SuperGroup ■ Plc

Interim results for the 26 weeks ended 29 October 2016 and peak trading update

12 January 2017

Strategy delivering global lifestyle brand: strong sales, profit and dividend growth

SuperGroup Plc (‘SuperGroup’ or ‘Group’), owner of the Superdry brand, today announces interim results for the 26 weeks ended 29 October 2016 (‘1H17’ or the ‘period’).

FINANCIAL HIGHLIGHTS

- Strong trading performance with Group revenue up 31.1% to £334.0m (1H16: £254.7m)
  - Retail revenue up 25.0% to £215.2m (1H16: £172.1m)
  - Retail like-for-like[1,4] sales up 12.8% (1H16: 17.2%)
  - Online participation of retail sales increased to 21.6% (1H16: 19.2%)
  - Wholesale revenue increased by 43.8% to £118.8m (1H16: £82.6m)
  - Favourable currency movements contributed approximately one-third to revenue growth
- Underlying[2] Group gross margin of 58.8% (1H16: 60.1%) primarily reflecting sales mix to Wholesale channel
- Underlying profit before income tax:
  - Up 8.8% to £21.0m (1H16: £19.3m)
  - Before one-off Distribution Centre (“DC”) migration costs up 17.6% to £22.7m (1H16: £19.3m)
  - Before development markets and DC migration, up 20.7% to £26.2m (1H16: £21.7m)
- Reported profit before income tax £12.7m (1H16: £11.5m)
- Underlying basic earnings per share 21.0p (1H16: 20.0p)
- Interim dividend increased by 25.8% to 7.8p (1H16: 6.2p)

STRATEGIC PROGRESS

- 12 new owned stores opened, net 67k sq. ft, 19% increase in average trading space
- 31 new international franchised and licensed stores increasing portfolio to 304 stores
- Distribution centres in Europe and USA operational and performed well during peak trading period, integration into supply chain on track
- Next generation stores opened with positive initial results
- Good progress in North America, with improved sales in all channels and strong performance in new stores
- China development in-line with business plan with three initial stores trading

PEAK TRADING UPDATE – 10 WEEKS TO 7 JANUARY 2017[5]

The Group performed well during its peak trading period with Retail revenues of £162.1m, increasing by 20.6% year-on-year. This growth reflects continued like-for-like growth[1] of 14.9%, the positive impact of the Group’s store expansion programme and includes the benefit from the weakness in sterling. The Group traded in-line with its planned promotional strategy, throughout peak, with a series of on-line sub-category promotions prior to Christmas followed by a focused clearance event.

The Group opened 9 net new stores in the 10 weeks, adding 74,000 sq. ft. to its trading space.

Euan Sutherland, Chief Executive Officer, commented:
“The first half year has seen further good progress with a strong sales performance in all channels, particularly Wholesale. This converted to profitable growth after continued investment in both expanded distribution capability and in our development markets.

Our focused strategy continues to deliver with new product innovations building sales, a strong pipeline of new international store opportunities, both owned and via franchise relationships, and clear momentum in our e-commerce proposition. The next generation store concept provides a further growth opportunity for the brand.

Having traded well through our peak trading period, the Board remains confident in delivering full year underlying profit before tax in line with analyst expectations[6] and in the Group’s long term growth prospects as *Superdry* becomes a global lifestyle brand.”

Notes:

1. Like-for-like sales ('LFL') growth is defined as the year-on-year sales growth for owned stores and concessions open more than one year and includes e-commerce revenues. Foreign currency sales are translated at the average rate for the month in which they were made.

   The LFL movement of 12.8% represents the calendar week trading LFL which has been adjusted for the 53rd week in the previous financial year. LFL growth on a statutory week basis was 15.1%.

2. Underlying is defined as reported results adjusted to reflect the impact of exceptional items and re-measurements (and the related income tax where appropriate). The directors believe that the underlying results provide additional guidance to statutory measures to help understand the performance of the Group.

