all key operating markets. New distribution channels are approved internally to ensure that they meet our brand guidelines. Our in-house Brand Protection team also works closely with third party advisers and customs authorities throughout the world to monitor the production and sale of counterfeit product and, where identified, remove it (whether it be online or in the marketplace) using all remedies available, including take down procedures and issuing proceedings. We also monitor our supply chain to limit the risk of any supplier selling unauthorised product directly into the market.	↔	↔	Embed, Enable, Extend, Execute

Key:
↑ Increasing ↔ Stable ↓ Reducing NEW New risk Embed Enable Extend Execute

How we Manage our Risks.

Risk	Potential Impact	Mitigation	Change in risk 2015	Change in risk 2016	Link to Strategy
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, 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.	↔	↔	
Risk of cyber, system or information security breach.	A failure to protect data adequately could lead to financial losses, prosecution and reputational damage to SuperGroup.	We continue to invest in new IT systems and infrastructure to 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. During the year we have implemented a "point to point" system, both in store and on-line, that is compliant with the Payment Card Industry standards and expect to be accredited in the summer of 2016. As part of our global data protection training programme, our Legal team works closely with the operational teams (particularly Human Resources and IT) to ensure that the requirements of data protection legislation are understood and built into operational processes.	↔	↑	
Risk of significant changes in currency exchange rates.	Our financial results could be impacted by changes in exchange rates.	We maintain constant management oversight, including Board review, of foreign exchange exposure and opportunities. We use forward foreign exchange contracts to provide planning certainty in the major currencies in which we trade. While mitigating currency translation exposure, the Board consider that this risk has heightened following the European Referendum. This policy is set out in note 31 to the financial statements.	↔	↑	

Key:
↑ Increasing ↔ Stable ↓ Reducing NEW New risk Embed Enable Extend Execute

Viability Statement.

Assessment of the Group's Prospects

The Group is operationally and financially strong and has a track record of generating profits and cash. This assessment of the Group's prospects informs both the Viability Statement below and the Going Concern Statement (on page 58).

This assessment is made by reference to the Group's activities and growth strategy, together with factors likely to affect its future development and position, as set out in the Strategic Report on pages 6 to 12. It also reflects the Group's current financial position and its recent and historical financial performance outlined in the Our Performance section on pages 32 to 42. This assessment is closely linked to the principal risks facing the Group, which are outlined on pages 44 to 48.

Assessment of viability

In accordance with the requirements of the 2014 UK Corporate Governance Code, the Directors have assessed the viability of the Group over a four-year period. The Directors believe this duration represents an appropriate balance between the different time horizons used to plan and monitor the business while representing a reasonable period for a shareholder to expect a retail business to be assessed.

The Directors rely on a number of existing processes in preparing the viability statement, including the annual budget and longer term financial plan which is used as a planning tool against which strategic decisions and allocations of resource are made.

The Board reviews periodically the financing position of the Group and its projected funding position and requirements.

To assist the Directors' assessment, the financial projections in the longer term business model were subject to severe but plausible stress tests in relation to the principal risks both individually and collectively with consideration taken of mitigating actions that might be undertaken in particular situations. These tests include a protracted reduction in the Group's forecast like-for-like revenues due to the impact of brand damage in both current and key development markets.

Whilst the principal risks all have the potential to affect future performance, the stress testing confirmed that none of them, either individually or collectively, would threaten the viability of the business over the four-year assessment period.

Viability Statement

Based on their assessment, the Directors confirm that they have a reasonable expectation that the Company and the Group will be able to continue in operation and meet its liabilities as they fall due over the four-year period ending 25 April 2020.

Our Governance.

"Good corporate governance is good business. Our governance framework supports and enables effective execution of our strategy together with high quality and timely decision making. Rigorous analysis, robust challenge, close monitoring of performance, and an appropriate system of checks and balances are combined with the entrepreneurial and creative culture of the Company. As SuperGroup grows and develops we continually evolve and improve our governance framework in line with the maturity of the Company. Over the last year we have put greater emphasis on our Corporate and Social Responsibility Programme, with a particular focus on ethical trading within our supply chain, and on reviewing major corporate risks such as cyber security."

Peter Bamford
Chairman
13 July 2016

Board of Directors.


Peter Bamford


Euan Sutherland


Julian Dunkerton


Nick Wharton

Peter Bamford

Chairman
Appointed: 29 January 2010

Committee membership: Nomination (Chairman)

Peter is Chairman of the Board and of the Nomination Committee. Most recently, Peter was Chairman of Six Degrees Holdings Limited from 2011 to 2015 and a Non-Executive Director of Rentokil Initial Plc from 2006 until 2016. Peter was also a Director of Vodafone Group Plc from 1998 to 2006 where he held senior executive roles, including Chief Marketing Officer, Chief Executive of Northern Europe, Middle East and Africa and Chief Executive of Vodafone UK. Prior to this he held senior positions with WH Smith Plc, Tesco Plc and Kingfisher Plc. Peter has served on the boards of public companies for the last 19 years and has extensive experience in developing and growing businesses and brands internationally.

Julian Dunkerton

Founder, Product & Brand Director
Appointed: 3 February 2010

Julian has worked exclusively in the retail sector for almost 30 years, co-founding the Cult retail chain from a market stall in Cheltenham and turning it into a successful retail chain. Together with James Holder, Julian established the Superdry clothing brand in 2003. Julian has a deep understanding of the Superdry brand, strong commercial instincts and a feel for its target customers, developed through his hands on experience of building SuperGroup from the "ground up".

Euan Sutherland

Chief Executive Officer
Appointed: 1 December 2012

Euan was appointed as Chief Executive Officer in October 2014, having previously been an independent Non-Executive Director. He is also a Non-Executive Director of Britvic plc. Euan previously served as Group Chief Executive Officer of the Co-operative Group, Group Chief Operating Officer at Kingfisher Plc and as a Non-Executive Director with the Co-operative Food Board. Prior to this he was Chief Executive of AS Watson UK, the owner of Superdrug. Euan has over 23 years' experience within the retail sector having held roles with Boots, Dixons, Coca-Cola, Matalan and Mars.

Nick Wharton

Chief Financial Officer
Appointed: 24 June 2015

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

Board of Directors.


Keith Edelman


Penny Hughes


Minnow Powell


Ken McCall


Steve Sunnucks

Keith Edelman

Senior Independent Non-Executive Director

Appointed: 4 February 2010

Committee membership: Nomination, Remuneration (Chairman)

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

Minnow Powell

Independent Non-Executive Director

Appointed: 1 December 2012

Committee membership: Audit (Chairman), Remuneration

Minnow is Chairman of the Audit Committee and a member of the Remuneration Committee. He is also 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.

Penny Hughes

Independent Non-Executive Director

Appointed: 1 April 2015

Committee membership: Audit, Nomination

Penny is a member of the Audit Committee and the Nomination Committee. She is also the independent Non-Executive Chairman of The Gym Group plc and a Non-Executive Director of The Royal Bank of Scotland Group plc, where she is Chairman of the Sustainable Banking Committee. Penny's previous Non-Executive Directorships include WM Morrison Supermarkets Plc, Home Retail Group Plc, The Gap Inc., Next Group Plc, The Body Shop International Plc, Thomson Reuters Group Limited, Vodafone Group Plc and Trinity Mirror Plc. During her executive career Penny spent ten years at The Coca-Cola Company, initially as Marketing and Commercial Director, before being made President of Coca-Cola Great Britain and Ireland at the age of 33.

Ken McCall

Independent Non-Executive Director

Appointed: 24 May 2010

Committee membership: Audit, Remuneration

Ken is a member of the Audit Committee and Remuneration Committee. He is also the Deputy Chief Executive of Europcar Group SA and the Senior Independent Director of The Post Office Limited. Ken was previously Chief Executive Officer of DHL Express UK & Ireland, Chief Executive Officer of TNT Middle East, Africa and Asia and Chief Executive Officer of TNT China. He brings over 31 years' experience in the logistics sector and of running international businesses in Europe and Asia.

Ken steps down from the Board on 13 July 2016.

Steve Sunnucks

Independent Non-Executive Director

Appointed: 1 March 2016

Committee membership: Audit, Remuneration (with effect from 13 July 2016)

Steve was appointed to the Board on 1 March 2016. He is also Non-Executive Chairman of Helly Hansen. He brings significant expertise in the apparel retail sector, having held senior executive and non-executive roles in the UK and USA. Steve's experience includes nine years in leadership positions with NYSE-listed The Gap Inc., culminating in being appointed Global President Gap, and four years as Chief Executive Officer of New Look Plc. Steve's executive career also included senior roles at Burton Group Plc, J. Sainsbury Plc and Marks and Spencer Plc.

Corporate Governance Report.

Code compliance

The Board supports the principles laid down in the UK Corporate Governance Code issued by the Financial Reporting Council in September 2014 which applies to financial years beginning on or after 1 October 2014 (the "***Code***").

The following, together with the Directors' biographies on pages 51 to 52, the Directors' Remuneration Report on pages 66 to 83, the Directors' Report on pages 84 to 86, the Nomination Committee Report on pages 64 to 65 and the Audit Committee Report on pages 59 to 63 provide an explanation of how the principles of the Code have been applied during the year.

The Board considers that it has been in compliance with the provisions of the Code throughout the year ended 30 April 2016.

The Board is considered to be of a sufficient size and balance to meet the requirements of the business. The composition of the Board has been strengthened by the appointment of Steve Sunnucks, who joined the Board on 1 March 2016, and of Beatrice Lafon who joins the Board on 14 September 2016. Steve is a highly experienced Director with significant expertise in the apparel retail sector both as an executive and as a Non-Executive Director. Beatrice's appointment will bring international and further retail experience to the Board.

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

The Board

The Board is responsible collectively for promoting our success and for implementing the business model and strategy as set out in the Strategic Report on pages 6 to 12. The Board provides leadership for the Group and concentrates its efforts on strategy, performance, governance and internal control, as set out in the schedule of matters reserved for the Board.

The Board meets regularly to consider issues relating to our overall performance, strategy and future development. In accordance with the Code, the schedule of matters reserved for the Board has been reviewed and approved in the current year.

The principal matters reserved for the Board

- setting and managing Group strategy;
- approving changes relating to the Group's capital policies and structure including share issues, dividends and buy-backs;
- reviewing and approving of budgets, forecasts and financial reporting;
- oversight of maintenance of a sound system of internal control and risk management;
- approving capital expenditure and long-term commitments;
- reviewing Board membership and appointment;
- approving remuneration policy for Directors, the Company Secretary and other Senior executives;
- delegation of authority; and
- approval of corporate governance and Company policies.

The requirement for Board approval on these matters is understood by our senior management team and is built into our control framework.

The Board receives appropriate and timely information to enable it to discharge its duties.

During the year, in addition to its routine business, strategic planning and presentations by senior management, the Board also:

- considered succession planning for Non-Executive Directors and approved the appointment of a new Non-Executive Director;
- considered the proposal for and gave approval to our joint venture with Trendy International Group for China;
- reviewed and gave support to ethical trading proposals in respect of our supply chain to ensure compliance with the Modern Slavery Act;
- reviewed brand performance and development and gave approval to open six new stores in the USA;
- approved the investment in two new distribution centres during 2016 to service better our retail customers in Europe and North America;
- conducted an external Board evaluation using Lintstock and implemented improvements where identified;
- reviewed our position and agreed our approach towards information and cyber security;
- considered and confirmed our longer term viability in a statement published in this annual report;
- reviewed a number of Group governance policies; and
- established Market Disclosure and Share Allotment Committees to improve Board efficiency.

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. Keith Edelman is the Group's Senior Independent Director – a summary of his responsibilities is available on our website at www.supergroup.co.uk.

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

Corporate Governance Report.

All members of the Board and the Board committees have sufficient resources and budget to allow access to independent advice as required.

All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are complied with. The appointment and removal of the Company Secretary is a matter for the Board.

Operational matters, trading performance and the development of proposals for the Board, where required under the schedule of matters reserved for the Board, are delegated to the Executive Committee that consists of the Chief Executive Officer, Chief Financial Officer, Founder, Product and Brand Director, Sales and Marketing Director, Group HR Director, Merchandising Director, Transformation Director and Global Retail Director. Senior management below Board level attend Board and Executive Committee meetings where appropriate to present business updates.

The Board has appointed committees to carry out certain duties. These committees are detailed below. Each of these committees is chaired by a separate chairman and has written terms of reference which were reviewed during the year and are available on our website.

Minutes are prepared for each of these committee meetings by the Company Secretary or the Deputy Company Secretary and presented at the following respective meetings for approval. All committees have sufficient resources to undertake their duties.

As at the date of the Annual Report the Board has nine members: the Non-Executive Chairman, the Chief Executive Officer, two other Executive Directors and five Non-Executive Directors. Steve Sunnucks was appointed as a Non-Executive Director on 1 March 2016. James Holder resigned as an employee and Director of the Company on 1 June 2016, and Ken McCall steps down from the Board on 13 July 2016. The biographies of the Directors appear on pages 51 to 52.

Beatrice Lafon has been appointed as a Non-Executive Director with effect from 14 September 2016.

The Nomination Committee monitors Board composition and succession with a view to ensuring compliance with the Code.

Non-Executive Director independence and length of service

The independence of the Non-Executive Directors is considered annually along with their commitment and performance on the Board and its relevant committees. All Non-Executive Directors are considered by the Board to be independent of management and free from any relationship that could interfere materially with the exercise of their independent judgement.

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

Having considered the Chairman's commitments, the Board is satisfied that he has adequate time to be able to act as Chairman.

Directors' conflicts of interest

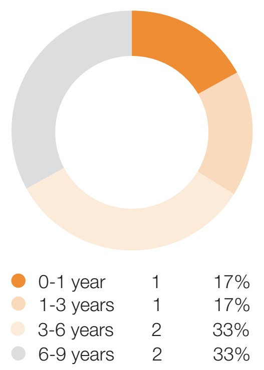
Our Articles of Association permit the Directors to consider and, if thought fit, authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the Group's interests. In deciding whether to authorise a conflict or potential conflict, the non-conflicted Directors 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.

Relationship agreement

Any person who exercises or controls, on their own or together with any person with whom they are acting in concert, 30% or more of the votes able to be cast on all or substantially all matters at general meetings of a company are known as 'controlling shareholders'. The Listing Rules require companies with controlling shareholders to enter into a written and legally binding agreement which is intended to ensure that the controlling shareholder complies with certain independence provisions.

As reported in our last Annual Report, our single largest shareholder is Julian Dunkerton, one of the founders of the Company. We and Julian Dunkerton entered into a relationship agreement on 12 March 2010, which was amended on 9 July 2014, to regulate our ongoing relationship in accordance with the Listing Rules. Julian Dunkerton sold 4 million ordinary shares, representing approximately 4.9% of our issued share capital in February 2016, reducing Julian's holding to 27.2%. Accordingly, the relationship agreement between Julian and the Company was deemed no longer required with effect from 12 February 2016.

Non-executive Tenure at 30 April 2016



The Board confirms that in the period to 12 February 2016:

i) we complied with the independence provisions included in the relationship agreement;

ii) so far as we are aware, the independence provision included in the relationship agreement had been complied with by Julian Dunkerton; and

iii) so far as we are aware, the procurement obligation included in the relationship agreement had been complied with by Julian Dunkerton.

Performance evaluation

Each year the performance of the Board, its committees and the Chairman is evaluated. The internal evaluation in 2015 identified that improvements could be made to the administration of the Nomination Committee and Remuneration Committee meetings, and there was general consensus that the Board should continue to provide sufficient time to focus on strategic matters, particularly those associated with international growth (notably in the USA and China). Significant progress was made in the year to improve further the effectiveness of Board and committee meetings creating greater time for the Board to invest in the consideration of the key strategic drivers of the Group. This included a number of reviews of progress within the newly acquired North American operation prior to the approval of the investment required to open six additional owned retail stores in the current financial year.

As required by the Code, every third year the evaluation should be conducted by an external independent facilitator. This year's evaluation was conducted by Lintstock Consultants ("***Lintstock***") who have no other connections with the Company.

The evaluation process involved Lintstock engaging with the Chairman and Company Secretary to agree a tailored set of questions for completion by the Directors, which was followed by a telephone interview by Lintstock where any issues were identified. The results were then analysed by Lintstock; discussed with the Chairman and the Company Secretary; tabled at a meeting of the relevant committee; and then presented to the Board at its meeting held on 24 March 2016.

The anonymity of all respondents was ensured throughout the process to encourage an open and honest exchange of views.

The performance evaluation was positive with all responses indicating continued high or improved performance during the year. The performance of the Executive Directors during the year was monitored by the Chief Executive Officer and the Nomination Committee.

The external evaluation in 2016 covered:

- the Board's balance of skills and experience, independence and knowledge, and diversity including the gender of Board members;
- how the Board worked together; how effectively it used its time and the support it received;
- strategic and operational risk oversight, risk management and internal control; and
- key talent and succession planning.

Following the evaluation, the Board agreed a number of actions that will be monitored through the current year. These centred on the continual evolution of the composition of the Board to complement the strength of the existing Directors and enhance the international experience and skills, refinement of the agenda planning process to ensure focus on the key issues and opportunities, and extending the Board's oversight of talent management within the business to the senior management tier. Subsequent to the evaluation, the Board's composition has been strengthened further through the addition of Steve Sunnucks and Beatrice Lafon as Non-Executive Directors, who both add further retail and international experience to the Board and have recent executive experience.

Re-election of Directors

At the Annual General Meeting ("***AGM***"), all Directors, with the exception of Ken McCall, who steps down as a Director on 13 July 2016, will offer themselves for election or re-election as appropriate. We consider the Directors offering themselves for election or re-election to be effective, committed to their roles and to have sufficient time available to perform their duties.

Board committees

The Board has three principal committees to which it delegates specific responsibilities. Committee membership as at 13 July 2016 is set out below:

Audit Committee:	Minnow Powell (Chairman)
	Penny Hughes
	Ken McCall*
	Steve Sunnucks*
Nomination Committee:	Peter Bamford (Chairman)
	Keith Edelman
	Penny Hughes
Remuneration Committee:	Keith Edelman (Chairman)
	Ken McCall*
	Minnow Powell
	Steve Sunnucks*

* Ken McCall steps down from the Board on 13 July 2016 and is succeeded by Steve Sunnucks on the Audit and Remuneration Committees.

Corporate Governance Report.

Board and committee attendance

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

Membership and attendance	Board meeting Number of scheduled meetings attended/held	Audit Committee Number of scheduled meetings attended/held	Nomination Committee Number of scheduled meetings attended/held	Remuneration Committee Number of scheduled meetings attended/held
Peter Bamford	7 7	–	7 7	–
Euan Sutherland	7 7	–	–	–
Julian Dunkerton	7 7	–	–	–
James Holder	6 6	–	–	–
Nick Wharton	6 6	–	–	–
Keith Edelman	7 7	–	7 7	6 6
Penny Hughes	7 7	5 5	7 7	–
Ken McCall	6 7	4 5	–	5 6
Minnow Powell	7 7	5 5	–	6 6
Steve Sunnucks (Appointed on 1 March 2016)	1 1	–	–	–

Actual number of meetings attended (orange) Maximum number of scheduled meetings which the directors could have attended (black)

A description of the work of the Audit, Nomination and Remuneration Committees is set out on pages 59 to 83.

The terms of reference of each committee, which are reviewed regularly by the Board, are available on our website at www.supergroup.co.uk. The terms and conditions of appointment for each Director are available for inspection at our registered office.

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

Induction and professional development

Non-Executive Directors have the opportunity to meet with members of the Executive Committee and the wider management team to gain first-hand experience of the business. Senior managers regularly attend Board meetings to make presentations to the Directors. This year, these presentations have included such topics as our approach to product development, sourcing strategies, cyber and information security, corporate social responsibility and environmental activities, health and safety and logistics strategy.

In addition, the Non-Executive Directors make site visits to ensure they are kept up to date with developments across the Group. In November 2015, the Board visited a number of our owned stores in Germany to understand better the strategic approach to and operational management of our Retail business in one of our key growth markets.

All Directors have received instruction on their responsibilities as a Director and have also received 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 management on different aspects of the business, as well as guidance on their duties, responsibilities and liabilities as a Director of a listed company. Following Steve Sunnucks' appointment to the Board, the Company Secretary arranged a tailored induction programme focused primarily on his role as a Director and the role of the Board in general. His induction included one-to-one meetings with individual members of the executive team as well as store and other site visits.

Diversity

We believe in respecting individuals and their rights in the workplace. Please see page 31 of the Strategic Report and page 65 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 on the Group's developments to our shareholders.

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

Our AGM will be held on 14 September 2016, at which time shareholders will have the opportunity to ask questions of the Chairmen of the Audit, Remuneration and Nomination Committees, the Senior Independent Director, and the remaining members of the Board.

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

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

Financial statements

The Board is ultimately responsible for approving the Annual Report and Financial Statements and the half year report.

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. This process was put in place prior to the IPO in March 2010, underwent significant review in 2012, and has continued to be developed during the year. We have a Risk Committee that reports into the Executive Committee, with oversight provided by the Audit Committee. The Risk Committee meets every month to review the risks identified, relevant controls, agree mitigating actions and discuss any new risks. Where new risks are identified, they are scaled according to their likelihood and potential impact, and then monitored. These systems are in place to manage rather than eliminate risk and can provide only reasonable and not complete assurance against material misstatement or loss. The principal risks and uncertainties are reviewed twice each year by the Board.

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

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 management. 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;
- we operate a risk management process which is integrated within the short and long-term business planning processes;
- our treasury position, including cash and foreign exchange, is managed in accordance with our Board approved treasury policy;
- financial forecasts, providing predicted results with sensitivity analysis, are prepared routinely throughout the year for review by the Executive Committee and the Board;
- we have established investment appraisal and authorisation procedures and our capital expenditure is reviewed against budgets which have been approved by the Board; and
- we assess routinely the capability of our people to deliver the business objectives set and respond accordingly. It is recognised that there is a need to focus continually on succession planning to ensure that, where there is a loss of key personnel, we have the ability to operate in both the short and long-term.

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

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

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

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

Our Directors' powers

Our Directors have delegated authority to manage the operations of SuperGroup subject to the limitations contained in the schedule of matters reserved for the Board, the terms of reference of the Board committees and our Group delegated authority matrix.

Political contributions

We have not made any political donations during the year.

Directors' indemnity insurance

We maintain Directors' and officers' liability insurance which gives appropriate cover for any legal action brought against our Directors and/or officers. In accordance with section 236 of the Companies Act 2006, qualifying third party indemnity provisions are in place for the Directors in respect of liabilities incurred as a result of their office, as far as is permitted by law. Both the insurance and indemnities applied throughout the year and continue through to the date of the Directors' Report.

Corporate Governance 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 13 July 2016, 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 ordinary share capital:

Name of holder	Number of ordinary shares	At 13 July 2016 % held	Nature of holding
Julian Dunkerton	22,088,944	27.2	Direct
Standard Life Investments	10,521,487	13.0	Indirect
James Holder	9,384,415	11.6	Direct
Old Mutual Global Investors	4,769,653	5.9	Indirect
Oppenheimer Funds	4,087,930	5.0	Indirect
Artemis Investment Management	3,822,756	4.7	Indirect

Share capital

Details of our share capital are set out in the Directors' Report on page 85.

Going Concern and Viability Statement

Our business activities and growth strategy, together with factors likely to affect our future development, performance and position, are set out in the Strategic Report on pages 6 to 12 and Our Performance section on pages 32 to 42.

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

The Directors have assessed our prospects over a four-year period. Further details of the Viability Statement are provided on page 49.

Independent auditors

On the recommendation of the Audit Committee, the Directors will put a resolution before the AGM to reappoint PricewaterhouseCoopers LLP as auditors for the ensuing year.

Annual General Meeting

Our AGM will be held at our Head Office, The Runnings, Cheltenham, Gloucestershire, GL51 9NW on Wednesday, 14 September 2016 commencing at 10.30am. The notice of this year's AGM is included in a separate circular to shareholders and will be sent out at least 20 working days before the meeting. This notice is available to view under the 'Equity Investors' section of our website www.supergroup.co.uk. 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 re-elected or elected, as appropriate. Details of the Directors' service agreements and their letters of appointment are given in the Directors' Remuneration Report on pages 66 to 83.

The Directors consider that each of the proposed resolutions to be presented at the AGM is in our best interests and those of our shareholders and employees as a whole and is most likely to promote the success of the Company for the benefit of its shareholders as a whole. The Directors unanimously recommend that shareholders vote in favour of each of the proposed resolutions, as the Directors intend to do in respect of their own shareholdings.

Approved and signed on behalf of the Board.

Lindsay Beardsell
Company Secretary
13 July 2016

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

Audit Committee Report.

Dear shareholder,

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

The Committee has a standing agenda of areas to be covered at each meeting based on its terms of reference and, in addition, it considers relevant matters as they arise. Specifically, within the year, the Committee has devoted time to overseeing the Group's response to the growing exposure to information security and cyber risks. This approach including assessing existing controls against an industry standard and developing a programme of activity to improve how we mitigate this risk.

The Committee has met five 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 auditors 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. These are available at www.supergroup.co.uk.

The externally facilitated Board evaluation completed this year covered the effectiveness of each committee and was positive with strong support, as indicated last year, for the reduction in the number of meetings.

The biographical details of each of the Committee members are set out in the details of the Board of Directors on pages 51 to 52.

Minnow Powell
Audit Committee Chairman
13 July 2016

Audit Committee Report.

Audit Committee

The membership of the Committee is set out below:

Member	Audit Committee member since	Number of meetings attended/held during the year
Minnow Powell (Chairman)	1 December 2012	5 5
Penny Hughes	1 April 2015	5 5
Ken McCall[1]	24 May 2010	4 5
Steve Sunnucks[1]	13 July 2016	–

1. Ken McCall steps down from the Committee on 13 July 2016 and is succeeded by Steve Sunnucks

■ 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 and the biographies of each of the members are set out on pages 51 to 52. At least one member (Minnow Powell, the Audit Committee Chairman) has recent and relevant financial experience. The other members of the Committee each bring their international business experience, with Penny Hughes and Steve Sunnucks also contributing strong retail knowledge and Ken McCall contributing extensive logistics experience.

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

The role of the secretary to the Committee is performed by the Company Secretary or the Deputy Company Secretary.

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 and evaluation and assessment of its internal controls and management of risk. The review focuses on the effectiveness of the risk management process including financial, operational, technical and compliance risks and related controls which are described on page 44. The Committee has noted the continued focus and improvement in the risk management process and the strengthening of internal controls during the year.

Risk management process

The Group's risk management process is described on page 44. The Committee reviewed the risk management process during the year and confirmed to the Board that the processes are appropriate.

Information technology and information security

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

A key area of focus for management during the year has been the development of an approach to monitor and govern cyber security. To ensure that information management is covered in its widest sense (IT systems, data protection and integrity and confidentiality) a business wide group has been established covering all key functions. This forum has applied common practice from other businesses and the framework published by the Department for Business, Innovation & Skills to create a programme to improve security and improve education and awareness.

Senior management have also provided reports on the Group's compliance with the Payment Card Industry Data Security Standard, and IT security risks, key issues and development of the related controls. Disaster recovery plans for the major IT components critical to business operations are now in place and will continue to be tested and enhanced, while non-IT related Business Continuity plans continue to be developed.

Group restructure

A programme to rationalise the Group's corporate structure, which has become overly complex following a series of acquisitions in recent years, was reviewed by the Committee. Approval was given to implement the initial steps which focus on the restructuring the Group's European entities.

Other

The Committee has continued to review other key areas of risk and internal controls including accounts payable, treasury, tax and credit control management with presentations given by the manager responsible. The Committee also discussed with management the risk and controls over fraud, and the risk of financial misstatements by non-compliance with laws and regulations.

The Committee reviewed the Tax and Treasury policies and recommended them to the Board for approval.

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 from management and the views of the external auditors. The Committee considers that the Group has adopted appropriate accounting policies and made appropriate estimates and judgements where required.

The areas of accounting judgements and issues have been reviewed and updated by the Committee for the current year are set out below:

Area	Issue	How addressed
Acquisition accounting, licence and contract termination, and other exceptional and re-measurement items	Material items are outside the normal course of business and are adequately disclosed. Fair values are appropriately determined at the date of acquisition.	The Committee reviewed management's assessment of the fair value attributed to the purchase of the assets of SDUSA LLC at the anniversary date of the purchase and the subsequent adjustment to the initial fair value estimate. The Committee considered the nature and size of costs categorised as exceptional to include whether they met the definition of an exceptional, being material in size, unusual, or infrequent in nature, or are re-measurements. The Committee has reviewed the exceptional and re-measurement items as disclosed in Note 6 to the Financial Statements and is satisfied that the categorisation is appropriate.
Provisions for inventory, returns, receivables and property	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.
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 business plan, the Committee considered the cash-flows, sensitivities and disclosures, made with regard to the Group's viability, in this Annual Report.
Revenue recognition	Revenue from Wholesale sales is recognised in the appropriate period.	The Committee reviewed management's policy for credit note provisions and the controls in place over the Wholesale invoicing process, and are satisfied they are appropriate.

Audit Committee Report.

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.

Internal audit effectiveness

The internal audit function has continued to develop and improve its effectiveness during the year. The ongoing review of an audit universe, and the outputs from the Risk Committee, has enabled the role of internal audit and scope of its work to continue to evolve to take account of changes within the Group and emerging best practice. The annual review of the internal audit plan ensures that the coming year is planned and following two years agreed in outline so that areas of focus are audited at least once over the course of the three year plan. During the year, internal audit has delivered ten audits including coverage of the following areas: health & safety compliance, e-commerce security, accounts receivable, VAT, general IT controls, management reporting, international franchises, retail supply chain, merchandise procurement and retail pricing.

The effectiveness of internal audit is reviewed on an ongoing basis by the Committee with no significant concerns identified. This review takes the form of a detailed questionnaire followed by discussion and assessment of the outsourced function. The Committee will continue to assess whether internal audit should remain outsourced, in part or in full.

External audit effectiveness and integrity of the Group's relationship

The Committee reviews, with the external auditors, the audit plan and the outcome and findings of the annual external audit.

In reviewing the audit plan the Committee noted and challenged the key areas of risk raised by PricewaterhouseCoopers ("***PwC***"), understood the basis of materiality and requested that all potential adjustments and errors above £0.1m be reported to the Committee.

In addition, the Committee approves the scope and fees for the external audit and is responsible for recommending the appointment, reappointment and removal of external auditors.

Effectiveness of external audit

A review of the effectiveness of external audit was undertaken by an internal survey of members of the Committee, the Chief Financial Officer, and the internal finance team in September 2015. This review adopted the new FRC guidance on effectiveness and included consideration of the AQRT report on PwC as a firm and noted the key findings.

While we were satisfied that our external auditors continued to perform effectively, the Committee believed that audit effectiveness would be enhanced by the introduction of a new audit partner who would provide fresh perspective and challenge. Following a selection process and managed handover, the new partner, Mark Smith, was introduced in November 2015.

Supervision of the external auditors

The Committee oversees the external auditors by reviewing, challenging, and approving the audit plan and ensuring that it is consistent with the scope of the audit engagement. The Committee meets regularly with the external auditors, both with and without management present. During the review of the audit plan, the Committee discussed and agreed those financial statement risk areas identified by the auditors that required additional audit emphasis and discussed and challenged the auditors' assessment of materiality. The audit opinion on pages 89 to 96 provides a full explanation of the auditors' assessment of material misstatement, concept of materiality and scope of the audit.

Reappointment of external auditors

Based on the assessment of effectiveness and independence of the external auditors, the Committee has recommended the reappointment of PwC, who were appointed by a competitive tender process to the SuperGroup legacy companies in 2008, for the next financial year. The Committee plans that the audit will be tendered in early 2017, with the successful firm taking office after the completion of the 2017 audit. The Committee confirms that the Company was in compliance with the UK Competition and Markets Authority Order 2014 during the year ended 30 April 2016.

Independence

Auditor independence is maintained by reviewing PwC's confirmation of their independence, monitoring the nature and value of non-audit services carried out, and ensuring that employees of the external auditors 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 Company. In addition, the rotation of the lead partner occurs every five years.

The Committee assessed the independence of the external auditors and concluded that they were independent.

Non-audit services

The general policy in respect of non-audit work by the external auditors is that they should not be requested to carry out 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 Standards 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 above £20,000 in value, and every piece of work once an agreed threshold, capped at a value equivalent to the audit fee, is reached.

Details of all non-audit services provided during the year are set out within the note on auditors' remuneration on page 118 and are summarised in the table below:

	2016 £'000	2015 £'000
Audit fees	**430**	305
Non-audit fees		
Audit-related assurance services	**60**	42
Tax compliance and advisory	**45**	64
Other	**331**	120
Total non-audit fees	**436**	226
Non-audit fees as a percentage of audit fees	**101%**	74%

Non-audit fees were 101% in 2016 primarily due to £331,000 of advisory services provided by PwC to support the Group's Design to Customer project. These services were subject to a robust tendering process, involving five alternative suppliers. This process clearly demonstrated PwC's deep capability and relevant retail experience to support this important programme and the strength of their commercial proposition, including value for money. The Committee confirmed that the award of this project did not influence the remuneration of the Senior Statutory Auditor.

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

Approved and signed on behalf of the Board.

Minnow Powell
Audit Committee Chairman
13 July 2016

Nomination Committee Report.

Dear shareholder

The Committee is responsible for nominating candidates for Board positions and ensuring that the Company has the leadership and senior management to meet its growth ambitions.

The principal responsibilities of the Committee are to:

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

Membership as at 30 April 2016 and meetings during the year

Membership and attendance	Number of meetings attended/held	
Peter Bamford (Chairman)	7	7
Keith Edelman	7	7
Penny Hughes	7	7

■ Actual number of meetings attended

■ Maximum number of scheduled meetings which the directors could have attended

The Committee met seven times during the year. In addition to the members of the Committee, which comprises independent Non-Executive Directors, the Chief Executive Officer and the Group HR Director attended each of the meetings.

The role of 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 Board meeting following a meeting of the Committee.

Activities during the year

The prime focus of the Committee this year has been on overseeing a series of changes to Board composition and ensuring that the Company has the right talent in key roles to realise its growth potential in existing and new markets. This included the recruitment and subsequent recommendations made to the Board on the appointment of Steve Sunnucks and, subsequent to the year end, Beatrice Lafon, both as Non-Executive Directors.

During the year the Committee monitored the performance of the senior team and reviewed the organisational structure. It also ensured that key individuals were given support and mentoring where appropriate.

Key talent risks and succession plans for the Executive Directors and senior leaders were reviewed in October 2015 and actions put in place to mitigate identified risks.

The Committee also reviewed its effectiveness against its terms of reference and the results of the annual Board evaluation, the details of which can be found on page 55. The review concluded that the Committee was performing effectively.

Director changes

In January 2016, Ken McCall advised of his intention to step down from the Board as a Non-Executive Director with effect from 13 July 2016.

Steve Sunnucks was appointed to the Board as a Non-Executive Director on 1 March 2016. Following Ken's resignation, Steve was appointed to the Audit and Remuneration Committees on 13 July 2016.

In May 2016, James Holder, Founder, Brand and Design Director, resigned as an employee and Director with effect from 1 June 2016. James will continue to work with the Group through a contract for services arrangement and will focus his time on leading innovation in product design.

The Committee, together with Euan Sutherland, have continued to review the executive team structure to define clear accountability for delivery of the five-year strategic plan and to ensure the right leadership structure is in place to lead the business through a complex period of growth in new territories. Nick Tatum joined the Group in December 2015 as Global Retail Director and as a member of the executive team following an extensive search in partnership with Korn Ferry. He previously held a broad range of retail and commercial senior leadership roles with Tesco.

Appointment process

There is a formal and robust procedure for the appointment of new Directors to the Board, under which the Committee interviews suitable candidates who are proposed either by existing Board members or by an external search firm and undertaking extensive referencing. Careful consideration is given to ensure proposed appointees have enough 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 found a suitable candidate, a proposal is made to the Board, which has retained the responsibility for all such appointments. During the year, this procedure was followed for the appointments of Steve Sunnucks and Beatrice Lafon.

Steve was introduced to the Board by an existing Board member against the agreed profile of adding recent industry experience, including North America. Following a series of interviews with me and other members of the Board, it was agreed that Steve would be a strong addition to the Board and so no other candidates were considered.

In respect of Beatrice's appointment, the Committee engaged with Russell Reynolds, which provide only Board and executive recruitment services to SuperGroup, and the following process was undertaken:

- role profiles were prepared against which potential candidates were considered;
- as Chairman, I interviewed an initial list of candidates, from which a shortlist of preferred candidates was selected;
- other Non-Executive Directors and Executive Board members interviewed the shortlist of candidates and provided feedback to the Committee;
- the Committee considered these views together with other independent references in its deliberations before recommending a preferred candidate to the Board; and
- the Board approved the appointment as recommended.

A similar process is followed for the appointment of members to the Executive Committee.

Board composition and policy on diversity

The Committee reviews regularly the composition of the Board and membership of Board committees.

The Board is supportive of greater diversity in all its forms and believes that a truly diverse board should include and make good use of differences in the skills, experiences, gender and background of its Directors. Given the global growth ambitions of SuperGroup, the Board is focused on ensuring that its Directors have experience of living and working in those markets in which it operates or plans to operate, and that the Board comprises a mix of Non-Executive Directors with professional experience as Non-Executive Directors and/or with current or recent operational experience.

The Board is also supportive of the recommendations of Lord Davies' report on 'Women on Boards' and recognises the importance of women having greater representation at key decision making points in the organisation and aims to target a participation of 20% of women on the Board by the end of calendar year 2016.

All Board appointments are based on the business' needs and the merit of each candidate, having assessed the skills and experience that they can bring to the business.

In addition to seeking to increase the diversity of SuperGroup's Directors, the Board believes it is equally important that the wider leadership team (which includes the members of the Executive Committee and SuperGroup's senior managers) is diverse in terms of skills, experience, gender and background.

As part of our commitment to improve the gender diversity of the Board, we have worked in partnership with Russell Reynolds to appoint Beatrice Lafon as a Non-Executive Director. Beatrice will join the Board on 14 September 2016.

Further details on our statistics on gender diversity can be found on page 31 of the Strategic Report.

Board evaluation

Details of the review of the Board and its committees, including this Committee, and my effectiveness as Chairman, undertaken during the year can be found on page 55. Having reviewed the results of the Board evaluation, the Committee confirmed to the Board that the present Board and its committees continue to operate effectively and that all of the Non-Executive Directors remain independent and, with the exception of Ken McCall who steps down from the Board on 13 July 2016, should stand for re-election or election, as appropriate, at the AGM.

Approved and signed on behalf of the Board.

Peter Bamford
Nomination Committee Chairman
13 July 2016

Directors' Remuneration Report.

Dear shareholder

The Directors' Remuneration Report has been divided into three parts:

1. **The Remuneration Committee Chairman's Annual Statement:** This summarises and explains the major decisions taken by the Committee, how the Directors' Remuneration Policy was operated in the year just ended and how it will operate for the current year.
2. **Directors' Remuneration Policy:** This sets out the basis of remuneration for our Directors which was approved by shareholders at the AGM in September 2014 and is unchanged. Although not required to be included in the report this year, the policy has been included in line with best practice and to assist the reader.
3. **Annual Report on Remuneration:** This sets out the remuneration earned by our Directors in the year ended 30 April 2016 and explains how the remuneration policy will be implemented in the current financial year.

Each part of the report has been prepared in accordance with Part 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, 9.8.8R of the Listing Rules and the UK Corporate Governance Code.

Part 1: Remuneration Committee Chairman's Annual Statement (unaudited)

Overview

The approach of the Committee has remained consistent with previous years; Executive Directors receive a mix of annual and long-term incentives which reward strong business and financial performance in line with our strategy and which are measured against robust benchmarks. The Committee considers that the remuneration arrangements promote our long-term success within a suitable risk framework, are suitably aligned to shareholder interests and that the actual remuneration earned by the Executive Directors continues to be a good reflection of their individual and our overall performance.

The year under review

Our Directors' Remuneration Policy was approved in September 2014 with 94% of votes cast in favour. The Committee gave full consideration to the operation of the policy prior to proposing it to shareholders at the AGM and considers the level of support obtained to be a strong endorsement. The Committee has reviewed the Directors' Remuneration Policy during the year and remains of the view that it promotes the attraction, motivation and retention of the executives required to successfully drive our strategy. As such, the Committee has decided that no changes to the Directors' Remuneration Policy are required.

As announced on 12 May 2016, James Holder resigned as an employee and a Director and ceased employment on 1 June 2016. He received his normal remuneration up to this date. No further payments will be made to James in connection with his resignation from office.

Performance and reward

As a result of this year's financial performance target having been met in full there will be a full annual bonus payment made to Executive Directors for the year ended 30 April 2016 in respect of the Group's financial performance. Having met their agreed FY16 personal and strategic objectives, Euan Sutherland and Nick Wharton will receive full bonus in respect of their personal performance. No bonus award will be made to the Executive Directors in respect of the shared business target. As in previous years, Julian Dunkerton and James Holder have elected to waive their FY16 bonus award. Details of the payments awarded are set out on pages 76 to 77.

The performance share plan ("***PSP***") award granted in 2013 in respect of the three-year performance period which ended on 30 April 2016 is due to vest in August 2016 and is expected to vest at 69% of the original award. This is based on 55.7% vesting against the earnings per share ("***EPS***") targets (70% of awards) and 100% against the relative total shareholder return ("***TSR***") targets (30% of awards). None of the current Executive Directors holds 2013 PSP awards. Further details about our share schemes can be found on pages 69 to 70.

The year ahead

As outlined above, no changes will be made to the Directors' Remuneration Policy for FY17. Base salary increases of 3.7% (Euan Sutherland) and 2.0% (Other Executive Directors) were awarded to the Executive Directors with effect from 1 May 2016. This compares with an average increase of 2.4% across the Group. In Euan Sutherland's case the level of increase reflects his ongoing performance and contribution. The annual bonus will continue to be capped at 100% of base salary (any award in excess of 100% being awarded in deferred shares) based on challenging financial, business and personal/strategic targets. PSP awards will continue to be based 70% on EPS and 30% on relative TSR. The Chief Executive Officer will receive an award of 200% of salary and the Chief Financial Officer will receive an award of 100% of salary. Malus and clawback provisions will continue to apply.

The Committee is confident that the continuation of the previously approved Directors' Remuneration Policy will ensure that the Executive Directors are properly incentivised to deliver strong and sustainable growth. A full review of the Remuneration Policy will be undertaken during 2017 and a new policy will be submitted to shareholders for approval at the 2017 AGM. Major shareholders and representative bodies will be consulted in due course.

Keith Edelman
Remuneration Committee Chairman
13 July 2016

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 policy to ensure it takes account of best practice and serves our needs. As part of the regular review, the Committee encourages dialogue with major shareholders and considers their feedback, alongside guidance from the major 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 the Directors' Remuneration Policy which was approved by shareholders at the AGM on 19 September 2014 in accordance with section 439A of the Companies Act 2006. There are no proposed changes to this policy.