3. Key performance indicators for the 26 week trading period are outlined below:

	1H17	**1H16**
Total Group revenue (£m)	334.0	254.7
Total Retail revenue (£m)	215.2	172.1
Retail LFL[1] (%)	12.8	17.2
Net new Retail space added (sq.ft. '000s)	67	63
Average Retail Space (sq.ft. '000s)	939	789
Number of stores:		
- Owned	210	192
- Franchised & Licensed	304	244
Payback on new stores opened FY13-FY16 (months)	23	22
Online participation (%) (as % of Total Retail revenue)	21.6	19.2
Wholesale revenue (£m)	118.8	82.6
Underlying gross margin (%)	58.8	60.1
Underlying operating margin (%)	6.6	7.6
Underlying basic EPS (p)	21.0	20.0
Underlying operating cash flow (£m)	1.2	34.9
Net cash position (£m)	40.4	70.0

4. The trading comparatives for each quarter of FY17 are detailed below (unaudited):

FY17	**Q1 17**	**Q1 16**	**YOY**	**Q2 17**	**Q2 16**	**YOY**	**1H17**	**1H16**
Total Retail sales (£m)	100.6	80.6	24.8%	114.6	91.5	25.1%	**215.2**	172.1
LFL sales (%)	11.9	19.3		13.7	15.5		**12.8**	17.2
Ave. Space (sq.ft '000s)	920	773	19.0%	957	805	18.9%	**939**	789

   LFL sales movement represents the calendar week trading performances which have been adjusted for the 53rd week in the previous financial year.

5. Peak trading update

	FY17: Trading to 7 January		**FY16: Trading to 9 January**	
	10 Week Period	**36 Week Period**	**11 Week Period**	**37 Week Period**
Total Retail sales (£m)	162.1	377.3	143.5	315.6
LFL sales (%)	14.9	13.7	1.2	9.5
New Retail Space (sq.ft.)	74,000	141,000	64,000	127,000

   LFL sales movement represents the calendar week trading performances which have been adjusted for the 53rd week in the previous financial year.

6. Market consensus

   The board considers market expectations for the financial year ended 29 April 2017 are best defined by taking the range of forecasts of PBT published by analysts who consistently follow the Group. The current consensus of PBT forecasts as at 11 January 2017, of which the board is aware, is £86.2m.

   The market consensus when the Group last reported on 10 November 2016 was £84.6m

7. FY17 guidance (unaudited):

Unchanged	
Underlying profit before tax	In line with analyst expectations : £86.2m
Full Year Space growth: **Owned stores**	EU 110k-120k sq.ft; USA 30k sq.ft
Selling and distribution costs	Increase in line with revenue
DC migration	One-off operating cost of c. £2m
Central costs	Grow ahead of revenue
Working Capital	Grow slower than revenue
Capital expenditure	£60m - £70m investment
Capital policy	Ordinary dividend at 3.0x – 3.5x cover

Updated	
Gross margin (Full Year)	c.40-60bps dilution; *Previous: 0-30bps*
Effective underlying tax rate	FY17: c.21% (FY16: 20.4%)

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Market Briefing

Management will present these results today at the London Stock Exchange at 9:30am.

Financial calendar

Full year pre-close trading update	11 May 2017
Full year results announcement and presentation	6 July 2017

Notes to Editors

SuperGroup is the owner of British lifestyle brand *Superdry*. A brand designed for attitude not age with affordable, premium-quality clothing, accessories and footwear. As we develop the breadth and nature of our product range, we continue to appeal to a much broader, aspirational age group. Those who want to feel amazing in what they wear and appreciate style, quality and attention to detail.

Already well established in the UK – our home market – we operate a significant and continually expanding international business, selling through our websites, wholesale partners, a network of franchise stores and, increasingly, our owned stores. We are becoming a more efficient business as we improve our Design to Customer process and refine our wholesale model. Simultaneously, we are focused on expanding our business globally, and we have a clear strategy for growing our e-commerce business as well as Europe, North America and China.

We now have a physical presence in 51 countries and 712 stores and concessions globally. We also have a successful e-commerce business with 25 international websites across 18 countries covering 12 different languages and delivering to 169 countries.