Policy overview

We aim to provide a remuneration structure and approach that enables the attraction, retention and motivation of high calibre people with the capability to drive continued growth of the business and which is aligned to shareholder interests. 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 Directors' Remuneration Policy.

The Committee will not seek to make changes to any element of Executive Director remuneration to compensate participants for changes in their personal tax status.

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 the growth strategy. Base salary will reflect the individual skill, experience and role of the executive within the Group whilst reflecting that paid to executives of comparable companies.
Operation	When determining base salary the Committee typically takes into account: • business and individual performance; • salary levels at companies of a similar size, industry, global scope and complexity; and • the 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 it appropriate. A salary review will not necessarily lead to an increase in salary.
Maximum opportunity	There is no prescribed maximum base salary level or maximum annual increase. Salary increases will typically be in line with the general level of increase awarded to other employees in the Group and/or the 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. Current salaries are detailed in the Annual Report on Remuneration.
Performance measures	Individual and business performance is taken into consideration when deciding salary levels.

Directors' Remuneration Report.

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 Company contribution to an Executive Director's pension (or equivalent cash allowance) may not exceed 15% of base salary.

Element	Other Benefits
Purpose and link to strategy	To ensure a competitiveness with broader market practice. To support personal health and well-being.
Operation	Benefit provision is set at an appropriate market level taking into account the Executive Director's home jurisdiction, the jurisdiction where they are based, market practices 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) a biannual health assessment, 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 Sharesave scheme and will be entitled to participate in any other all-employee share plan operated in the future.
Maximum opportunity	There is no maximum level of benefits provided to an individual Executive Director. Participation by Executive Directors in the Sharesave scheme, and any other all-employee share plan operated in the future, is limited to the maximum award levels permitted by HM Revenue and 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 may defer part of an Executive Director's annual bonus into SuperGroup shares for a specified period of time.
Maximum opportunity	Up to 150% of base salary.

Element	Annual Performance Bonus
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.

Element	Performance Share Plan ("PSP")
Purpose and link to strategy	To incentivise and reward Executive Directors to develop and deliver strategic plans that create long-term value through the setting of strategic targets; and to ensure a strong link between reward, underlying Group financial performance and total shareholder returns. To support recruitment, long-term retention and collaborative working through share ownership.
Operation	Awards are granted on a discretionary basis and normally vest subject to performance and continued employment at the end of a three-year performance and vesting 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 over the vesting period to the extent that awards vest.
Maximum opportunity	Maximum award limit: 200% of salary. Exceptional circumstances* award limit: 300% of salary (*for recruitment or retention).
Performance measures	Normally based on a three-year performance period. Performance measures will be based on financial metrics – (e.g. Earnings Per Share ("***EPS***")) and/or relative total shareholder return ("***TSR***"). 25% of an award vests for threshold performance increasing to 100% vesting for maximum performance. Malus and clawback provisions will apply.

Element	Share Ownership Guidelines
Purpose and link to strategy	To increase alignment between management and shareholders.
Operation	Executive directors not holding shares worth at least 100% of their base salary will be expected to retain 50% of any PSP awards which vest (net of tax) until such time as this level of holding is met.
Maximum opportunity	Minimum of 100% of base salary.

Directors' Remuneration Report.

Financial performance measures (e.g. 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 profit before tax, EPS and TSR. The combination of EPS and TSR 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 Directors and shareholders. The EPS target range will require significant levels of growth and the TSR condition will be based on relative outperformance of selected listed companies. Performance against the TSR and EPS targets will be independently calculated and reviewed by the Committee.

In approving this Directors' Remuneration Policy, authority was given to the Company to honour any commitments entered into with current or former Directors. Details of any payments to former Directors will be set out in the Annual Report on Remuneration as they arise.

Remuneration arrangements across the Group

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

- **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 policy for Executive Directors, annual bonuses that are in place across the Group are typically linked to business performance with a focus on underlying Group profit, although we retain 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 the Company, and more junior employees who have made an exceptional contribution, may be invited to participate in the PSP in any financial year.
- **All employee share schemes** – in the UK the Company operates a Save as You Earn ("***SAYE/Sharesave***") share scheme and a Buy as You Earn ("***BAYE***") share scheme which is 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 ordinary SuperGroup 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 Company 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 the Company, contained in the current Executive Directors' service contracts, which could give rise to, or impact, remuneration payments or payments for loss of office.

Element	Terms
Notice period	A maximum of 12 months by the Company and 12 months by the Executive Director.
Contract date	Euan Sutherland – 22 October 2014 Julian Dunkerton – 12 March 2010 James Holder – 12 March 2010 (resigned 1 June 2016) Nick Wharton – 24 June 2015
Expiry date	Euan Sutherland, Julian Dunkerton, and Nick Wharton have no fixed expiry date.
Base salary	Contractual entitlement to receive a base salary and for a salary review to take place each year. We are not obliged to increase an Executive Director's salary following a review.
Pension contributions	Employer pension contribution.
Contractual benefits	Contractual entitlement to: • private medical insurance; • company sick pay; • life assurance; • holiday pay; • car allowance; and • discount on Superdry products.
Annual bonus	Contractual entitlement to participate in the annual performance bonus scheme, subject to our policy in relation to such a scheme and to the approval of the Committee.
Long-term incentive plan (PSP)	Contractual entitlement to be considered for participation in the PSP, subject to our policy in relation to such a scheme and to the approval of the Committee.

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

All Executive Director service contracts are available for inspection at our registered office during normal hours of business and will also be available at our AGM to be held on 14 September 2016.

With the consent of the Board, where an appointment can enhance an individual Executive Director's experience and add value to the Company, Executive Directors are able to accept non-executive appointments outside the Company. Two members of the Executive Committee currently hold Non-Executive Directorships; Euan Sutherland with Britvic plc and Nick Wharton with Mothercare plc. Retention of any fees received by the Executive Director is at the discretion of the Committee.

Annual fees retained by Euan Sutherland and Nick Wharton are £55,000 and £50,000 respectively.

Directors' Remuneration Report.

Discretions retained by the Committee

The Committee will operate the annual bonus plan and PSP according to their respective rules (or relevant documents) 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; the determination of vesting; discretion 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 year to year.

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.

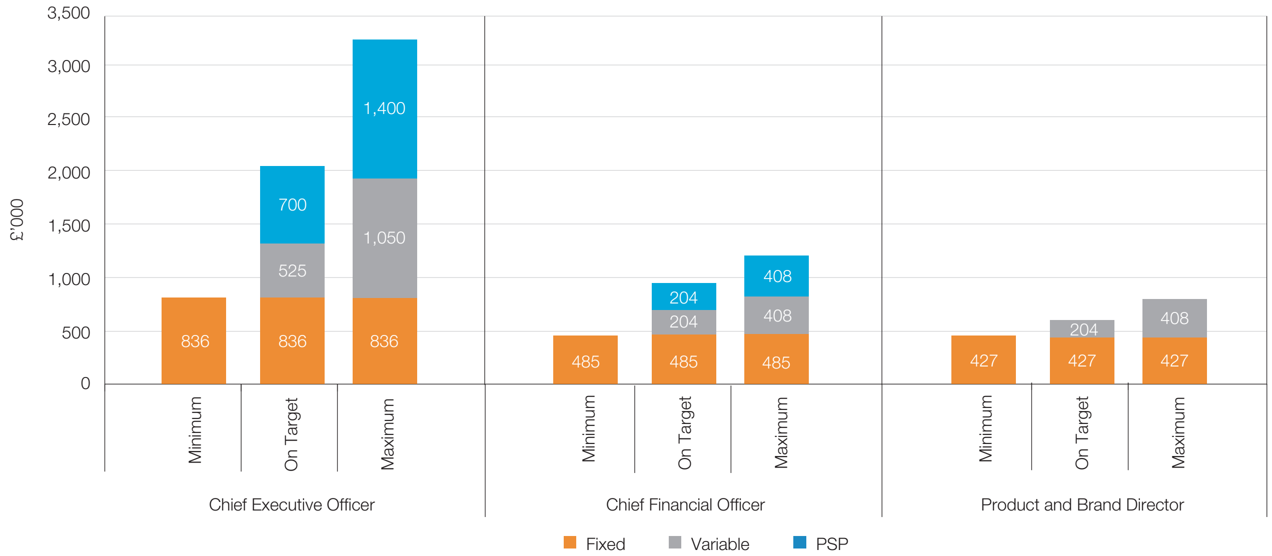
In relation to both our PSP and annual bonus plan, the Committee retains the ability to adjust the targets and/or set different measures if events occur (e.g. material acquisition and/or divestment of a Group business) which cause it to determine that the conditions are no longer appropriate and the adjustment is required so that the conditions achieve their original purpose and are not materially 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 will exercise discretion if required to adjust EPS to reflect what it considers to be a fairer outcome for shareholders and Executive Directors.

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

Illustrations of application of the Directors' Remuneration Policy

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



The chart above is based on the following assumptions:

- base salary as at 1 May 2016;
- estimated value of benefits and pension;
- on-target bonus taken to be 50% of the maximum potential (150% of salary for the Chief Executive Officer, 100% of salary for other executive directors);
- on-target PSP award (excluding Julian Dunkerton and James Holder) is taken to be 50% of the maximum potential (200% of salary for Chief Executive Officer and 100% of salary for Chief Financial Officer); and
- consistent with the disclosure requirements, no share price appreciation has been assumed.

Approach to the recruitment and retention of Executive Directors

Principles

When hiring a new Executive Director or promoting to the Board from within the Group, the Committee will offer a package that is sufficient to attract, retain and motivate the right talent, whilst 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).

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 so that we do not pay more than is necessary in circumstances leading to 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 pro rated 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 addition, as is consistent with market practice, we may pay a contribution towards an Executive Director's legal fees for entering into a statutory 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 our Company

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

The Committee does not consider it appropriate to consult directly with employees when formulating Executive Director reward policy. However, it does take into account information provided by the Group HR Director.

Consideration of shareholder views

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

Directors' Remuneration Report.

Summary of the Non-Executive Director Remuneration Policy

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

Element	Base Salary
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. Fees 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 typically paid to the Chairman of the Board and the Senior Independent Director. Additional fees may also be payable for taking on Committee responsibilities and other Board duties. Non-Executive Directors also receive staff discount on Superdry products.
Maximum opportunity	As is the case for the Executive Directors, there is no prescribed maximum fee or maximum fee increase.
Performance measures	Individual and business performance is taken into consideration when deciding fee levels.

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. This period may be renewed. Appointments may be terminated by either the Company or the Non-Executive Director giving three months' notice, or in the case of the Chairman, 12 months' written notice. Save in respect of retirement by rotation, a Non-Executive Director being removed from office will be entitled to compensation equal to the fee during any remaining notice period.

Name	Date of appointment or reappointment	Expected date of expiry of current term
Peter Bamford	29 January 2016	AGM September 2018
Keith Edelman	29 January 2016	AGM September 2017
Penny Hughes	1 April 2015	31 March 2018
Ken McCall	29 January 2016	13 July 2016
Minnow Powell	1 December 2015	AGM September 2018
Steve Sunnucks	1 March 2016	AGM September 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 to be held on 14 September 2016.

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 to be held on 14 September 2016 and sets out how the Directors' Remuneration Policy will be implemented in FY17, and how it was implemented in FY16. This part of the report has been prepared in accordance with Part 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and 9.8.8R of the Listing Rules.

The following sections of the Annual Report and Financial Statements are identified as audited or unaudited as appropriate.

Implementation of the Remuneration Policy for 2017:

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 and complexity and the salaries paid to other employees across the Group.

Current annual base salary levels are as follows:

		From 1 May 2016	From 26 April 2015
Euan Sutherland	Chief Executive Officer	**£700,000**	£675,000
Julian Dunkerton	Founder, Product & Brand Director	**£408,000**	£400,000
James Holder[1]	Founder, Brand & Design Director	**£306,000**	£300,000
Nick Wharton[2]	Chief Financial Officer	**£408,000**	£400,000

1. James Holder resigned as an employee and Director and ceased employment on 1 June 2016.

2. Nick Wharton was appointed on 24 June 2015.

Benefits in kind and pension (unaudited)

Benefits will continue to include a bi-annual health assessment, private medical insurance (for the individual and their family), sick pay, holiday pay, life assurance, car allowance and staff discount on Superdry products. Other benefits may be provided where appropriate. We will continue to contribute no more than 15% of salary into the Group 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 FY17 based on the achievement of challenging financial metrics, business objectives and personal/strategic objectives. Specific targets will not be disclosed in advance as they are commercially confidential, but will be disclosed next year. The maximum bonus opportunity in FY17 will be 150% of base salary for the Chief Executive Officer and 100% of base salary for other Executive Directors.

Long-term incentives (unaudited)

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

For FY17, the PSP grant for the Chief Executive Officer, Euan Sutherland will be 200% of salary and for the Chief Financial Officer, Nick Wharton, will be 100% of salary. Although Julian Dunkerton is eligible to participate in the PSP, the Committee believes his significant shareholding in the Company is sufficient to incentivise him and align interests with long-term Company performance at the current time.

Awards vest three years after grant subject to service and performance conditions.

Consistent with the FY16 awards, performance for FY17 awards will be 70% based on sliding scale EPS and 30% based on TSR relative to a selected group of retailers as measured over the three-year period ending at the 2019 financial year end:

- 25% of the EPS-related component of the award will vest for average annual EPS growth of 8% p.a. increasing on a straight-line basis to 100% vesting for EPS growth of 12% p.a.; and
- 25% of the TSR-related component of the award will vest if the Company's TSR is ranked at the median of a comparator group increasing on a straight-line basis to 100% vesting at the upper quartile of the group. The comparator group for the awards will comprise the companies listed in the following FTSE AllShare subsectors: Apparel Retailers, Broadline Retailers, Clothing and Accessories, Furnishings, Home Improvement Retailers, Recreational Products, Speciality Retailers and Toys at the start of the TSR performance period.

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

Non-Executive Directors (audited)

Fee levels for FY17 are as follows:

Name	Base fee	Audit/Remuneration Committee chairmanship	Senior Independent Director	**From 1 May 2016**	From 26 April 2015[1]
Peter Bamford	£190,000	–	–	**£190,000**	£190,000
Keith Edelman	£50,000	£10,000	£10,000	**£70,000**	£70,000
Penny Hughes	£50,000	–	–	**£50,000**	£50,000
Ken McCall	£50,000	–	–	**£50,000**	£50,000
Minnow Powell	£50,000	£10,000	–	**£60,000**	£60,000
Steve Sunnucks[1]	£50,000	–	–	**£50,000**	£50,000

1. Steve Sunnucks was appointed on 1 March 2016.

Directors' Remuneration Report.

Directors' remuneration (audited)

The detailed emoluments received by the Directors for the year ended 30 April 2016 are detailed below:

Director		Base salary/fees	Taxable benefits[1]	Pension contributions[2]	Annual bonus	Long-term incentives	Other payments	Total
Executive Directors								
Euan Sutherland	2016	675,000	40,250	101,250	860,625			1,677,125
	2015	355,645	20,957	48,438	177,822			602,862
Julian Dunkerton	2016	400,000	19,063					419,063
	2015	400,000	19,180					419,180
James Holder	2016	300,000	15,463					315,463
	2015	300,000	15,545					315,545
Nick Wharton[4]	2016	341,111	13,116	51,167	289,944			695,338
Non-Executive Directors								
Peter Bamford	2016	190,000	3,379					193,379
	2015	165,000	4,010					169,010
Keith Edelman	2016	70,000	1,715					71,715
	2015	70,000	2,298					72,298
Penny Hughes	2016	50,000	1,364					51,364
	2015	4,166						4,166
Ken McCall	2016	50,000	2,075					52,075
	2015	50,000	1,128					51,128
Minnow Powell	2016	60,000	2,388					62,388
	2015	60,000	3,658					63,658
Steve Sunnucks	2016	8,333	346					8,679
Euan Sutherland	2015	23,656	1,492					25,148
Former Directors								
Susanne Given[3]	2016	116,667	6,410	8,750		1,212,469	204,166	1,548,462
	2015	350,000	42,309	26,083				418,392

1. Benefits for 2016 comprised a car allowance and medical insurance for all the Executive Directors. For Executive and Non-Executive Directors certain expenses relating to the performance of a Director's duties in carrying out activities, such as travel to and from Company meetings, are classified as taxable benefits by HMRC. In such cases, the Company will ensure that the Director is not out of pocket by settling the related tax via the PAYE Settlement Agreement (PSA). In line with current regulations these taxable benefits have been disclosed and are shown in the taxable benefits column in the Directors' Remuneration table above. The figures shown include the cost of the expenses grossed up for tax and national insurance.
2. Euan Sutherland and Nick Wharton received a Company contribution of 15% of base salary in the form of either pension contribution or cash allowance.
3. Susanne Given left the Company on 31 August 2015.
4. Nick Wharton was appointed on 24 June 2015. The table above shows his remuneration as an Executive Director. Prior to commencing employment with the Group, Nick was remunerated as a consultant. In the period 27 April 2015 to 23 June 2015 he received £178,277 for services as a consultant.

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Annual bonus for the year ended 30 April 2016 (audited)

For FY16 the maximum annual bonus opportunity was 150% of salary for the Chief Executive Officer and 100% of salary for the other Executive Directors. The performance against the targets was as follows:

		Start to earn	Full Payout	Actual	Bonus Award
Profit-related targets[1]	70% of Executive Directors' bonus opportunity	Threshold	Maximum	Maximum	Full payment under this element
Shared Business target[2]	15% of Executive Directors' bonus opportunity	Threshold	Maximum	Zero	Zero payment under this element
Personal/strategic targets	15% of Executive Directors' bonus opportunity	Threshold	Maximum	Maximum	Full payment under this element

1. The profit-related target for FY16, against which the maximum target was met, has not been disclosed as it is considered to be commercially confidential. It will be published in the FY17 Annual Report.

2. The shared business target for FY16, against which the threshold target was not met, has not been disclosed as it is considered to be commercially confidential. It will be published in the FY17 Annual Report.

Annual bonus for the year ended 25 April 2015 (audited)

For FY15 the maximum annual bonus opportunity was 150% of salary for Euan Sutherland as Chief Executive Officer and 100% for all other Executive Directors (pro-rated from appointment where relevant). Reflecting that Euan Sutherland was appointed part-way through the financial year, his bonus arrangement was based two-thirds on profit-related targets and one-third on personal and strategic targets, while the bonus arrangements for all other Executive Directors was based purely on profit-related targets. Julian Dunkerton and James Holder chose to waive their bonus awards. The performance against the targets was as follows:

		Start to earn	Full Payout	Actual	Bonus Award
Profit-related targets	100% of annual bonus for Executive Directors and ex Chief Executive Officer, 66.6% of Chief Executive Officer's bonus.	Threshold £68m	Maximum £77m	£63m	0%
Personal/strategic targets	33.3% of Chief Executive Officer's total bonus opportunity	Threshold	Maximum	Maximum	Full payment under this element (Chief Executive Officer only)

Performance share plan (audited)

The PSP awards granted on 15 August 2013 were based on a three-year performance period ended 30 April 2016. 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 12% in excess of RPI, increasing on a straight-line basis to 100% of this part vesting for EPS growth of at least 18% per annum in excess of RPI.	12% in excess of RPI	18% in excess of RPI	12.6% in excess of RPI	55.7% (max. 70%)
Total shareholder returns (30%)	25% of this part of the award vests if the Company'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 Company'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, Recreational Products & Services, Restaurants & Bars, Speciality Retailers and Toys).	Median	Upper quartile	Upper quartile	100% (max. 30%)
					69.0%

Directors' Remuneration Report.

In both the current and prior year, the Committee has excluded re-measurements and exceptional items from both the PSP and the annual bonus plan and in the current year has excluded the performance of the Group's development operations in North America and China in determining the PSP on the basis that the targets, set in 2013, excluded these operations.

None of the current Executive Directors held 2013 PSP awards at the year end. Details of the awards held by Susanne Given are presented in the Board Changes section below.

Board Changes

Payments for loss of office (audited)

No payment has been made to James Holder following his resignation as an employee and a Director on 1 June 2016. As such he received salary and benefits up to the date his employment ceased.

Payments to past Directors (audited)

Susanne Given stepped down from the Board as Chief Operating Officer on 12 February 2015 and ceased employment on 31 August 2015. She continued to receive her usual contractual entitlements up until the 31 August 2015 (save for certain benefits which ceased from 31 March 2015) and received a payment in lieu of salary for the remaining notice period due under her employment contract of £204,166. In respect of PSP awards, the 2012 award (241,615 shares under award) vested on 16 August 2015 at 32.4% of the maximum. The 2013 (20,852 pro rated shares under award) and the 2014 PSP (11,415 pro rated shares under award) awards will vest at the normal time subject to time pro rating and performance. Details of PSP vesting (i.e. numbers of shares which vest and pre-tax value at vesting) will be disclosed in the relevant years' Remuneration Report.

Scheme interests awarded during the year (audited)

PSP awards granted in the year

On 14 August 2015, PSP awards were granted to Executive Directors as follows:

Executive	Number of PSP awards	Basis	Face value[1]	Performance condition	Performance period
Euan Sutherland	91,358	200% of base salary	1,350,000	Vesting will be determined by EPS and TSR over the performance period as described below	Three financial years ending 2017/2018
Nick Wharton	54,138	200% of base salary	800,000		

PSP awards are structured as conditional awards.

1. Based on a share price of £14.77 which was the 10-day weighted average share price.

The performance condition for these awards is set out below:

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

1. The Committee retains the ability to adjust the EPS condition if events occur (e.g. material acquisition and/or divestment of a Group business) which cause it to determine that the condition is no longer appropriate and amendment is required so that the condition achieves its original purpose and is not materially less difficult to satisfy.

2. TSR comparator group: those companies listed in the following FTSE AllShare subsectors: Apparel Retailers, Broadline Retailers, Clothing and Accessories, Furnishings, Home Improvement Retailers, Recreational Products & Services, Restaurants & Bars, Speciality Retailers and Toys.

Directors' interests in share awards (audited)

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

Executive	Scheme	At 25 April 2015	Granted during 2015	Exercised during the period	Lapsed during the period	**At 30 April 2016**	Date of award	Performance period	Normal vesting date/exercise period	Share price on date of grant	Exercise price	Share price on date of exercise
Euan Sutherland	PSP	193,965				**193,965**	22/10/2014	3 financial years ending 2016/2017	22/10/2017	10.44		
	PSP		91,358			**91,358**	14/08/2015	3 financial years ending 2017/2018	14/08/2018	14.77		
		193,965	91,358			**285,323**						
Nick Wharton	PSP		54,138			**54,138**	14/08/2015	3 financial years ending 2017/2018	14/08/2018	14.77		
			54,138			**54,138**						

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

Directors' Remuneration Report.

Share ownership (audited)
The beneficial and non-beneficial interests of the Directors in the share capital of SuperGroup Plc at 30 April 2016 are set out below:

Director	Interests in ordinary shares 30 April 2016	Interests in ordinary shares 25 April 2015	Shareholding guideline achieved	Interests in shares PSP	Interests in shares SAYE	Total
Executive Directors						
Euan Sutherland	**11,613**	11,613	No	285,323	1,648	298,584
Julian Dunkerton	**22,088,944**	26,088,944	Yes	–	–	22,088,944
James Holder	**9,384,415**	9,667,190	Yes	–	–	9,384,415
Nick Wharton	**5,000**	–	No	54,138	1,648	55,786
Non-Executive Directors						
Peter Bamford	**6,000**	6,000	–	–	–	6,000
Keith Edelman	**4,000**	4,000	–	–	–	4,000
Penny Hughes	**–**	–	–	–	–	–
Ken McCall	**5,000**	5,000	–	–	–	5,000
Minnow Powell	**1,496**	1,496	–	–	–	1,496
Steve Sunnucks	**–**	–	–	–	–	–

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.

	2016 £m	2015 £m	Change
Employee remuneration costs (£m)	**83.8**	67.0	25.1%
Dividends (£m)	**5.0**	nil	n/a

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

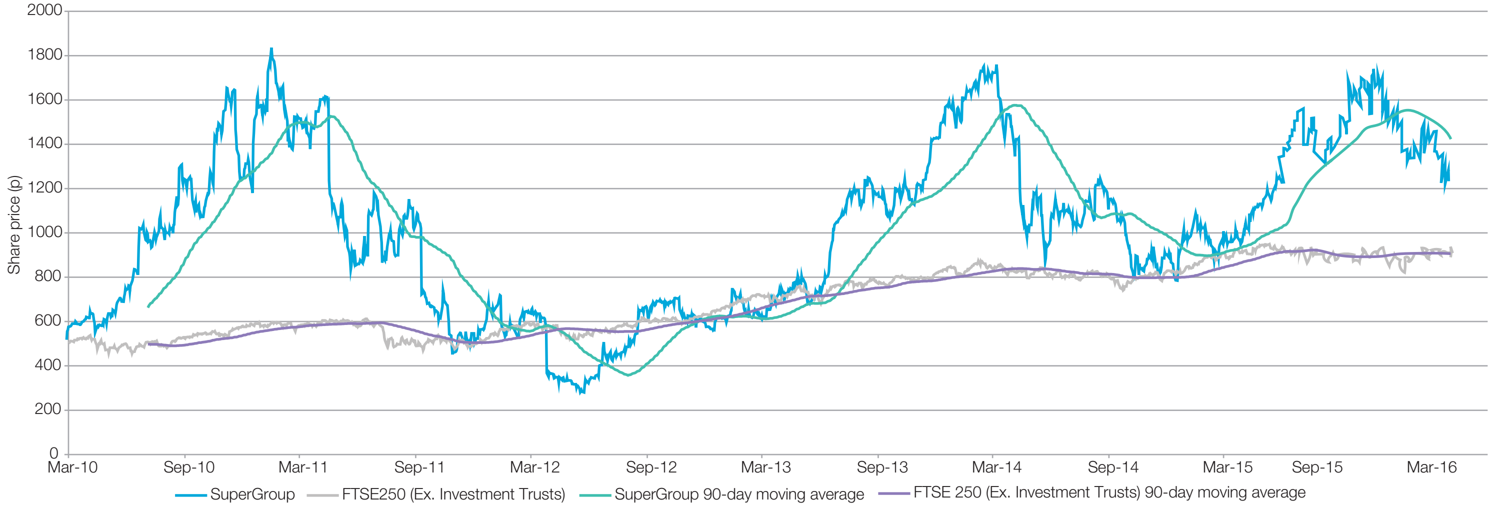
The table below shows the movement in salary, benefits and annual bonus for the Chief Executive Officer between the current and previous financial year compared to the average of all employees of the Group.

Element of remuneration		% change
Salary	Chief Executive Officer	3.7%
	Employees	2.4%
Taxable benefits	Chief Executive Officer	nil
	Employees	nil
Annual bonus	Chief Executive Officer	384%
	Employees	n/a*

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

Performance graph (unaudited)

The graph below shows the total cumulative shareholder return (TSR) for the Group compared with the TSR of the FTSE 250 (excluding Investment Trusts) over the period from the initial public offer to 30 April 2016. The FTSE 250 (excluding Investment Trusts) was selected as this is the index of which the Group was a constituent for the period shown.



Directors' Remuneration Report.

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

Single figure table (audited)

Year ended	Chief Executive Officer	Total remuneration	Annual bonus (% of max)	Long-term incentives (% of max)
2016	Euan Sutherland	£1,677,125	85.0%	–
2015	Euan Sutherland[1]	£602,862	33.3%[3]	–
2015	Julian Dunkerton[1]	£419,180	–	–
2014	Julian Dunkerton	£419,412	–	–
2013	Julian Dunkerton	£419,406	–	–
2012	Julian Dunkerton	£419,463	–	–
2011	Julian Dunkerton	£418,745	–	–
2010	Julian Dunkerton	£59,884[2]	–	–

1. Euan Sutherland was appointed as Group Chief Executive Officer on 22 October 2014. At the same time, Julian Dunkerton, previously Chief Executive Officer, switched to the newly created role of Founder and Product and Brand Director.

2. For the six week period to 2 May 2010.

3. Annual bonus is the proportion awarded of the maximum bonus opportunity.

Principal responsibilities (unaudited)

The Committee is responsible for determining the framework and policy for the remuneration of the Company's Chairman, Chief Executive Officer, the Executive Directors, the Company Secretary and other senior executives and ensuring it remains appropriate.

The principal responsibilities of the Committee are to:

- advise on the design of, and to determine and agree the total individual remuneration package of, each of the Executives and Senior Managers, giving due regard to any relevant legal requirements, the provisions and recommendations set out in the UK Corporate Governance Code and the UK Listing Authority's Listing Rules and associated guidance;
- review the design of, and determine targets for, all share incentive and performance related pay schemes operated by the Company and approve the total annual payments made under such schemes; and
- oversee any major changes in employee benefit structures throughout the Group and to give advice on any such changes.

Membership as at 30 April 2016 and meetings held during the year

Membership and attendance	Number of meetings attended/held	
Keith Edelman (Chairman)	6	6
Ken McCall[1]	5	6
Minnow Powell	6	6

1. Ken McCall steps down from the Committee on 13 July 2016 and is succeeded by Steve Sunnucks.

- Actual number of meetings attended
- Maximum number of scheduled meetings which the directors could have been attended

The Committee met six times during the year. In addition to the members of the Committee, which comprised independent Non-Executive Directors, the executive and other Non-Executive Directors attended Committee meetings by invitation of the Committee, except where their own remuneration was being discussed. Peter Bamford (Chairman), Penny Hughes (Non-Executive Director), Euan Sutherland (Chief Executive Officer), Lindsay Beardsell (Group General Counsel and Company Secretary) and Andrea Cartwright (Group HR Director) attended Committee meetings during the year and provided advice to assist the Committee.

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

The Committee reviewed its effectiveness against its terms of reference and the results of the annual Board evaluation, the details of which can be found on page 55. The review concluded that the Committee was performing effectively.

Adviser to the Committee

During 2016 the Committee received advice from New Bridge Street ("***NBS***" - part of AON plc) on senior executive remuneration and employee share schemes. Neither NBS nor AON plc provided other services to the Company during the year. NBS is a member of the Remuneration Consultants Group and complies with its code of conduct. The Committee is comfortable that NBS's advice remains objective and independent. For the year under review NBS's total fees charged were £17,550.

Dilution

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

Statement of shareholder voting

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

	For	Against	Votes cast	Votes withheld
Directors' Remuneration Report (excluding the Directors' Remuneration Policy)				
Total number of votes	72,404,449	130,067	72,534,516	261,825
% of votes cast	99.82	0.18	100.00	

The Directors' Remuneration Report, excluding the Directors' Remuneration Policy, will be subject to an advisory vote at the AGM on 14 September 2016.

Approved and signed on behalf of the Board.

Keith Edelman
Remuneration Committee Chairman
13 July 2016

Directors' Report.

We present the Directors' Report together with our audited Financial Statements, and those of our subsidiaries, together the "Group", for the financial year ended 30 April 2016. The Corporate Governance Report set out on pages 53 to 58 forms part of this Directors' Report. We are UK domiciled but have a number of overseas subsidiaries and branches in Austria, Italy, 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 51 to 52 for full detail of the Directors.

Results and dividends

Our Financial Statements for the year are set out on pages 97 to 144, which should be read in conjunction with Our Performance on pages 32 to 42.

An interim ordinary dividend of 6.2p per share was paid on 5 February 2016.

The Directors have proposed a final ordinary dividend of 17.0p per ordinary share and declared a special dividend of 20.0p per ordinary share, both dividends being payable on 23 September 2016 to shareholders on the register at the close of business on 22 July 2016, giving a total ordinary dividend in respect of FY16 of 23.2p.

Post balance sheet events

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

Approach to tax

Our approach to tax matters is to comply with all relevant tax laws and regulations, whichever country we operate in, whilst effectively managing the overall tax burden. 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 are an important source of revenue for them in providing a stable infrastructure and environment in which we operate.

Our businesses operate in a growing number of countries, which leads to increasing complexity in our tax affairs, and it is well documented that tax authorities around the world are subjecting the tax affairs of large companies to ever greater scrutiny. We look to manage our tax affairs in a manner to support business operations with the aim of ensuring that the tax consequences match the economic and commercial consequences of those operations. Naturally, we seek to ensure that the same profits are not taxed twice by different jurisdictions and transactions between subsidiary and associate companies are conducted on an arm's length basis and in line with our transfer pricing agreements.

Where a tax rule, regulation or incentive exists that may convey a tax advantage to us, for example, using losses incurred in prior years, we will use that rule, regulation or incentive to support the businesses as permitted by local law.

We appointed an in-house tax manager in 2015 and use the services of 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. Grant Thornton is our primary tax adviser.

Tax governance

Our documented tax strategy 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 strategy 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.

As a clothing brand with international Retail and Wholesale operations, we naturally have a presence in some countries with lower tax rates than the UK. We also operate in a number of countries with much higher rates and all territories are chosen for their strategic importance to the growth of the business rather than their tax regimes. Importantly, we have full Retail and Wholesale trading businesses and we aim to pay appropriate taxes in all of the countries where we have a presence.

Related party transactions

Other than in respect of arrangements set out in note 20 to the Financial Statements and in relation to the employment of Directors, details of which are provided in the Directors' Remuneration Report on pages 66 to 83, 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 20 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 32 to the Financial Statements on page 142 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 30 April 2016, we had 81,235,727 ordinary shares of five pence each in nominal value in issue.

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

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

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

The rules about the appointment and replacement of Directors are contained in our Articles of Association. Specific rules regarding the re-election of Directors are referred to in the Corporate Governance Report on pages 53 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

At the AGM in 2015, shareholders approved a resolution to grant the Directors authority to repurchase a maximum number of 8,102,872 ordinary shares (representing 10% of our issued share capital as at 21 July 2015) as shares become available. During the reporting year to 30 April 2016, we did not purchase any of our own shares. We intend to renew this authority at the AGM in September 2016 in respect of 8,123,729 ordinary shares (again, representing 10% of our issued share capital as at 13 July 2016). Further details are set out in the notice of the AGM.

Share schemes

We have four types of share scheme:

i) a long-term incentive plan (or performance share plan) ("***LTIP***" or "***PSP***");

ii) a save as you earn scheme ("***SAYE***" or "***Sharesave***" scheme);

iii) a buy as you earn scheme ("***BAYE***" or "***Share Buy***" scheme); and

iv) company share option plan ("***CSOP***").

All shares allotted under the PSP, SAYE, BAYE and CSOP schemes have the same rights as those already issued.

Directors' interests

The interests of the Directors in the ordinary shares of the Company are shown in the Directors' Remuneration Report on page 80. There were no changes to the beneficial interests of the Directors between 30 April 2016 and 13 July 2016.

No Director has any other interest in any shares or loan stock of any group company or was or is materially interested in any contract, other than his service contract, which was subsisting during or existing at the year end and which was significant in relation to the Group's business.

UK Corporate Governance Code

Our statement on corporate governance and compliance with the Code can be found in the Corporate Governance Report on pages 53 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 our website www.supergroup.co.uk. At the AGM in 2015, shareholders approved resolutions to allot shares up to an aggregate nominal value of £1,350,479 (representing one-third of our issued share capital as at 21 July 2015). It is intended to renew this authority at the AGM in September 2016 in respect of shares with a nominal value of £1,353,955 (again, representing one-third of the issued share capital as at 13 July 2016).

The disapplication of pre-emption rights for cash issues of shares was approved at the AGM in 2015 in respect of ordinary shares with a nominal value of £202,572, representing approximately 5% of our issued share capital at that date. This disapplication will be renewed at the AGM in September 2016 in respect of ordinary shares with a nominal value of £203,093 (again representing approximately 5% of the issued share capital as at 13 July 2016). An additional authority is also being sought by the Directors following changes in The Pre-Emption Group's Statement of Principles which now provides that an allotment of up to an additional 5% of our issued share capital as at 13 July 2016 (£203,093) may be made on a non pre-emptive basis if that allotment is used only for the purposes of financing a transaction which the Board determines to be an acquisition or other capital investment (within the meaning of The Pre-Emption Group's Statement of Principles).

Other relevant disclosure requirements from the Takeover Directive are included elsewhere 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.

Directors' Report.

Financial risk management

Please refer to note 31 of the Financial Statements.

Legal and regulatory compliance

The legal function is responsible for identifying and carrying out assessments of those areas of the business where material legal and regulatory risks may be present. In the last year, we (supported by our external advisers where appropriate) extended our review of existing franchise agreements and agreed revised standard agreements to achieve greater consistency across the organisation, and have carried out training in respect of data protection, competition law and the law relating to marketing communications and social media. We have also reviewed our intellectual property portfolio in light of our strategy for growth, made further registrations to ensure that our protection is robust, and further strengthened our intellectual property team who work closely with our designers and now manage trade mark registrations in-house.

Where issues are identified, mitigating actions are built into an action 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.

Health and safety

We are committed to providing a safe place for our colleagues to work and customers to shop. Our policies are reviewed on an ongoing basis to ensure that the approach to training, risk assessments, safe systems of working and accident management are appropriate. As part of this process, a rolling audit programme is in place to ensure that health, safety, environmental and security risks are stringently assessed and that robust control measures are in place to limit these risks.

For further information, please refer to the Strategic Report on page 31.

Greenhouse gas emissions

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

The Corporate Responsibility Report contains a table detailing our global greenhouse gas (carbon) emissions on page 29 and is incorporated into the Directors' Report by reference.

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 Company's auditors are unaware. Furthermore, each Director has taken all the steps that he or she ought to have taken as a Director to make him or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Approved and signed on behalf of the Board.

Lindsay Beardsell
Company Secretary
13 July 2016

Statement of Directors' Responsibilities.

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and parent Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the Company and of the profit or loss of the Group for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and Company Financial Statements respectively; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Financial Statements and the Directors' Remuneration Report 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 Company and the Group 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 Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed on pages 51 to 52, confirm that, to the best of their knowledge:

- the Group Financial Statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Directors' Report and Strategic Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

The Directors' Responsibilities Statement was approved by a duly authorised Committee of the Board of Directors on 13 July 2016 and signed on its behalf by Euan Sutherland, Chief Executive Officer and Nick Wharton, Chief Financial Officer.

Euan Sutherland
Chief Executive Officer
13 July 2016

Nick Wharton
Chief Financial Officer

Financial Statements.

Independent Auditors' Report.

to the members of SuperGroup Plc

Report on the financial statements

Our opinion

In our opinion:

- SuperGroup Plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 30 April 2016 and of the Group's profit and the Group's and the Company's cash flows for the 53 weeks 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 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.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Group and Company balance sheets as at 30 April 2016;
- the Group statement of comprehensive income for the 53 weeks then ended;
- the Group and Company cash flow statements for the 53 weeks then ended;
- the Group and Company statements of changes in equity for the 53 weeks then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

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

Independent Auditors' Report.

to the members of SuperGroup Plc

Our audit approach

Overview

- Overall group materiality: £3.6 million which represents 5% of underlying profit before income tax.

- We conducted an audit of the complete financial information of four reporting units: DKH Retail Limited, C-Retail Limited, SuperGroup Internet Limited and SuperGroup Plc due to their size and risk characteristics.
- In addition, we conducted the statutory audits of three reporting units, two located in the UK and one located in Germany, such that the audit work was complete prior to finalisation of the group financial statements, as well as performing specific procedures in the US, which included attending year-end physical inventory observations and substantively testing revenue and costs associated with the US business.
- We also conducted audit procedures over central activities, including management's reassessment of the fair values attributed to the assets and liabilities acquired in relation to the US business combination and intangible asset impairment testing.

Our assessment of the risk of material misstatement also informed our views on the areas of particular focus for our work which are listed below:

- Acquisition accounting, including management's reassessment of the fair values attributed to the acquired assets and liabilities in respect of the US business combination and the exceptional items arising therefrom.
- Inventory, accounts receivable and property-related provisions.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Independent Auditors' Report.

to the members of SuperGroup Plc

Area of focus	How our audit addressed the area of focus
Acquisition accounting, including management's reassessment of the fair values attributed to the acquired assets and liabilities in respect of the US business combination and the exceptional items arising therefrom Refer to the Audit Committee Report on page 61, the critical accounting estimates and judgements in note 2 to the financial statements on page 110, and note 33 for the revisions to the fair values of assets and liabilities arising on the US business combination. In March 2015, the Group completed the US business combination with SD USA LLC ('SD USA') which allowed the Group exclusive rights to the Superdry brand in the USA, Canada and Mexico ('North America') and the acquisition of the trade and certain assets from SD USA, comprising principally 15 Superdry stores. The 12-month measurement period in respect of this transaction concluded in March 2016, and management have reassessed the provisional fair values attributed to the assets and liabilities acquired. The re-assessment of the fair value of the acquired assets and liabilities involved judgements in relation to the identification and valuation of assets and liabilities recognised. In particular: • The valuation of the 're-acquired right' intangible asset required judgement to determine the estimated future cash flows under the remaining 23 year licence period. The estimated future cash flows were then input into a model prepared by management's expert. • The valuation of inventory included judgement to determine the fair value with reference to the quality of that inventory, based on management experience, current retail prices, costs of selling, average margins and actual sales rates experienced following the business combination. • The assessment of the market value of the lease rentals for the acquired stores required judgement in identifying similar sized stores based in similar locations. Management used an external expert to perform this assessment. Exceptional items primarily relate to the revision to the amount of the bargain purchase recognised in FY15 and the impact of the fair value uplift recognised in relation to the acquired inventory, which was subsequently sold during the 53 weeks ended 30 April 2016. Judgement was required by management in determining whether these items met the Group's accounting policy for exceptional items.	We updated our understanding of the US business combination with SD USA, management's assessment of the performance of the US business and their re-assessment of the fair value of the acquired assets and liabilities. We have re-examined the following areas in our testing: i. The results of the model, prepared by management's expert, have been tested by: evaluating the appropriateness of the methodology used; benchmarking the discount rate to comparable organisations and data sources; benchmarking the growth rate to long-term economic forecasts for the US; re-performing the discounting of cash flows; assessing the appropriateness of contributory asset charges based on a reasonably expected return on the underlying asset; and testing the mathematical accuracy. We found the assumptions adopted and methodology applied by the expert to be consistent with that used when management assessed the provisional fair value of the 're-acquired right' intangible asset at 25 April 2015. ii. The revised cash flow forecasts used in the valuation model were agreed to Board approved papers for the first five years. We understood and challenged assumptions in the forecasts such as phasing of forecast store openings and capital expenditure forecasts. iii. The fair value ascribed to inventory, by challenging management's assessment of the quality of inventory by reference to the age of that inventory, agreeing margins by sales channel to recent actual sales rates experienced following the business combination. We also challenged judgements formed around costs to sell, by reference to actual costs experienced in the same sales channels elsewhere in the Group. We found these to be appropriate. iv. The competency of management's external experts who prepared the valuation assessment for the market value of the US store lease rentals and the model used to value the reacquired right intangible asset, by evaluating the professional qualifications and reputation of the expert. We found them to be reputable and appropriately qualified. v. The market value of the lease rentals identified as being in excess of the current market rates, by having a PwC property valuations expert evaluate the prevailing rental values for the location of these stores. Our expert also considered the methodology utilised by management's expert for reasonableness. We agreed the rental payments currently made by the Group and the outstanding lease terms for these stores to original lease agreements and cash paid to the respective lessors. We found this provision to be appropriate. Having obtained audit evidence over the valuation of assets and liabilities acquired, we re-performed management's calculation of the resulting adjustment to the bargain purchase recognised in the statement of comprehensive income. We considered the classification of this item and the impact of the inventory fair value uplift relating to acquired inventory sold during the 53 weeks ended 30 April 2016 to be exceptional, and determined that it was in accordance with the Group's accounting policy and consistent with previous years.

Independent Auditors' Report.

to the members of SuperGroup Plc

Area of focus	How our audit addressed the area of focus
Inventory, accounts receivable and property provisions Refer to the Audit Committee Report on page 61, the critical accounting estimates and judgements in note 2 to the financial statements on page 111, note 22 for inventory, note 23 for accounts receivable and note 27 for provisions. The valuation of inventory involves judgement in determining provisions for slow moving or obsolete inventory. The Group accounting policy is based upon the ageing of inventory by season, with a percentage provision applied which reflects the actual historical rate of losses made. In addition, specific provisions are made for known product quality issues and product ranges which management consider are unlikely to be sold via regular clearance channels. This requires management judgement to assess the quality of the products provided for and the expected realisable value. Accounts receivable provisions involve judgement in determining the recoverability of receivables. Provisions are made for specific known issues such as counterparty risk. Property-related provisions involve judgement in determining the market value of store rentals, the extent to which certain leases are considered to be onerous, and the expected value of rectification costs to be incurred on leased properties when they are vacated.	We evaluated the slow moving and obsolete inventory provision by testing the season ageing of inventory at the balance sheet date and then recalculating the provision required with reference to the Group policy. We also challenged the Group policy for provision rates by reference to historical evidence of selling inventory below cost and/or actual inventory write downs. We evaluated the provision for accounts receivable balances by testing the ageing of amounts due at the balance sheet date to understand and quantify the potential risk in overdue balances. Recoverability was then tested by vouching cash receipts after the year end date. For amounts that were past due and not yet recovered, we understood and challenged the provision requirements with reference to that customer's historic payment performance, any credit insurance or bank guarantees in place, and the wider macro-economic situation. We evaluated the property-related provisions by testing management's assessment of the market rental valuations, as noted in the section above, agreeing the onerous elements of lease agreements and amounts by which fixed assets were impaired to appropriate evidence, and agreeing management's assumptions in relation to future property rectification costs to the spend incurred during the year. We found that the provisions recorded were consistent with the evidence obtained.

Independent Auditors' Report.

to the members of SuperGroup Plc

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the group, the accounting processes and controls and the industry in which the group operates.

The Group financial statements are a consolidation of a number of reporting units, comprising the group's operating businesses within three segments, Retail, Wholesale and Central costs, plus its centralised functions.

In establishing the overall approach to the group audit, we identified four reporting units which, in our view, required an audit of their complete financial information both due to their size and risk characteristics: DKH Retail Limited, C-Retail Limited, SuperGroup Internet Limited and SuperGroup Plc (the Company). These reporting units were audited by the group engagement team.

In addition, we also conducted the statutory audits of three non-significant reporting units, two located in the UK and one located in Germany, such that the audit work was complete prior to the finalisation of the Group financial statements. The audits of three further reporting units located in Belgium were conducted by the PwC network firm in Belgium. We also conducted specific procedures on the US business, including attending year-end physical inventory observations and substantively testing revenue and the costs associated with the US business.

The audit work performed at these eleven reporting units, together with additional procedures performed on centralised functions and at the group level, including audit procedures over the consolidation and intangible asset impairment testing and in respect of accounting matters arising in relation to the revision of the fair values of the acquired assets and liabilities arising from the US business combination, as described in our area of focus above, gave us the evidence we needed for our opinion on the Group financial statements as a whole.

The Group audit team was in contact, at each stage of the audit, with the PwC Belgium team through regular written communication in line with detailed instructions issued by the Group audit team and though holding a planning call. In addition, the Group team discussed in detail the planned audit approach for the Belgian audit, were in attendance at local audit closing meetings and discussed and evaluated the detailed findings of that audit.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	£3.6 million (2015: £3.2 million).
How we determined it	5% of underlying profit before income tax.
Rationale for benchmark applied	We believe that underlying profit before income tax, provides a consistent year on year basis for determining materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.1 million (2015: £0.1 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent Auditors' Report.

to the members of SuperGroup Plc

Going concern

Under the Listing Rules we are required to review the directors' statement, set out on page 58, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the group and company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the group's and company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinion

In our opinion, 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.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

• information in the Annual Report is: — materially inconsistent with the information in the audited financial statements; or — apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group and company acquired in the course of performing our audit; or — otherwise misleading.	We have no exceptions to report.
• the statement given by the directors on page 62, in accordance with provision C.1.1 of the UK Corporate Governance Code (the "Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the group's and company's position and performance, business model and strategy is materially inconsistent with our knowledge of the group and company acquired in the course of performing our audit.	We have no exceptions to report.
• the section of the Annual Report on page 59, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report.

Independent Auditors' Report.

to the members of SuperGroup Plc

The directors' assessment of the prospects of the group and of the principal risks that would threaten the solvency or liquidity of the group

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

• the directors' confirmation on page 44 of the Annual Report, in accordance with provision C.2.1 of the Code, 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.	We have nothing material to add or to draw attention to.
• the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
• the directors' explanation on page 49 of the Annual Report, in accordance with provision C.2.2 of the Code, 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 have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the directors' statement that they have carried out a robust assessment of the principal risks facing the group and the directors' statement in relation to the longer-term viability of the group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Adequacy of accounting records and information and explanations received

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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

Independent Auditors' Report.

to the members of SuperGroup Plc

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 87, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Mark Smith (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

13 July 2016

Financial Statements.

Group statement of comprehensive income for the 53 weeks ending 30 April 2016.

	Note	Underlying* 2016 £m	Re-measurements and exceptional items (Note 6) £m	Total 2016 £m	Underlying* 2015 £m	Re-measurements and exceptional items (Note 6) £m	Total 2015 £m
Revenue	4	597.5	–	597.5	486.6	–	486.6
Cost of sales		(229.7)	(2.5)	(232.2)	(190.4)	–	(190.4)
Gross profit		367.8	(2.5)	365.3	296.2	–	296.2
Selling, general and administrative expenses	5	(303.2)	(0.7)	(303.9)	(238.3)	(17.1)	(255.4)
Other gains and losses (net)	10	8.5	(13.8)	(5.3)	6.0	13.4	19.4
Operating profit	11	73.1	(17.0)	56.1	63.9	(3.7)	60.2
Finance income	12	–	–	–	0.4	–	0.4
Finance expense	12	(0.1)	–	(0.1)	(0.6)	–	(0.6)
Share of loss of joint venture and associate	19	(0.6)	–	(0.6)	(0.5)	–	(0.5)
Profit before income tax	4	72.4	(17.0)	55.4	63.2	(3.7)	59.5
Income tax expense	13	(14.8)	0.7	(14.1)	(14.8)	1.3	(13.5)
Profit for the period		57.6	(16.3)	41.3	48.4	(2.4)	46.0
Attributable to:							
Owners of the Company		57.5	(16.3)	41.2	47.8	(2.4)	45.4
Non-controlling interests	34	0.1	–	0.1	0.6	–	0.6
		57.6	(16.3)	41.3	48.4	(2.4)	46.0
Other comprehensive income/(expense) net of tax:							
Items that may be subsequently reclassified to profit or loss							
Currency translation differences		3.5	–	3.5	(11.4)	–	(11.4)
Total comprehensive income/(expense) for the period		61.1	(16.3)	44.8	37.0	(2.4)	34.6
Attributable to:							
Owners of the Company		61.0	(16.3)	44.7	36.4	(2.4)	34.0
Non-controlling interests		0.1	–	0.1	0.6	–	0.6
		61.1	(16.3)	44.8	37.0	(2.4)	34.6
		pence per share		pence per share	pence per share		pence per share
Earnings per share:							
Basic	16	70.9		50.7	59.1		56.1
Diluted	16	70.7		50.6	58.8		55.8

*Underlying is defined in note 4.

2016 is for the 53 weeks ended 30 April 2016 and 2015 is for the 52 weeks ended 25 April 2015.

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 103 to 144 inclusive are an integral part of the Group and Company financial statements.

Financial Statements.

Balance sheets.

Company number: 07063562

	Note	Group 30 April 2016 £m	Group 25 April 2015 £m	Company 30 April 2016 £m	Company 25 April 2015 £m
ASSETS					
Non-current assets					
Property, plant and equipment	17	**95.4**	72.3	**10.5**	2.7
Intangible assets	18	**51.5**	52.1	**12.8**	10.4
Investments in subsidiaries	19	**–**	–	**419.8**	380.6
Investment accounted for using the equity method	19	**–**	0.7	**–**	–
Investment in joint venture	19	**3.0**	–	**3.0**	–
Financial assets at fair value through profit or loss	19	**0.7**	–	**0.7**	–
Deferred income tax assets	21	**28.9**	27.8	**1.2**	1.1
Derivative financial instruments	31	**0.1**	0.7	**–**	–
Total non-current assets		**179.6**	153.6	**448.0**	394.8
Current assets					
Inventories	22	**112.6**	107.9	**1.3**	–
Trade and other receivables	23	**80.4**	70.3	**104.3**	47.3
Derivative financial instruments	31	**0.7**	10.4	**–**	–
Other financial assets	24	**–**	10.0	**–**	10.0
Cash and cash equivalents	24	**100.7**	67.6	**3.4**	14.1
Total current assets		**294.4**	266.2	**109.0**	71.4
LIABILITIES					
Current liabilities					
Borrowings	25	**–**	–	**28.8**	14.4
Trade and other payables	26	**90.2**	79.8	**17.0**	77.9
Current income tax liabilities	26	**10.4**	13.0	**–**	–
Derivative financial instruments	31	**3.3**	–	**–**	–
Total current liabilities		**103.9**	92.8	**45.8**	92.3
Net current assets/(liabilities)		**190.5**	173.4	**63.2**	(20.9)
Non-current liabilities					
Trade and other payables	26	**30.8**	28.0	**0.2**	–
Provisions for other liabilities and charges	27	**3.1**	2.9	**–**	–
Deferred income tax liabilities	21	**0.8**	0.9	**–**	–
Total non-current liabilities		**34.7**	31.8	**0.2**	–
Net assets		**335.4**	295.2	**511.0**	373.9
EQUITY					
Share capital	32	**4.1**	4.0	**4.1**	4.0
Share premium		**148.3**	147.5	**148.3**	147.5
Translation reserve		**(9.2)**	(12.7)	**–**	–
Merger reserve		**(302.5)**	(302.5)	**–**	–
Retained earnings		**494.7**	456.0	**358.6**	222.4
Other reserves	34	**–**	0.7	**–**	–
Equity attributable to the owners of the Company		**335.4**	293.0	**511.0**	373.9
Non-controlling interests	34	**–**	2.2	**–**	–
Total equity		**335.4**	295.2	**511.0**	373.9

The notes on pages 103 to 144 inclusive are an integral part of the Group and Company financial statements.

The financial statements on pages 97 to 102 were approved by the Board of Directors on 13 July 2016 and signed on its behalf by:

Euan Sutherland Chief Executive Officer **Nick Wharton** Chief Financial Officer

Financial Statements.

Cash flow statements for the 53 weeks ending 30 April 2016.

	Note	Group 2016 £m	Group (restated)* 2015 £m	Company 2016 £m	Company (restated)* 2015 £m
Operating profit		**56.1**	60.2	**137.6**	(3.0)
Re-measurements and exceptional items	6	**17.0**	3.7	**–**	–
Underlying operating profit		**73.1**	63.9	**137.6**	(3.0)
Adjusted for:					
– Depreciation of property, plant and equipment	17	**24.7**	21.3	**3.3**	2.7
– Amortisation of intangible assets	18	**7.1**	5.5	**2.7**	2.0
– Loss on disposal of property, plant and equipment	17	**1.0**	0.2	**–**	–
– Gain on sale of investments		**(1.5)**	(0.2)	**(1.5)**	–
– Release of lease incentives		**(4.9)**	(6.6)	**–**	–
– Employee share award schemes	8	**2.2**	(0.8)	**2.2**	(0.8)
Underlying operating cash flow before movements in working capital		**101.7**	83.3	**144.3**	0.9
Changes in working capital:					
– Increase in inventories		**(7.2)**	(24.7)	**(1.3)**	–
– Increase in trade and other receivables		**(11.9)**	(20.5)	**(39.0)**	(8.5)
– Increase in trade and other payables, and provisions		**9.0**	12.7	**(60.8)**	73.0
Cash generated from underlying operating activities		**91.6**	50.8	**43.2**	65.4
Interest (paid)/received		**(0.6)**	0.4	**(0.1)**	0.4
Tax paid		**(18.9)**	(10.9)	**(17.1)**	–
Net cash generated from underlying operating activities		**72.1**	40.3	**26.0**	65.8
Cash outflows in respect of exceptional items		**–**	(14.2)	**–**	–
Net cash generated from operations		**72.1**	26.1	**26.0**	65.8

* The comparative figures have been restated to reflect the revised format of the cashflow statement adopted in the current year.

Financial Statements.

Cash flow statements for the 53 weeks ending 30 April 2016.

	Note	Group 2016 £m	Group (restated)* 2015 £m	Company 2016 £m	Company (restated)* 2015 £m
Cash flow from investing activities					
Acquisitions (net of cash acquired)		–	(13.2)	–	(13.2)
Investments in subsidiaries	19	–	–	(39.9)	–
Investments in joint ventures and associates		(3.6)	(0.7)	(3.6)	(0.7)
Purchase of property, plant and equipment		(44.2)	(22.1)	(10.9)	(2.5)
Purchase of intangible assets		(6.4)	(5.3)	(5.1)	(4.3)
Cash received from disposal of investments		1.5	–	1.5	–
Purchase of non-controlling interest	34	(1.7)	–	–	–
Maturity/(purchase) of other financial asset	24	10.0	(10.0)	10.0	(10.0)
Net cash used in investing activities		(44.4)	(51.3)	(48.0)	(30.7)
Cash flow from financing activities					
Dividend payments	15	(5.0)	–	(5.0)	–
Proceeds of issue of share capital		0.3	–	0.3	–
Cash contributions from landlords		6.7	4.4	0.3	–
Repayment of borrowings		–	(0.1)	–	–
Net cash from/(used in) financing activities		2.0	4.3	(4.4)	–
Net increase/(decrease) in cash and cash equivalents	24	29.7	(20.9)	(26.4)	35.1
Cash and cash equivalents, net of overdraft, at beginning of period	24	67.6	86.2	(0.3)	(35.4)
Exchange gains on cash and cash equivalents	24	3.4	2.3	1.3	–
Cash and cash equivalents, net of overdraft, at end of period	24	100.7	67.6	(25.4)	(0.3)

The notes on pages 103 to 144 inclusive are an integral part of the Group and Company financial statements.

Financial Statements.

Statements of changes in equity.

Group	Note	Share capital £m	Share premium £m	Translation reserve £m	Merger reserve £m	Retained earnings £m	Other reserves £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 26 April 2014		**4.0**	**147.3**	**(1.3)**	**(302.5)**	**411.4**	**0.7**	**259.6**	**1.6**	**261.2**
Comprehensive income										
Profit for the period		–	–	–	–	45.4	–	45.4	0.6	46.0
Other comprehensive income										
Currency translation differences		–	–	(11.4)	–	–	–	(11.4)	–	(11.4)
Total other comprehensive income		**–**	**–**	**(11.4)**	**–**	**–**	**–**	**(11.4)**	**–**	**(11.4)**
Total comprehensive income for the period		**–**	**–**	**(11.4)**	**–**	**45.4**	**–**	**34.0**	**0.6**	**34.6**
Transactions with owners										
Employee share award scheme	8	–	–	–	–	(0.8)	–	(0.8)	–	(0.8)
Shares issued	32	–	0.2	–	–	–	–	0.2	–	0.2
Total transactions with owners		**–**	**0.2**	**–**	**–**	**(0.8)**	**–**	**(0.6)**	**–**	**(0.6)**
Balance at 25 April 2015		**4.0**	**147.5**	**(12.7)**	**(302.5)**	**456.0**	**0.7**	**293.0**	**2.2**	**295.2**
Comprehensive income										
Profit for the period		–	–	–	–	41.2	–	41.2	0.1	41.3
Other comprehensive income										
Currency translation differences		–	–	3.5	–	–	–	3.5	–	3.5
Total other comprehensive income		**–**	**–**	**3.5**	**–**	**–**	**–**	**3.5**	**–**	**3.5**
Total comprehensive income for the period		**–**	**–**	**3.5**	**–**	**41.2**	**–**	**44.7**	**0.1**	**44.8**
Transactions with owners										
Employee share award schemes	8	–	0.3	–	–	2.2	–	2.5	–	2.5
Deferred tax - employee share award schemes	13					(0.5)		(0.5)		(0.5)
Purchase of non-controlling interest		–	–	–	–	0.8	(0.7)	0.1	(2.3)	(2.2)
Shares issued	32	0.1	0.5	–	–	–	–	0.6	–	0.6
Dividend payments	15	–	–	–	–	(5.0)	–	(5.0)	–	(5.0)
Total transactions with owners		**0.1**	**0.8**	**–**	**–**	**(2.5)**	**(0.7)**	**(2.3)**	**(2.3)**	**(4.6)**
Balance at 30 April 2016		**4.1**	**148.3**	**(9.2)**	**(302.5)**	**494.7**	**–**	**335.4**	**–**	**335.4**

Financial Statements.

Statements of changes in equity.

Company	Note	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 26 April 2014		4.0	147.3	225.7	377.0
Comprehensive income					
Loss for the period		–	–	(2.5)	(2.5)
Total comprehensive income for the period		–	–	(2.5)	(2.5)
Transactions with owners					
Employee share award schemes		–	–	(0.8)	(0.8)
Shares issued	32	–	0.2	–	0.2
Total transactions with owners		–	0.2	(0.8)	(0.6)
Balance at 25 April 2015		4.0	147.5	222.4	373.9
Comprehensive income					
Profit for the period		–	–	139.5	139.5
Total comprehensive income for the period		–	–	139.5	139.5
Transactions with owners					
Employee share award schemes	8	–	0.3	2.2	2.5
Deferred tax - employee share award schemes		–	–	(0.5)	(0.5)
Shares issued	32	0.1	0.5	–	0.6
Dividends paid	15	–	–	(5.0)	(5.0)
Total transactions with owners		0.1	0.8	(3.3)	(2.4)
Balance at 30 April 2016		4.1	148.3	358.6	511.0

The notes on pages 103 to 144 inclusive are an integral part of the Group and Company financial statements.

Financial Statements.

Notes to the Group and Company Financial Statements.

1. Principal accounting policies

a) Basis of preparation

The financial statements of SuperGroup Plc (the "Company") and SuperGroup Plc and its subsidiary undertakings in the UK, Republic of Ireland, Belgium, France, India, Hong Kong, Germany, Netherlands, Spain, Turkey, Scandinavia and United States as detailed in note 19 (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 ("***2016***") is for the 53 weeks ended 30 April 2016 (2015: 52 weeks ended 25 April 2015 ("***2015***")).

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

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 SuperGroup 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).

Subsidiaries are those entities in which the Group has power to govern the financial and operating policies so as to obtain economic benefits. The existence and effect of potential voting rights that are presently exercisable or convertible are considered when assessing whether the Group controls another entity.

The results of 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.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. The Group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income with a corresponding adjustment to the carrying value amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines, at each reporting date, whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit or loss of investment" in the statement of comprehensive income.

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.

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.

Intercompany transactions and balances are eliminated on consolidation.

Financial Statements.

Notes to the Group and Company Financial Statements.

1. Principal accounting policies (continued)

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.

Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. 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 the statement of comprehensive income.

d) Foreign currencies

The consolidated financial information is presented in pounds 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.

e) Revenue recognition

Revenue is measured at the fair value of the consideration received, or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes.

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

Own store revenue

Own store revenue from the provision of sale of goods is recognised at the point of sale of a product to the customer. Own store sales are settled in cash or by credit or payment card. It is the Group's policy to sell its products to the customer with a right to exchange within 28 days and a full refund within 14 days. Provisions are made for own store returns based on the expected level of returns, which in turn is based upon the historical rate of returns.

Concession revenue

Concession revenues from the provision of sale of goods are recognised gross at the point of sale of a product to the customer. 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.

Financial Statements.

1. Principal accounting policies (continued)

E-Commerce revenue
Revenue from the provision of the sale of goods on the internet is recognised at the point that the risks and rewards of the inventory have passed to the customer, which is the point of dispatch. Transactions are settled by credit card, payment card or PayPal. 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.

Wholesale revenue
Wholesale revenues from the sale of goods are recognised at the point that the risks and rewards of the inventory have passed to the customer, which depends on the specific terms and conditions of sales transactions and which are typically upon either dispatch or delivery. Revenues are settled in cash, net of discounts. Provisions are made for Wholesale credit notes based on the expected level of returns, which in turn is based upon the historical rate of returns.

f) Other income
Other income primarily relates to proceeds from legal claims and royalty income. Royalty income is recognised on an accruals basis in accordance with the substance of the Wholesale royalty agreements.

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 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.

Lease incentives are received in the form of cash contributions and rent-free periods and are considered financing activities for the purposes of the cash flow statement, as they are the same as financing from landlords to fund store fit-outs.

Cash contributions
Cash contributions from landlords for store fit-outs 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 opening date. Cash contributions are not discounted.

Rent-free periods
A deferred income liability is built up on the balance sheet during the rent-free period, which is then credited to the Group statement of comprehensive income over the life of the lease. The effect is to recognise a reduction in selling, general and administrative expenses on a straight-line basis over the longer of the term of the lease, or from 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 opening date.

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Notes to the Group and Company Financial Statements.

1. Principal accounting policies (continued)

j) Property, plant and equipment

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

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

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

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

k) Impairment

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

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

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

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

Trademarks comprise the external cost of registration and associated legal costs. Website and software costs consist primarily of externally incurred development costs. Lease premiums comprise the amount paid to the previous tenant to acquire the lease. Distribution agreements comprise the fair value, at 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.

Financial Statements.

1. Principal accounting policies (continued)

m) Investments

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

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recorded at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associate includes goodwill identified on acquisition.

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.

Interests in joint ventures are accounted for using the equity method of accounting after initially being recognised at cost in the consolidated balance sheet.

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

Financial Statements.

Notes to the Group and Company Financial Statements.

1. Principal accounting policies (continued)

q) Other financial assets

Other financial assets are cash investments with a maturity date of greater than three months and are measured at cost.

r) Cash and cash equivalents

Cash and short-term deposits 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) Borrowings

Borrowings are initially recorded at fair value net of transaction costs, including facility fees incurred, and subsequently measured at amortised cost using the effective interest method. Where a loan is obtained at interest rates different from market rates, the loan is re-measured at origination to its fair value, which is calculated as future interest payments and principal repayments discounted at market interest rates for similar loans. Subsequently, the carrying amount of the borrowings is adjusted for amortisation of the origination gain or loss, and the amortisation is recorded as finance income/expense using the effective interest yield method on the asset/liability.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

t) Provisions

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

u) Employee benefit obligations

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.

Payroll expense and related contributions

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.

v) Share based payments

The Group operates an equity settled share based compensation plan. 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.

Financial Statements.

1. Principal accounting policies (continued)

w) 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 which approximates book value.

x) Taxation

The policy for current and deferred income tax, when relevant, is as follows:

- tax on the profit or loss for the period will comprise current and deferred income tax;
- current income 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 income 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 income tax provided is based on the expected realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted by the balance sheet date;
- a deferred income 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 income tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised; and
- deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income 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.

y) 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.

z) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity, as a deduction, net of tax, from the proceeds.

aa) Retained earnings

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

ab) Merger reserve, non-controlling interests and other reserves

The merger reserve arose on the Group restructuring in March 2010 and represents the differences on consolidation arising on the adoption of predecessor accounting. This comprises the difference between consideration paid and the book value of net assets acquired in the transaction less any impairment. Non-controlling interests relate to business arrangements in which SuperGroup has less than a 100% share. Other reserves arose on the business combination occurring in Germany regarding former KuH stores. The translation reserve arises on the movement of closing exchange rates between each balance sheet date.

Financial Statements.

Notes to the Group and Company Financial Statements.

1. Principal accounting policies (continued)

ac) Segment reporting

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

ad) Cost of sales

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

ae) Exceptional items

Items that are both material in size and unusual or infrequent in nature, are disclosed separately as exceptional items in the Group statement of comprehensive income.

The separate reporting of exceptional items, which are presented as exceptional within the relevant category in the Group statement of comprehensive income, helps to provide an indication of the Group's underlying business performance. The principal items which may be included as exceptional items are:

- significant profit/(loss) on the disposal of non-current assets;
- impairment of property, plant and equipment;
- impairment of intangible assets;
- impact on deferred income tax for changes in tax rates; and
- the costs and benefits associated with significant corporate, financial or operational restructuring, including acquisitions.

af) Re-measurements

The fair value of unrealised financial derivatives is reviewed at the end of each reporting period and unrealised losses/gains are recognised as re-measurements within non-underlying items.

2. Critical accounting estimates and judgements in applying accounting policies

The preparation of financial statements in conformity with IFRS as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

a) Revision to fair values of business combinations

Prior to the anniversary of a business combination the Group may review the fair values originally attributed to the identifiable assets, liabilities and contingent liabilities acquired. The key areas of judgement were the valuation of intangible assets and pre-existing relationship, carrying value of fixed assets, levels of provisioning required for acquired inventory and the valuation of trade and other payables. Details concerning revisions to fair values are outlined in note 6 and note 33.

b) Exceptional items

Judgements are required as to whether items that are both material in size and unusual or infrequent in nature are disclosed as exceptional. Details of those items categorised as exceptional are outlined in note 6.

Financial Statements.

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

c) Provisions

The Group has recognised provisions for impairment of inventories, impairment of trade receivables, post year end credit notes, returns in respect of revenue, dilapidations and onerous leases and the recoverability of deferred tax assets in its financial statements which requires management to make judgements. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

3. New accounting pronouncements

New standards and interpretations issued but not yet effective:

At the balance sheet date there are a number of new standards and amendments to existing standards in issue but not yet effective including IFRS 9 'Financial Instruments', which is effective for periods beginning on or after 1 January 2018, IFRS 15 'Revenue from contracts with customers', which is effective for periods beginning on or after 1 January 2018, and IFRS 16 'Leases', which is effective for periods beginning on or after 1 January 2019. The Group has not early adopted any of these new standards or amendments to existing standards. The Group is currently assessing the potential impact of IFRS 9, IFRS 15 and IFRS 16. There are no other new standards, amendments to existing standards or interpretations that are not yet effective that would be expected to have a material impact on the Group.

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 income tax, 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 and third party 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, marketing, merchandising, property, sourcing and the goodwill and intangibles arising on consolidation.

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Notes to the Group and Company Financial Statements.

4. Segment information (continued)

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.

Segmental information for the business segments of the Group for FY 2016 and FY 2015 is set out below:

	Retail 2016 £m	Wholesale 2016 £m	Central Costs 2016 £m	Group 2016 £m
Total segment revenue	428.3	201.1	–	629.4
Less: inter-segment revenue	(5.6)	(26.3)	–	(31.9)
Revenue from external customers	422.7	174.8	–	597.5
Finance expense	–	–	(0.1)	(0.1)
Profit/(loss) before income tax	63.3	47.9	(55.8)	55.4

The following additional information is considered useful to the reader:

	Underlying* 2016 £m	Re-measurements £m	Exceptional costs £m	Reported 2016 £m
Revenue				
Retail	422.7	–	–	422.7
Wholesale	174.8	–	–	174.8
Total revenue	597.5	–	–	597.5
Operating profit				
Retail	68.4	(1.9)	(3.2)	63.3
Wholesale	59.8	(11.9)	–	47.9
Central costs	(55.1)	–	–	(55.1)
Total operating profit/(loss)	73.1	(13.8)	(3.2)	56.1
Net finance expense – Central costs	(0.1)	–	–	(0.1)
Share of loss of investment – Central costs	(0.6)	–	–	(0.6)
Profit/(loss) before income tax				
Retail	68.4	(1.9)	(3.2)	63.3
Wholesale	59.8	(11.9)	–	47.9
Central costs	(55.8)	–	–	(55.8)
Total profit/(loss) before income tax	72.4	(13.8)	(3.2)	55.4

*Underlying is defined as reported results adjusted to reflect the impact of the (loss)/gain recognised on re-measurements (being the fair valuation of financial derivatives), exceptional items and, when appropriate, the related income tax. The directors believe that the underlying results provide additional guidance to statutory measures to help understand the performance of the Group. Further details of the adjustments are included in note 6. All references to underlying are after making these adjustments. Retail and Wholesale segments are presented before inter-segment royalties.

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4. Segment information (continued)

	Retail 2015 £m	Wholesale 2015 £m	Central Costs 2015 £m	Group 2015 £m
Total segment revenue	344.4	163.9	–	508.3
Less: inter-segment revenue	(10.3)	(11.4)	–	(21.7)
Revenue from external customers	334.1	152.5	–	486.6
Finance income	–	–	0.4	0.4
Finance expense	–	–	(0.6)	(0.6)
Profit/(loss) before income tax	61.1	43.3	(44.9)	59.5

The following additional information is considered useful to the reader:

	Underlying 2015 £m	Re-measurements £m	Exceptional costs £m	Reported 2015 £m
Revenue				
Retail	334.1	–	–	334.1
Wholesale	152.5	–	–	152.5
Total revenue	486.6	–	–	486.6
Operating profit				
Retail*	60.9	3.6	(3.4)	61.1
Wholesale*	46.0	9.8	(12.5)	43.3
Central costs*	(43.0)	–	(1.2)	(44.2)
Total operating profit/(loss)	63.9	13.4	(17.1)	60.2
Net finance expense – Central costs	(0.2)	–	–	(0.2)
Share of loss of investment – Central costs	(0.5)	–	–	(0.5)
Profit/(loss) before income tax				
Retail	60.9	3.6	(3.4)	61.1
Wholesale	46.0	9.8	(12.5)	43.3
Central costs	(43.7)	–	(1.2)	(44.9)
Total profit/(loss) before income tax	63.2	13.4	(17.1)	59.5

*These prior period segmental operating profits have been restated to classify some costs, previously treated as Central, to the Retail and Wholesale segments. The costs primarily relate to bad debt expense and marketing costs attributable to the Retail and Wholesale segments.

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:

	2016 £m	Group 2015 £m
External revenue – UK	**312.9**	285.0
External revenue – Europe	**234.2**	167.0
External revenue – Rest of world	**50.4**	34.6
Total external revenue	**597.5**	486.6

Included within external revenue overseas is revenue of £116.5m (2015: £77.5m) generated by overseas subsidiaries. The total of non-current assets, other than deferred income tax assets, located in the UK is £74.2m (2015: £70.8m), and the total of non-current assets located in other countries is £76.4m (2015: £55.0m).

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Notes to the Group and Company Financial Statements.

5. Selling, general and administrative expenses

	Group 2016 £m	2015 £m
Staff costs (note 7)	**83.8**	67.0
Operating lease payments	**53.3**	38.9
Depreciation and amortisation	**31.8**	26.8
Other (including rates, service charges and professional fees)	**135.0**	122.7
Total selling, general and administrative expenses	**303.9**	255.4

6. Re-measurements and exceptional items

Non-underlying adjustments constitute the fair value re-measurement of financial derivatives and exceptional items. Exceptional items are defined as being items that are material in size, unusual or infrequent in nature, and are disclosed separately as exceptional items in the Group statement of comprehensive income.

	Group 2016 £m	2015 £m
Re-measurements		
Unrealised (loss)/gain on financial derivatives	**(13.8)**	13.4
Exceptional items		
(Revision of fair values)/gain arising on USA business combination	**(0.7)**	1.0
Impact of IFRS3 (revised) on inventory acquired at date of acquisition	**(2.5)**	–
Buy-out of USA licence and business combination costs:		
– loss on pre-existing relationship with USA	**–**	(12.4)
– onerous lease provision costs	**–**	(1.8)
– impairment of store assets acquired	**–**	(1.1)
– costs incurred in the buy out and business combination	**–**	(0.6)
Restructuring costs	**–**	(2.7)
Acquisition of distributor	**–**	(0.3)
Buy-out of Spanish and UK agents	**–**	0.8
Exceptional items	**(3.2)**	(17.1)
Re-measurements and exceptional items	**(17.0)**	(3.7)
Taxation:		
Tax impact of non-underlying adjustments (note 13)	**2.5**	0.7
Deferred income tax – exceptional (note 13)	**(1.8)**	0.6
Taxation on non-underlying adjustments	**0.7**	1.3
Total non-underlying adjustments	**(16.3)**	(2.4)

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6. Re-measurements and exceptional items (continued)

Re-measurements

a) Unrealised loss/gain on financial derivatives

Unrealised loss/gain on derivatives is recognised as a re-measurement.

Exceptional items

aa) Buy-out of USA licence and business combination costs

During the comparative period, on 25 March 2015 the Group completed a business combination (see note 33) in the USA including the acquisition of trade and assets of 15 Superdry branded stores.

The consideration paid for assets acquired was lower than the assumed provisional fair value of those assets resulting in a £1.0m gain. The provisional fair values of the assets and liabilities were reviewed within 12 months of acquisition and an adjustment of £0.7m was made to reduce the overall gain from £1.0m to £0.3m.

The acquired inventory was valued at sale price less cost to sell, increasing the value of the inventory at the comparative year-end by £2.5m. The acquired inventory was sold in the current period.

As part of the business combination a payment was made to terminate the license rights to distribute the Superdry products in North America for £12.4m. A post-acquisition review of the current and forecast trading performance, and assets of the stores resulted in an onerous lease provision charge of £1.8m and an impairment of assets of £1.1m. In addition, £0.6m of other related costs, including professional fees, were incurred prior to acquisition.

ab) Restructuring

During the comparative period restructuring and redundancy costs totalled £2.7m. These costs related to a strategic realignment of management responsibilities.

ac) Acquisition of distributor

During the comparative period on 27 June 2014 the Group completed a business combination with SMAC and acquisition costs of £0.3m were incurred.

ad) Buy-out of Spanish and UK agents

£0.8m of the deferred contingent consideration and accrued costs for the buy-out of the Spanish and UK agents in 2014 was released in the comparative period as the amount was no longer deemed payable given that the contingent criteria were not met.

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Notes to the Group and Company Financial Statements.

7. Employee benefit expense

	2016 £m	Group 2015 £m
Wages and salaries	72.9	60.6
Social security costs	7.5	6.3
Share awards charge/(credit)	2.2	(0.8)
Pension costs – defined contribution scheme	1.2	0.9
Total employee benefit expense	**83.8**	67.0

Details of the share based compensation plans are detailed under note 8.

The average monthly number of employees, including directors on a service contract, are as follows:

	2016 No.	Group 2015 No.
Administration	483	462
Warehouse	40	46
Retail	2,264	1,844
Total average headcount	**2,787**	2,352

Directors' remuneration is detailed in the Directors' Remuneration Report on pages 66 to 83.

Remuneration of key members of management, who are the Executive Directors, Group Retail Director, Sales and Marketing Director, Director of HR, Head of Merchandising and Business Transformation Director, recorded in the Group statement of comprehensive income, is as follows:

	2016 £m	Group 2015 £m
Short-term employee benefits	4.9	3.0
Post-employment benefits	0.2	0.1
Share based payments	1.2	(0.3)
Payment for loss of office	1.4	–
Total remuneration of key members of management	**7.7**	2.8

Financial Statements.

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. The vesting period is two or 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 SuperGroup Performance Share Plan ("***PSP***"). Shares have no value to the participant at the grant date, but subject to the satisfaction of earnings per share, share price and total shareholder return performance targets can convert and give participants the right to be granted nil-cost shares at the end of the performance period.

The movement in the number of share awards outstanding is as follows:

	Group & Company	
	2016 Number of shares	2015 Number of shares
At start of the period	**1,104,545**	967,725
Granted	**400,943**	433,974
Exercised	**(160,089)**	–
Forfeited	**(134,207)**	(297,154)
Cancelled	**(335,262)**	–
Total number of outstanding share awards at end of the period	**875,930**	1,104,545

None of the share awards were exercisable at the period end date (2015: nil).

The terms and conditions of the award of shares granted under the PSP during the year are as follows:

			Group & Company
Grant date	Type of award	Number of shares	Vesting period
August 2015	Share awards	347,657	3 years
October 2015	Share awards	23,842	3 years
December 2015	Share awards	27,103	3 years
February 2016	Share awards	2,341	3 years

The fair value of the shares awarded at the grant date during the year is £5.8m (2015: £5.2m). The total fair value of all outstanding share awards, taking into consideration management's estimate of the share awards meeting the vesting conditions and achieving the performance targets, totals £6.2m (2015: £2.1m).

A charge of £2.0m (2015: credit of £0.8m) has been recorded in the Group statement of comprehensive income during the year.

Save As You Earn

A Save As You Earn scheme is operated by the Group. A charge of £0.2m (2015: nil) has been recorded in the Group statement of comprehensive income during the year.

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Notes to the Group and Company Financial Statements.

9. Auditors' remuneration

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

	Group 2016 £'000	Group 2015 £'000
Audit services		
Fees payable to the Company's auditors for the audit of the Company and the consolidated financial statements	105	100
The audit of the Company's subsidiaries pursuant to legislation	325	205
Total audit fees payable to the Company's auditors and its associates	430	305
Fees payable to the Company's auditors and its associates for other services		
Audit-related assurance services - interim review/FRS 102	60	42
Tax compliance	45	8
Tax advisory	–	56
All other services	331	120
Total fees payable to the Company's auditors and its associates for other services	436	226
Total auditors' remuneration	866	531

10. Other gains and losses (net)

	Group 2016 £m	Group 2015 £m
Unrealised fair value (loss)/gain on foreign exchange forward contracts	(13.8)	13.4
Gain on disposal of investment in associate (note 19)	1.5	–
Other income (including royalty income)	7.0	6.0
Total other gains and losses	(5.3)	19.4

The unrealised fair value loss on foreign exchange forward contracts of £13.8m (2015: £13.4m gain) has been treated as a re-measurement, see note 6.

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11. Operating profit

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

	Group 2016 £m	Group 2015 £m
Depreciation on property, plant and equipment – owned	24.7	21.3
Loss on disposal of property, plant and equipment	1.0	0.2
Amortisation of intangible assets	7.1	5.5
Cost of inventories recognised as an expense	220.6	182.4
Impairment of inventories included in the above figure	3.3	1.6
Impairment of receivables	0.2	1.5
Operating lease rentals for leasehold properties	53.7	38.9
Net foreign exchange losses/(gains)	5.1	(2.0)

12. Finance income and expense

	Group 2016 £m	Group 2015 £m
Bank interest	–	0.4
Total finance income	–	0.4
Interest on taxation	–	0.6
Other interest	0.1	–
Total finance expense	0.1	0.6

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Notes to the Group and Company Financial Statements.

13. Income tax expense

The income tax expense comprises:

	Group 2016 £m	2015 £m
Current income tax		
– UK corporation tax charge for the period	14.9	11.0
– Adjustment in respect of prior periods	–	(0.5)
Overseas tax	0.9	1.5
Total current income tax	15.8	12.0
Deferred income tax		
– Origination and reversal of temporary differences	(3.5)	2.3
– Adjustment in respect of prior periods	–	(0.2)
Exceptional income tax expense/(credit)	1.8	(0.6)
Total deferred income tax	(1.7)	1.5
Total income tax expense	14.1	13.5

The income tax expense on underlying profit is £14.8m (2015: £14.8m). The income tax credit on non-underlying and exceptional items is £2.5m (2015: £0.7m credit) and the exceptional income tax charge is £1.8m (2015: £0.6m credit), so the net position being disclosed as an exceptional tax credit in the period is £0.7m (2015: £1.3m).

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

	Group 2016 £m	2015 £m
Profit before income tax	55.4	59.5
Profit multiplied by the standard rate in the UK – 20.0% (2015: 20.9%)	11.1	12.4
Expenses not deductible for tax purposes	0.4	2.5
Overseas tax differentials	(1.4)	(0.7)
Non-qualifying additions	–	0.4
Deferred tax assets not recognised in respect of losses	2.1	–
Adjustment in respect of prior periods	0.1	(0.5)
Total income tax expense excluding exceptional items	12.3	14.1
Exceptional income tax expense/(credit)	1.8	(0.6)
Total income tax expense including exceptional items	14.1	13.5

The Group's income tax expense on underlying profit of £14.8m represents an effective tax rate of 20.4% for the period ended 30 April 2016. The Group's underlying effective tax rate of 20.4% is higher than the statutory rate of 20.0%, primarily due to depreciation of non-qualifying assets and non-allowable expenses.

In addition to the above tax charged to the income statement, there was a tax charge to equity of £0.5m (2015: £nil) in respect of deferred tax relating to employee share schemes.

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13. Income tax expense (continued)

Net deferred income tax movement is as follows:

	Group 2016 £m	2015 £m
Opening net deferred income tax asset	**(26.9)**	(28.8)
(Credited)/charged to the statement of comprehensive income		
– Accelerated capital allowances	**(2.2)**	(2.5)
– Movement on goodwill and intangibles	**2.6**	1.7
– Movement on goodwill and intangibles – change in corporation tax rate	**1.4**	1.4
– Recognition of tax losses	**(3.3)**	(0.8)
– Movement on lease incentives - timing differences	**3.8**	–
– Other temporary differences	**(1.3)**	(0.6)
– Revaluation of derivatives and forward exchange contracts	**(2.7)**	2.7
Employee share award scheme included in equity	**0.5**	–
Closing net deferred income tax asset (note 21)	**(28.1)**	(26.9)

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements. The overall effect of that change, if it had applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax asset by an additional £0.8m and increase the tax expense for the period by £0.8m. In the medium term we anticipate that the substantial majority of the Group's earnings will be taxed in the UK.

Included within note 6 is an exceptional tax charge of £1.8m (2015: £0.6m credit), of which £1.4m (2015: £0.1m) relates to the impact of the tax rate change on goodwill and intangibles. The remainder of £0.4m tax charge (2015: £0.1m) is included within other movements such as accelerated capital allowances and temporary differences.

14. Profit/(loss) attributable to SuperGroup Plc

The after tax profit for the 53 weeks ended 30 April 2016 for the Company was £139.5m (52 weeks ended 25 April 2015: loss of £2.5m). There was a credit to equity reserves of £2.2m (2015: £0.8m debit) in respect of employee share schemes, and a charge to equity reserves of £0.5m (2015: £nil) in respect of deferred tax. The Directors have approved the statement of comprehensive income for the Company. Distributable reserves of the Company at 30 April 2016 were £358.6m (2015: £222.4m).

15. Dividends

	2016 £m	2015 £m
Equity – ordinary shares		
Interim for the 53 weeks to 30 April 2016 - paid 6.20p per share (2015: nil)	**5.0**	–

In addition, the Directors are proposing a final dividend in respect of the financial period ended 30 April 2016 of 17.0p per share (2015: nil) which will absorb an estimated £13.8m of shareholders' funds. The Directors have declared a special dividend of 20.0p per share (2015: nil) which will absorb an estimated £16.2m of shareholders' funds. The final and special dividends will be paid on 23 September 2016 to shareholders on the register at the close of business on 22 July 2016.

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16. Earnings per share

	2016 £m	Group 2015 £m
Earnings		
Profit for the period attributable to owners of the Company	**41.2**	45.4
	No.	No.
Number of shares at year end	**81,235,727**	80,984,973
Weighted average number of ordinary shares – basic	**81,148,918**	80,972,376
Effect of dilutive options and contingent shares	**233,702**	398,588
Weighted average number of ordinary shares – diluted	**81,382,620**	81,370,944
Basic earnings per share (pence)	**50.7**	56.1
Diluted earnings per share (pence)	**50.6**	55.8

Underlying basic earnings per share

	2016 £m	Group 2015 £m
Earnings		
Underlying profit for the period attributable to the owners of the Company	**57.5**	47.8
	No.	No.
Weighted average number of ordinary shares – basic	**81,148,918**	80,972,376
Weighted average number of ordinary shares – diluted	**81,382,620**	81,370,944
Underlying basic earnings per share (pence)	**70.9**	59.1
Underlying diluted earnings per share (pence)	**70.7**	58.8

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

Underlying is defined as reported results adjusted to reflect the impact of the (loss)/gain recognised on re-measurements (being the fair valuation of financial derivatives), exceptional items and, when appropriate, the related income tax. The directors believe that the underlying results provide additional guidance to statutory measures to help understand the performance of the Group. Further details of the adjustments are included in note 6. All references to underlying are after making these adjustments.

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17. Property, plant and equipment

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

Group

	Land and buildings £m	Leasehold improvements £m	Furniture, fixtures and fittings £m	Computer equipment £m	Total £m
53 weeks ended 30 April 2016					
Cost					
At 26 April 2015	1.4	111.6	25.1	14.5	152.6
Exchange differences	–	2.8	0.4	0.1	3.3
Additions	4.5	28.6	11.5	2.2	46.8
Disposals	–	(2.6)	(0.4)	(0.5)	(3.5)
At 30 April 2016	5.9	140.4	36.6	16.3	199.2
Accumulated depreciation and impairments					
At 26 April 2015	–	55.2	13.8	11.3	80.3
Exchange differences	–	1.2	0.1	–	1.3
Depreciation charge	0.1	16.3	5.1	3.2	24.7
Disposals	–	(1.9)	(0.3)	(0.3)	(2.5)
At 30 April 2016	0.1	70.8	18.7	14.2	103.8
Net balance sheet amount at 30 April 2016	5.8	69.6	17.9	2.1	95.4

Group

	Land and buildings £m	Leasehold improvements £m	Furniture, fixtures and fittings £m	Computer equipment £m	Total £m
52 weeks ended 25 April 2015					
Cost					
At 26 April 2014	0.3	97.6	20.1	11.5	129.5
Exchange differences	–	(2.6)	(0.3)	(0.1)	(3.0)
Acquisitions (note 33)	–	4.4	0.3	0.2	4.9
Additions	1.1	13.0	5.1	2.9	22.1
Disposals	–	(0.8)	(0.1)	–	(0.9)
At 25 April 2015	1.4	111.6	25.1	14.5	152.6
Accumulated depreciation and impairments					
At 26 April 2014	–	41.5	9.7	8.0	59.2
Exchange differences	–	(0.7)	–	(0.1)	(0.8)
Impairments	–	1.0	0.1	–	1.1
Depreciation charge	–	13.9	4.0	3.4	21.3
Disposals	–	(0.5)	–	–	(0.5)
At 25 April 2015	–	55.2	13.8	11.3	80.3
Net balance sheet amount at 25 April 2015	1.4	56.4	11.3	3.2	72.3

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Notes to the Group and Company Financial Statements.

17. Property, plant and equipment (continued)

Company

	Land and buildings £m	Leasehold improvements £m	Furniture, fixtures and fittings £m	Computer equipment £m	Total £m
53 weeks ended 30 April 2016					
Cost					
At 26 April 2015	–	0.5	–	9.3	9.8
Additions	3.8	4.0	1.6	1.7	11.1
At 30 April 2016	3.8	4.5	1.6	11.0	20.9
Accumulated depreciation					
At 26 April 2015	–	–	–	7.1	7.1
Depreciation charge	–	0.4	0.3	2.6	3.3
At 30 April 2016	–	0.4	0.3	9.7	10.4
Net balance sheet amount at 30 April 2016	3.8	4.1	1.3	1.3	10.5

The land and buildings addition relates to land which is not depreciated.

Company

	Leasehold improvements £m	Computer equipment £m	Total £m
52 weeks 25 April 2015			
Cost			
At 26 April 2014	–	7.3	7.3
Additions	0.5	2.0	2.5
At 25 April 2015	0.5	9.3	9.8
Accumulated depreciation			
At 26 April 2014	–	4.4	4.4
Depreciation charge	–	2.7	2.7
At 25 April 2015	–	7.1	7.1
Net balance sheet amount at 25 April 2015	0.5	2.2	2.7

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18. Intangible assets

	Trademarks £m	Website and software £m	Lease premiums £m	Distribution agreements £m	Goodwill £m	Group Total £m
53 weeks ended 30 April 2016						
Cost						
At 26 April 2015	3.0	14.4	15.2	15.5	18.0	66.1
Exchange differences	–	0.1	(0.7)	0.7	0.8	0.9
Additions	0.1	5.8	0.5	–	–	6.4
Fair value adjustment (note 33)	–	–	–	(0.5)	–	(0.5)
At 30 April 2016	3.1	20.3	15.0	15.7	18.8	72.9
Accumulated amortisation						
At 26 April 2015	1.1	3.4	3.6	5.9	–	14.0
Exchange differences	–	–	–	0.3	–	0.3
Amortisation charge	0.3	2.9	1.1	2.8	–	7.1
At 30 April 2016	1.4	6.3	4.7	9.0	–	21.4
Net balance sheet amount at 30 April 2016	1.7	14.0	10.3	6.7	18.8	51.5

	Trademarks £m	Website and software £m	Lease premiums £m	Distribution agreements £m	Goodwill £m	Group Total £m
52 weeks ended 25 April 2015						
Cost						
At 26 April 2014	2.4	9.7	15.2	9.6	18.9	55.8
Exchange differences	–	–	–	(1.4)	(2.4)	(3.8)
Acquisitions (note 33)	–	–	–	7.3	1.5	8.8
Additions	0.6	4.7	–	–	–	5.3
At 25 April 2015	3.0	14.4	15.2	15.5	18.0	66.1
Accumulated amortisation						
At 26 April 2014	0.8	1.3	2.6	4.4	–	9.1
Exchange differences	–	–	–	(0.6)	–	(0.6)
Amortisation charge	0.3	2.1	1.0	2.1	–	5.5
At 25 April 2015	1.1	3.4	3.6	5.9	–	14.0
Net balance sheet amount at at 25 April 2015	1.9	11.0	11.6	9.6	18.0	52.1

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Notes to the Group and Company Financial Statements.

18. Intangible assets (continued)

	Company	
	Website and software £m	Total £m
53 weeks ended 30 April 2016		
Cost		
At 26 April 2015	13.4	13.4
Additions	5.1	5.1
At 30 April 2016	18.5	18.5
Accumulated amortisation		
At 26 April 2015	3.0	3.0
Amortisation charge	2.7	2.7
At 30 April 2016	5.7	5.7
Net balance sheet amount at 30 April 2016	12.8	12.8

	Company	
	Website and software £m	Total £m
52 weeks ended 25 April 2015		
Cost		
At 26 April 2014	9.1	9.1
Additions	4.3	4.3
At 25 April 2015	13.4	13.4
Accumulated amortisation		
At 26 April 2014	1.0	1.0
Amortisation charge	2.0	2.0
At 25 April 2015	3.0	3.0
Net balance sheet amount at 25 April 2015	10.4	10.4

Impairment

An impairment test is a comparison of the carrying value of assets of a business or cash-generating unit (“***CGU***”) to their recoverable amount. The Group has defined its CGUs as Retail and Wholesale. Where the recoverable amount is less than the carrying value, an impairment results. During the year, the goodwill on the acquisition of SuperGroup Europe BVBA; SMAC (SMAC A/S, SMAC Norge A/S and SMAC Retail A/S); and the German business combination was tested for impairment, with no impairment charges resulting.

The recoverable amounts in 2016 were measured based on post tax value in use (2015: 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.

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18. 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 past experience and are consistent with relevant external sources of information.

Discount rates

Discount rates are derived from the Group's post tax weighted average cost of capital of 10.5%. The pre-tax weighted cost of capital is 13.6%.

Operating cash flows

The main assumptions, which are derived from past experience and external information, within the forecast operating cash flows include the achievement of future sales prices, volumes, raw material input costs and the level of ongoing capital expenditure.

Long-term growth rates

To forecast beyond the five years, a long-term average growth rate of 2% has been used; this is not greater than the average long-term retail growth rate for each CGU.

Goodwill sensitivity analysis

The results of the Group's impairment tests are dependent on estimates and judgements 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 cashflows of the Retail and Wholesale CGUs are significant and are insensitive to any changes to potential changes to key assumptions.

19. Investments

	Company	
	30 April 2016 £m	25 April 2015 £m
Investments at beginning of period – net book value	380.6	366.0
Additions in the period	39.9	14.6
Disposal	(0.3)	–
Reclassification of investment to financial assets	(0.4)	–
Investments at end of period – net book value	419.8	380.6

The total cost of investments is £419.8m (2015: £380.6m). An investment of £36.1m was made in SuperGroup Belgium Finance NV in order to fund the settlement of intercompany balances. An investment of £2.2m was also made to acquire the remaining 30% of shareholding of Superdry Germany GmbH (note 33). An investment of £0.9m was paid to Superdry Retail Sweden AB to address a shortfall in reserves. An investment of £0.7m was made in SuperGroup USA Inc.

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Notes to the Group and Company Financial Statements.

19. 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	2016 % shares
Basset BVBA[5]	Clothing retailer in Belgium	Belgium	100
C-Retail Limited[2]	Clothing retailer in UK	UK	100
DKH Retail Limited[2]	Worldwide wholesale distribution	UK	100
Fragrances 55 Limited[2]	Holds fragrances licence	UK	100
Snow & Surf BVBA[5]	Clothing retailer in Belgium	Belgium	100
SuperGroup Belgium NV[2]	Holds the investment in SuperGroup Netherlands BV	Belgium	100
SuperGroup Belgium Finance NV[2]	Provides finance to the Group	Belgium	100
SuperGroup Concessions Limited[2]	Clothing retailer in concessions	UK	100
SuperGroup Europe BVBA	Wholesale distribution in Benelux	Belgium	100
Superdry France SARL[2]	Clothing retailer in France	France	100
Superdry Germany GmbH[2]	Clothing retailer in Germany	Germany	100
SuperGroup France SARL	Investment holding company in France	France	100
SuperGroup India Private Limited[4]	Manages supplier relationships in India	India	100
SuperGroup International Limited[2]	Contracting of overseas personnel	UK	100
SuperGroup Internet Limited[2]	Clothing retailer via the Internet	UK	100
SuperGroup Internet North America Limited[4]	Dormant	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.[1,2,3,4]	Clothing retailer in Spain	Spain	100
SuperGroup Retail Ireland Limited[2]	Clothing retailer in the Republic of Ireland	ROI	100
SuperGroup Mumessillik Hizmet ve Ticaret Limited Sirketi[2]	Manages supplier relationships in Turkey	Turkey	100
Superdry Limited[4]	Dormant	UK	100
Superdry Hong Kong Limited[4]	Contracting of overseas personnel	Hong Kong	100
Superdry Retail Sweden AB	Clothing retailer in Sweden	Sweden	100
Superdry Norway A/S	Norway wholesale distribution	Norway	100
Superdry Retail Denmark	Clothing retailer in Denmark	Denmark	100
SuperGroup Nordic and Baltics A/S	Denmark wholesale distribution	Denmark	100
SD 1 Aps	Clothing retailer in Denmark	Denmark	100
SD 2 Aps	Clothing retailer in Denmark	Denmark	100
Superdry Retail LLC[4]	Clothing retailer in USA	USA	100
Superdry Wholesale LLC[4]	USA wholesale distribution	USA	100
SuperGroup USA Inc[4]	Holds investment in USA	USA	100

1 Incorporated in the year and not material.
2 Directly owned by the Company.
3 Holds the investment in the Portuguese branch which is not material.
4 Exempt from statutory audit.
5 Subsequent to the year end on 1 May 2016 the company was merged with SuperGroup Europe BVBA.

All shares held by the Company are ordinary equity shares.

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19. Investments (continued)

Financial assets at fair value through profit or loss

Set out below is the financial asset at fair value through profit or loss of the Group as at 30 April 2016, which, in the opinion of the directors, is not material to the Group. The financial asset as listed below has share capital consisting solely of ordinary shares, 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
Anatwine Limited	30 June	UK	8	Equity

Anatwine Limited is a UK registered entity, which earned insignificant revenues in the period but has incurred costs, funded by investments in share capital.

During the year SuperGroup Plc, which owned 20% of Anatwine, sold 50% of the investment to Zalando SE for consideration totalling £1.5m reducing the ownership from 20% to 10%. The carrying value of the investment on disposal was £0.6m resulting in a gain on disposal of £1.2m. As a result of the disposal to Zalando it was determined that SuperGroup Plc no longer had significant influence over Anatwine. Subsequent share capital transactions by other shareholders have diluted the SuperGroup Plc investment to 8%. The investment in Anatwine has therefore been reclassified from an associate as at 25 April 2015 to a financial asset during the year. There were no other significant transactions with Anatwine during the year.

As at 30 April 2016, the fair value of the Group's interest in Anatwine Limited was £0.7m (2015: £0.7m). SuperGroup has recognised 20% (2015: 20%) share of the loss for the period to 20 May 2015, being £nil (2015: full year loss of £0.5m). Anatwine Limited is a private company and there is no quoted market price available for its shares.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of is interest in associates:

	2016 £m	2015 £m
Opening net assets	**0.7**	0.3
Investment in associates	**–**	0.7
Gain on dilution	**–**	0.2
Loss for the period held as an associate	**–**	(0.5)
Interest held disposed of during the period	**(0.3)**	–
Re-classified to financial assets	**(0.4)**	–
Closing net assets	**–**	0.7

Joint Ventures

Set out below are the joint ventures of the Group as at 30 April 2016, which, in the opinion of the directors, are not material to the Group. The joint ventures as listed below have share capital consisting solely of ordinary shares, 50% of which are held directly by the Group. The country of incorporation is also their principal place of business.

Name of entity	Year end	Country of incorporation	Ownership interest % shares	Measurement method
Trendy & Superdry Holding Limited	30 April	Hong Kong	50	Equity
Theo (France)	30 April	France	50	Equity
Horace (France)	30 April	France	50	Equity

During the year SuperGroup Plc invested £3.6m in Trendy & Superdry Holding Limited as a 50% subscription for the issued share capital. As at 30 April 2016, the carrying value of the investment in Trendy & Superdry Holding Limited was £3.0m. Costs of £0.6m were recognised in the financial statements reflecting the Group's 50% share of the total loss of £1.2m in the year. Theo (France) and Horace (France) are held at £nil.

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20. Balances and transactions with related parties

Directors' emoluments

Directors' remuneration is set out in the audited section of the Directors' Remuneration Report on pages 66 to 83.

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 66 to 83, 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, the Company has spent £0.2m (2015: £0.3m) on travel and subsistence through companies in which Julian Dunkerton has a personal investment. The balance outstanding at 30 April 2016 was £nil (2015: £0.1m). This expenditure includes the provision of corporate travel, hotel and catering services supplied on an arm's length basis. These interests have been disclosed and authorised by the Board.

In addition, as disclosed in prior years, 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 (2015: £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	
	2016 £m	2015 £m	**Balance sheet 30 April 2016 £m**	Balance sheet 26 April 2015 £m
C-Retail Limited	**17.1**	10.2	**21.7**	20.4
Basset BVBA	**0.5**	0.3	**–**	0.3
DKH Retail Limited	**6.6**	7.8	**12.7**	–
SMAC	**0.3**	0.3	**–**	0.3
Snow & Surf BVBA	**0.5**	0.3	**–**	0.3
Superdry France SARL	**0.4**	0.1	**0.4**	0.1
Superdry Germany GmbH	**2.0**	0.7	**2.1**	1.3
Superdry Retail Denmark	**–**	–	**0.3**	–
SuperGroup Concessions Limited	**0.4**	0.6	**3.1**	1.0
SuperGroup France SARL	**0.3**	–	**–**	–
SuperGroup Internet Limited	**3.8**	3.6	**20.7**	–
SuperGroup Retail Ireland Limited	**0.7**	0.4	**0.7**	0.4
SuperGroup Retail Spain S.L.U.	**0.3**	0.1	**0.2**	0.3
SuperGroup Europe BVBA	**0.1**	0.4	**1.7**	7.7
SuperGroup Netherlands BV	**0.5**	–	**6.8**	–
Superdry Retail LLC	**0.8**	–	**3.5**	–
Superdry Wholesale LC	**0.5**	–	**7.5**	–
SuperGroup USA Inc	**–**	0.1	**–**	1.4
Superdry Retail Sweden AB	**0.1**	–	**0.5**	–
Fragrances 55 Limited	**–**	–	**0.1**	0.1

There have been no further transactions in the period.

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21. Deferred income tax assets

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Asset				
Accelerated capital allowances	**2.7**	0.5	**–**	–
Temporary timing differences	**2.5**	1.7	**1.2**	1.1
Tax losses arising in subsidiary entities	**4.1**	0.8	**–**	–
Recognition of lease incentives	**–**	3.8	**–**	–
Goodwill and other intangibles arising in subsidiary entities	**19.1**	23.2	**–**	–
Revaluation of derivatives and forward exchange contracts to fair value	**0.5**	(2.2)	**–**	–
Total deferred income tax assets	**28.9**	27.8	**1.2**	1.1
Liability				
Other intangibles	**(0.8)**	(0.9)	**–**	–
Total deferred income tax liability	**(0.8)**	(0.9)	**–**	–
Total net deferred income tax	**28.1**	26.9	**1.2**	1.1

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

Net deferred tax assets £m	Accelerated capital allowances	Temporary timing differences	Tax losses	Lease incentives	Intangible assets	Derivatives	Total
At 26 April 2015	0.5	1.7	0.8	3.8	22.3	(2.2)	26.9
Credited/(charged) to the income statement	2.2	1.3	3.3	(3.8)	(4.0)	2.7	1.7
Charged direct to equity	–	(0.5)	–	–	–	–	(0.5)
At 30 April 2016	**2.7**	**2.5**	**4.1**	–	**18.3**	**0.5**	**28.1**

Deferred income 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.

There are unrecognised deferred tax assets of £3.1m (2015: £1.0m) in respect of losses in overseas jurisdictions.

22. Inventories

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Finished goods	**112.6**	107.9	**1.3**	–
Net inventories	**112.6**	107.9	**1.3**	–

The cost of inventories recognised as an expense and included in cost of sales amounted to £220.6m (2015: £182.4m).

Inventory write-downs for each period are as follows:

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
At start of period	**3.2**	2.6	**–**	–
Write-downs for the period	**3.3**	1.6	**0.1**	–
Utilised in period	**(1.2)**	(1.0)	**–**	–
At end of period	**5.3**	3.2	**0.1**	–

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23. Trade and other receivables

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Trade receivables	41.8	42.2	0.1	–
Less: provision for impairment of trade receivables	(1.1)	(2.2)	–	–
Net trade receivables	40.7	40.0	0.1	–
Other amounts due from related parties	–	–	100.4	46.0
Taxation and social security	4.6	0.9	2.0	–
Other receivables	11.5	8.9	0.4	0.4
Prepayments	23.6	20.5	1.4	0.9
Total trade and other receivables	80.4	70.3	104.3	47.3

Other receivables for the Group include £2.0m (2015: £2.2m) of cash contributions receivable from landlords.

Prepayments for the Group include £19.3m (2015: £17.5m) of prepaid rent and rates.

The other classes within trade and other receivables do not contain impaired assets.

The fair values of trade and other receivables are equal to their book value.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. Trade and other receivables are not provided as security.

The Group's trade receivables are summarised as follows:

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Not past due or impaired	27.7	26.3	0.1	–
Past due but not impaired	10.7	12.8	–	–
Impaired	3.4	3.1	–	–
Total trade receivables	41.8	42.2	0.1	–

The credit quality of trade receivables that are neither past due nor impaired are all assessed to be fully recoverable (2015: fully recoverable). The Group's internal credit rating system is based upon historical information about counterparty default risks. The analysis of these trade receivables by reference to external credit ratings is not available. £5.9m out of the £27.7m trade receivables not past due nor impaired relate to 12 well-established key accounts (2015: £9.8m out of the £26.3m relate to 16 well-established key accounts) that the Group has traded with for at least one year. The remaining £21.8m (2015: £16.5m) consist of many individual balances, each below £0.4m.

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23. Trade and other receivables (continued)

The Group's trade receivables past due but not impaired are as follows:

	Group		Company	
	2016 £m	2015 £m	**2016 £m**	2015 £m
Overdue 1 – 30 days	**5.7**	7.5	**0.1**	–
Overdue 31 – 60 days	**2.8**	2.6	**–**	–
Overdue 60 days +	**2.2**	2.7	**–**	–
Total trade receivables past due but not impaired	**10.7**	12.8	**0.1**	–

Movements on the Group provision for impairment of trade receivables are as follows:

	Group		Company	
	2016 £m	2015 £m	**2016 £m**	2015 £m
At start of period	**2.2**	0.8	**–**	–
Provision for receivables impairment	**0.6**	1.5	**–**	–
Receivables written off during the year as uncollectable	**(1.3)**	(0.1)	**–**	–
Unused amounts reversed	**(0.4)**	–	**–**	–
At end of period	**1.1**	2.2	**–**	–

Trade receivables of £3.4m (2015: £3.1m) were partially impaired and a provision of £1.1m (2015: £2.2m) has been recognised against the impaired trade receivables.

The Group's impaired trade receivables are as follows:

	Group		Company	
	2016 £m	2015 £m	**2016 £m**	2015 £m
Current	**1.8**	0.3	**–**	–
Overdue 1 – 30 days	**0.1**	0.3	**–**	–
Overdue 31 – 60 days	**0.1**	0.3	**–**	–
Overdue 60 days +	**1.4**	2.2	**–**	–
Total trade receivables impaired	**3.4**	3.1	**–**	–

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.

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24. Cash and cash equivalents and other financial assets

	Group		Company	
	2016 £m	2015 £m	**2016 £m**	2015 £m
Cash at bank and in hand	**100.7**	67.6	**3.4**	14.1
Total cash and cash equivalents	**100.7**	67.6	**3.4**	14.1
Less: overdraft (note 25)	**–**	–	**(28.8)**	(14.4)
Total cash and cash equivalents net of overdraft	**100.7**	67.6	**(25.4)**	(0.3)

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. On 28 January 2015, the Group renewed the balance offset agreement with HSBC on the UK sterling, euro and US dollar accounts. At 30 April 2016, the Group had £53.9m (2015: £9.5m) deposited with HSBC Bank Plc, £24.6m (2015: £13.5m) deposited with Barclays Bank Plc, £11.4m (2015: £8.0m) deposited with ING Bank, £4.7m (2015:£0.6m) deposited with BNP Paribas, £1.5m (2015: £3.1m) deposited with Ulster Bank Ireland Limited, £0.8m (2015: £20.0m) deposited with Santander UK Plc and £nil (2015: £12.0m) deposited with Lloyds Bank Plc. The remainder of the cash is deposited in other bank accounts. The Moody's credit rating as at 7 July 2016 for HSBC Bank Plc was A1 (2015: Aa2), Barclays Bank Plc was Baa3 (2015: A2), ING Bank was A1, BNP Paribas was A1 and Ulster Bank Ireland Limited was Ba1 (2015: Baa3).

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 30 April 2016 (25 April 2015: £nil).

Financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements which nets a gross cash and cash equivalents balance of £129.5m with a gross overdraft balance of £28.8m.

Other financial assets
At 25 April 2015 the Group and Company had a £10.0m money market fixed rate deposit with Lloyds Bank. This matured in January 2016 and no further deposits have been made.

25. Borrowings

	Group		Company	
	2016 £m	2015 £m	**2016 £m**	2015 £m
Current				
Bank overdraft	**–**	–	**28.8**	14.4
Other loans	**–**	–	**–**	–
Total current borrowings	**–**	–	**28.8**	14.4
Total borrowings	**–**	–	**28.8**	14.4

The Group had no secured liabilities (bank and collateralised borrowings) as at 30 April 2016 (25 April 2015: £nil).

25. Borrowings (continued)

The bank overdraft for the Company is included within the balance offset agreement with HSBC. Interest is not paid on the overdraft when it can be fully offset against cash balances held within the Group.

The Group's borrowings mature as follows:

	Group		Company	
	2016 £m	2015 £m	**2016 £m**	2015 £m
Within 1 year	**–**	–	**28.8**	14.4
Between 2 and 5 years	**–**	–	**–**	–
Total borrowings	**–**	–	**28.8**	14.4

The exposure of the Company's borrowings to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:

	Group		Company	
	2016 £m	2015 £m	**2016 £m**	2015 £m
6 – 12 months	**–**	–	**28.8**	14.4
1 – 5 years	**–**	–	**–**	–
Total borrowings	**–**	–	**28.8**	14.4

With the exception of the overdrawn bank accounts included within the offset arrangements, the Group has no borrowing facilities in place as at 30 April 2016. The Group has bank guarantee facilities in place with a £8.2m limit. The Group was compliant with all banking covenants during the year.

	Carrying amounts as at				Fair value as at			
	Group		Company		Group		Company	
	2016 £m	2015 £m	**2016 £m**	2015 £m	**2016 £m**	2015 £m	**2016 £m**	2015 £m
Bank overdraft	–	–	**28.8**	14.4	**–**	–	**28.8**	14.4
Other loans	–	–	**–**	–	**–**	–	**–**	–
Total borrowings	–	–	**28.8**	14.4	**–**	–	**28.8**	14.4

The fair value of current borrowings approximates to their carrying amount, as the impact of discounting is not significant. The fair values of current and non-current borrowings are determined using discounted cash flows at the interest rate prevailing at the balance sheet date.

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26. Trade and other payables

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Non-current				
Deferred cash contributions and rent-free periods	**30.5**	28.0	**0.2**	–
Other payables	**0.3**	–	**–**	–
Total non-current trade and other payables	**30.8**	28.0	**0.2**	–
Current				
Trade payables	**56.6**	51.2	**2.5**	2.6
Amounts due to related parties	**–**	–	**7.7**	71.0
Taxation and social security	**2.0**	–	**0.5**	0.4
Income tax payable	**10.4**	13.0	**–**	–
Other payables	**2.1**	1.3	**–**	–
Accruals and deferred income	**23.6**	20.4	**6.3**	3.9
Deferred cash contributions and rent-free periods	**5.1**	5.4	**–**	–
Deferred contingent cash and share consideration	**0.8**	1.5	**–**	–
Total current trade and other payables	**100.6**	92.8	**17.0**	77.9
Total trade and other payables	**131.4**	120.8	**17.2**	77.9

The maturity analysis of non-current deferred cash contributions and rent-free periods is as follows:

	2016 £m	2015 £m
1 – 2 years	**6.5**	5.4
2 – 5 years	**15.3**	14.8
Greater than 5 years	**8.7**	7.8
Non-current deferred cash contributions and rent-free periods	**30.5**	28.0

Laundry Athletics LLP, which transferred its trade to DKH Retail Limited, is currently involved in a dispute in Turkey over the use of an export company (Gisad Dis Ticaret ("Gisad")). Gisad was used to reclaim Turkish VAT on its behalf. Gisad has a €100m loan facility with Morgan Stanley International (Morgan Stanley) with an Export Receivables Assignment Agreement as security. This loan was called in during January 2009. The Group has retained a liability for the disputed sums. The total in dispute is a maximum of £1.6m which has been withheld and remains as a liability within trade payables in the Group balance sheet.

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27. Provision for other liabilities and charges

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Dilapidations and onerous lease provision at the start of the period	2.9	1.1	–	–
Arising on USA business combination	0.3	2.0	–	–
Utilised in period	(0.1)	(0.2)	–	–
Dilapidations and onerous lease provision at the end of the period	3.1	2.9	–	–

Dilapidations provisions will be utilised upon the exit or expiry of various property leases which are expected to be between 2017 and 2026. Onerous lease provisions are utilised over the remaining life of the lease.

28. Contingencies and commitments

Capital expenditure commitments

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Property, plant and equipment	8.5	2.9	–	2.9

The Group believes that future cash flows and funding will be sufficient to cover these commitments.

Contingent liability

The Company is party to an unlimited cross guarantee over all liabilities of the Group.

29. Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Land and buildings	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Due within 1 year	64.3	51.9	0.9	–
Due in more than 1 year, but no more than 5 years	217.8	187.5	3.4	–
Due in more than 5 years	97.4	111.8	3.0	–
Total operating lease commitments	379.5	351.2	7.3	–

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Notes to the Group and Company Financial Statements.

30. Net cash/(debt)

Analysis of net cash/(debt)

Group

	2015 £m	Cash flow £m	Non-cash changes £m	**2016 £m**
Cash and short-term deposits	67.6	29.7	3.4	**100.7**
Total net cash	67.6	29.7	3.4	**100.7**

Company

	2015 £m	Cash flow £m	Non-cash changes £m	**2016 £m**
Cash and short-term deposits	14.1	(10.7)	–	**3.4**
Overdrafts	(14.4)	(14.4)	–	**(28.8)**
Total net debt	(0.3)	(25.1)	–	**(25.4)**

Non-cash changes relates to exchange gains on cash and cash equivalents. The overdraft in the Company is part of an offset arrangement. No interest has been incurred.

31. Financial risk management

The Company and Group's activities expose it to a variety of financial risks including: market risk (including foreign currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain foreign exchange exposures.

Credit risk

Credit risk is managed on a Group basis except for credit risk relating to accounts receivable balances which each entity is responsible for managing. Credit risk arises from cash and cash equivalents, as well as credit exposures to Wholesale and to a lesser extent Retail customers, including outstanding receivables and committed transactions. For Wholesale customers, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The Group mitigates risk in certain markets or with customers considered higher risk with payments in advance, accelerated and bank guarantees, as well as adopting credit insurance where appropriate. Sales to Retail customers are settled in cash, major credit cards or by PayPal. The Group regularly monitors its exposure to bad debts in order to minimise exposure. Credit risk from cash and cash equivalents is managed via banking with well-established banks with a strong credit rating.

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31. Financial risk management (continued)

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 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 policy is to hedge the risk of changes in the relevant spot exchange rate. The Group uses forward contracts to hedge foreign exchange risk. As at 30 April 2016 and 25 April 2015, 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 30 April 2016 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 £1.7m (2015: £2.7m) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US Dollar/Euro trade receivables, cash and cash equivalents, and trade payables. The figure of 10% used for sensitivity analysis has been chosen because it represents a range of reasonably probable fluctuations in exchange rates.

The Group's foreign currency exposure is as follows:

				Group
		2016		2015
	US Dollar £m	**Euro £m**	US Dollar £m	Euro £m
Financial assets				
Trade receivables	**0.2**	**24.7**	–	24.1
Cash and cash equivalents	**3.4**	**0.8**	13.8	–
Financial assets	**3.6**	**25.5**	13.8	24.1
Financial liabilities				
Trade payables	**(6.8)**	**(3.5)**	(2.5)	(4.7)
Cash and cash equivalents	**–**	**–**	–	(1.1)
Financial liabilities	**(6.8)**	**(3.5)**	(2.5)	(5.8)
Net exposure	**(3.2)**	**22.0**	11.3	18.3

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.

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31. Financial risk management (continued)

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 24 and 25.

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 25 and 26.

Valuation hierarchy

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

						Group
	Level 1 £m	**Level 2 £m**	**Level 3 2016 £m**	Level 1 £m	Level 2 £m	Level 3 2015 £m
Assets						
Derivative financial instruments						
– forward foreign exchange contracts	–	0.8	–	–	11.1	–
– financial assets at fair value through profit and loss	–	–	0.7	–	–	–
Liabilities						
Derivative financial instruments						
– forward foreign exchange contracts	–	3.3	–	–	–	–

The level 2 forward foreign exchange valuations are derived from mark-to-market valuations based on observable market data as at the close of business on 30 April 2016.

Fair value losses of £13.8m (2015: gains of £13.4m) relating to the movement on open forward foreign exchange contracts have been recognised in re-measurements and exceptional items.

The notional principal amount of the outstanding forward foreign exchange contracts at 30 April 2016 was £440.1m (2015: £141.1m).

Fair value movements show:

(a) 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;

(b) 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;

(c) the methods used to arrive at the above amounts; and

(d) 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.

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31. Financial risk management (continued)

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	
	2016 £m	2015 £m	2016 £m	2015 £m
Forward foreign exchange contracts - held for trading				
Outflow	(205.6)	(55.2)	–	–
Inflow	234.5	85.9	–	–
Net derivative exposure	28.9	30.7	–	–

All cash flows will occur within 18 months. All derivative financial instruments are carried at fair value as assets when the fair value is positive and as liabilities when the fair value is negative.

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	
	2016 £m	2015 £m	2016 £m	2015 £m
Forward foreign exchange contracts – current	0.7	10.4	–	–
Forward foreign exchange contracts – non-current	0.1	0.7	–	–
Total derivative financial assets	0.8	11.1	–	–
Forward foreign exchange contracts – current	3.3	–	–	–
Forward foreign exchange contracts – non-current	–	–	–	–
Total derivative financial liabilities	3.3	–	–	–

All financial derivative instruments are due within 18 months.

The full fair value of a derivative is classified as a non-current asset or liability where the remaining maturity of the derivative is more than 12 months and as a current asset or liability, if the maturity of the derivative is less than 12 months.

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.

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 calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated balance sheet) less cash and cash equivalents. 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 30 April 2016.

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Notes to the Group and Company Financial Statements.

31. Financial risk management (continued)

Financial instruments by category

Group

	Assets at fair value through profit and loss 2016 £m	Loans and receivables 2016 £m	Total 2016 £m	Assets at fair value through profit and loss 2015 £m	Loans and receivables 2015 £m	Total 2015 £m
Trade and other receivables excluding prepayments	–	52.2	52.2	–	49.8	49.8
Derivative financial instruments	0.8	–	0.8	11.1	–	11.1
Other financial assets	–	–	–	–	10.0	10.0
Financial assets at fair value through profit and loss	0.7	–	0.7	–	–	–
Cash and cash equivalents	–	100.7	100.7	–	67.6	67.6
Financial instruments – assets	1.5	152.9	154.4	11.1	127.4	138.5

Group

	Liabilities at fair value through profit and loss 2016 £m	Other financial liabilities at amortised cost 2016 £m	Total 2016 £m	Liabilities at fair value through profit and loss 2015 £m	Other financial liabilities at amortised cost 2015 £m	Total 2015 £m
Borrowings	–	–	–	–	–	–
Derivative financial instruments	3.3	–	3.3	–	–	–
Trade and other payables excluding non-financial liabilities	–	118.9	118.9	–	107.8	107.8
Financial instruments – liabilities	3.3	118.9	122.2	–	107.8	107.8

Company

	Loans and receivables 2016 £m	Loans and receivables 2015 £m
Trade and other receivables excluding prepayments	85.1	46.3
Cash and cash equivalents	3.4	14.1
Financial instruments – assets	88.5	60.4

32. Share capital

Allotted and fully paid 5p shares:

Group and Company	Number of shares	Value of shares (£m)
30 April 2016	**81,235,727**	**4.1**
25 April 2015	80,984,973	4.0

211,119 ordinary shares of 5p were authorised, allotted and issued in the period under the SuperGroup Share Based Long Term Incentive Plans and Save As You Earn schemes. On 17 July 2015, as part of the agreement to purchase the remaining 30% of shareholding in Superdry Germany GmbH, 39,635 ordinary shares of 5p each were authorised, allotted and issued.

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33. Business combinations

SMAC

On 27 June 2014 the Group acquired the share capital of its long-term distributor, SMAC A/S, SMAC Norge A/S and SMAC Retail A/S, in Denmark, Finland and Norway. As part of the transaction the pre-existing distributor agreement between the Group and SMAC A/S was terminated in order that the Group could take back control of these territories.

The transaction allowed the Group to benefit from improved wholesale margins, accelerate the roll-out of stores by investing its own capital, and retain the local operational and management expertise.

SuperGroup Plc paid a total of £3.8m in consideration by cash funding. Cash paid by SuperGroup Plc on acquisition was £3.0m and deferred consideration was £0.8m which remained unpaid as at 25 April 2015 and 30 April 2016.

The provisional fair value of assets acquired and liabilities assumed were as follows:

	SMAC (£m)
Intangible assets	2.0
Property, plant and equipment	0.5
Inventories	1.1
Trade and other receivables	1.4
Trade and other payables	(1.5)
Provision for deferred tax	(0.5)
Total fair value of assets acquired and liabilities assumed	**3.0**
Goodwill/(non-distributable reserve) arising on acquisition	0.8
Total consideration	**3.8**

Intangible assets related to the reacquired rights to the territories in Denmark, Finland, and Norway. Goodwill represented expected synergies and is expected to be tax deductible. The provisional fair value of assets acquired were subsequently reviewed within 12 months of acquisition and no adjustments were made.

The amounts included in the FY15 consolidated statement of comprehensive income from 27 June 2014 included revenue of £9.1m and there was a profit of £0.6m over the same period. Had the transaction occurred on the first day of FY15 the estimated contribution to Group revenues would have been £9.6m and net profits of £0.5m.

USA

On 25 March 2015, SuperGroup Plc acquired the exclusive rights to distribute Superdry products in North America, by terminating the 30 year licence granted to SDUSA LLC, the Group's US licence partner, in 2008. The Group also acquired from SDUSA LLC the trade and assets of 15 Superdry branded stores in the USA.

This transaction provided a strategic opportunity to enhance the brand presence in North America and significantly build the long-term value of the business through investing its own capital and retaining the local operational and management expertise.

SuperGroup Plc paid a total of £10.1m in consideration by cash funding. Cash paid by SuperGroup Plc on acquisition was £8.1m and £2.0m was withheld in a non-SuperGroup escrow account to allow for any indemnity claims arising during the 12 month period following completion. The £2.0m was released in full to SDUSA LLC in four equal instalments across FY16.

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33. Business combinations (continued)

The provisional fair value of assets acquired and liabilities assumed were as follows:

	USA (£m)
Intangible assets	5.3
Property, plant and equipment	4.4
Inventories	5.5
Trade and other payables	(4.1)
Total fair value of assets acquired and liabilities assumed	**11.1**
Gain arising on acquisition	(1.0)
Total consideration	**10.1**

Intangible assets of £5.3m related to reacquired rights to the North American territory and were valued using a multi period excess earnings methodology.

Fair value adjustments under IFRS 3 (revised) were made to property, plant and equipment, and inventories. The value of property, plant and equipment was adjusted for an impairment of £1.2m for the assets at one of the acquired stores as there is uncertainty over the lease assignment. Inventories were valued at sales price less costs to sell which increased the value of inventory by £2.5m. Total consideration paid of £10.1m was £1.0m less than the total fair value of assets acquired and liabilities assumed which resulted in a gain credited to exceptional items in FY15. The impact of deferred tax was considered and deemed to be nil.

The provisional fair values of the assets and liabilities were subsequently reviewed within 12 months of acquisition and an adjustment of £0.7m was made to reduce the overall gain from £1.0m to £0.3m (note 6). The acquired inventory was sold in the current period with a resulting charge to exceptional costs of £2.5m (note 6).

Also included within exceptional items was the cash termination fee of the license rights in North America of £12.4m and £0.6m of professional fees paid including legal, due diligence and other costs. A post-acquisition review of the current and forecast trading performance, and assets of the stores resulted in an onerous lease provision charge of £1.8m, a write down of store assets of £0.8m and asset impairment of £0.3m.

The amounts included in the FY15 consolidated statement of comprehensive income from 25 March 2015 included revenue of £1.8m and there was a profit of £0.4m over the same period. Had the transaction occurred on the first day of FY15, the estimated contribution to Group revenues would have been £23.9m and net losses of £5.3m.

34. Non-controlling interests and other reserves

Movements in non-controlling interests during the year are disclosed in the statement of changes in equity.

		Group
	Non-controlling interest 2016 £m	Other reserves 2016 £m
Brought forward as at 25 April 2015	2.2	0.7
Share of result for the year	0.1	–
Purchase of shares	(2.2)	(0.7)
Transfer to retained earnings	(0.1)	–
Carried forward at 30 April 2016	–	–

On 17 July 2015 the Group acquired the remaining 30% of shareholding in Superdry Germany GmbH from Ranft Soller Holdings GmbH for £2.2m - settled by way of £1.7m of cash and the issue of 39,635 ordinary shares of 5p each.

Five Year History.

(Unaudited)	2012 £m	2013 £m	2014* £m	2015 £m	**2016** £m**
Revenue	313.8	360.4	430.9	486.6	597.5
Cost of sales	(135.0)	(150.4)	(173.6)	(190.4)	(229.7)
Gross profit	178.8	210.0	257.3	296.2	367.8
Selling, general and administrative expenses – underlying	(138.8)	(163.3)	(200.5)	(238.3)	(303.2)
Other gains and losses (net) – underlying	2.7	5.2	4.7	6.0	8.5
Operating profit before exceptional items – underlying	42.7	51.9	61.5	63.9	73.1
Re-measurements and exceptional items (net)	8.6	(0.4)	(16.8)	(3.7)	(17.0)
Operating profit	51.3	51.5	44.7	60.2	56.1
Finance costs (net)	0.1	0.3	0.6	(0.2)	(0.1)
Share of loss in investment	–	–	(0.1)	(0.5)	(0.6)
Profit before tax	51.4	51.8	45.2	59.5	55.4
Taxation	(15.3)	(15.5)	(17.4)	(13.5)	(14.1)
Profit after tax	36.1	36.3	27.8	46.0	41.3
Profit attributable to non-controlling interests	–	0.4	0.4	0.6	0.1
Profit attributable to equity shareholders	36.1	35.9	27.4	45.4	41.2
Basic earnings per share (pence)	45.0	44.7	34.0	56.1	50.7
Underlying basic earnings per share (pence)	38.1	47.8	58.0	59.1	70.9
Weighted average number of shares (m)	80.2	80.3	80.6	81.0	81.1

* Accounting period consisting of 51 weeks and 6 days.
** Accounting period consisting of 53 weeks.

Shareholder Information.

Company website
A full copy of this Annual Report and other information required by section 311A of the Companies Act 2006 can be found on the SuperGroup Plc website at www.supergroup.co.uk.

Annual General Meeting
The Annual General Meeting will be held at 10.30am on Wednesday 14 September 2016 at our Head Office, The Runnings, Cheltenham, Gloucestershire, GL51 9NW. The notice of the meeting is available on our website, and sets out the business to be transacted.

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