Strategic Progress

Our focus remains on executing the clear opportunities for the *Superdry* brand to deliver long-term sustainable growth. These opportunities are underpinned by the continued investment in infrastructure and reflect our multi-channel strategy that combines the ongoing development of our e-commerce platform with a disciplined approach to new space growth.

The development of *Superdry* as a global lifestyle brand also increases the resilience of the business model to external factors. The ongoing diversification of our business across geography, channel and category, reduces our reliance on any individual market and continuity ranges, that are sold all year round, continue to insulate the business from counter seasonal weather patterns.

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

Embed:
The greater understanding of our customer through an ongoing insight programme is central to the growth of the brand. This understanding is now soundly embedded into our range development processes for both core ranges and category extensions, such as *Superdry Sport*, as well as improvements in customer experience, which are currently being trialled in our next generation stores.

We continue to strengthen the senior management team, with Hugo Adams recruited in November from Marks & Spencer to the newly created role of Marketing and Business Development Director.

Enable:
Investment in people, systems, processes and infrastructure to enable our planned future growth is an important and continuing element of our strategy.

During the period we successfully opened new third party distribution facilities in Europe and the USA. Once fully operational these sites will support each of our routes to customer: stores, e-commerce and wholesale and, by locating inventory closer to our growing customer base in each of these territories, we will improve stock availability and deliver cost efficiencies in the medium term. The operating scope of the new sites and the costs of migration are each in line with expectation.

We remain confident that our multi-year Design to Customer programme will introduce processes more appropriate to our diversified business model at our envisaged scale, improving speed to market while reducing wastage and operating costs. The approach remains measured, with progressive improvements being introduced to each subsequent season once tested and proven.

Extend:
A significant opportunity exists to extend into new product categories that are a natural extension to the brand. Based on insight, we have the opportunity to produce *Superdry* products relevant to a greater number of our customers' life stages as well developing ranges tailored for specific occasions. Accordingly, we are planning an ongoing product innovation pipeline developed both in the core mainline range and through the recently established SuperDesignLab.

Womenswear remains our most material growth opportunity. During the half year, growth was well balanced with the womenswear category having delivered similarly high growth rates to that of menswear.

The period saw the first complete half year of trading for the Premium collection, developed in collaboration with Idris Elba, and women's sportswear. Sportswear and "ath-leisure" are well aligned to *Superdry's* brand image and is a sizeable market with further growth potential. Based on the positive customer reaction to the women's range, the period saw us fully launch a *Superdry Sport* range for men. During the autumn we launched an expanded and re-invigorated footwear range together with a new seasonal gifting range.

Revenues from the Sport and Premium ranges have contributed well to sales and we have been encouraged by the respective customer reactions. While we will continue to trial further category extensions, recognising the relative infancy of both the Premium and Sport developments, the focus in the immediate term will be to refine these existing ranges to build on their strong start.

Execute:
We continue to focus on expanding the *Superdry* business globally. Our approach to each market is considered and seeks to optimise returns and minimise risk by tailoring the channel and marketing strategy to each country and its stage of development. In delivering this strategy we benefit from deep experience and established capability in the following routes to the customer:

- Owned stores in primary catchments;
- Franchise stores in secondary catchments and developing markets;
- Superdry branded websites;
- Partner websites that build brand awareness and access a different customer base;
- Department stores and
- Multi-brand independents.

The benefits of this disciplined approach is reflected in the revenue performance in the period. The Retail channel continued to see good growth during the half year with a consistent delivery of total retail sales and like-for-like sales across of each of the first two trading quarters. Positive like-for-like sales were achieved across stores and e-commerce with our online channel continuing its recent strong growth profile.

E-commerce grew by around 40% year on year and its participation of retail sales increased from 19% in the first half last year to 22% this year, 24% on a rolling 12 months basis. Customer interaction with each of our 25 local web-sites continues to be led by mobile use, 66% of visits originated from either a mobile or tablet during the period, with visits from mobiles having grown by 43% year-on-year. With the apparel market's online participation forecast to grow by around 12% over the next four years and with our investment in our e-commerce proposition, this represents a significant ongoing growth opportunity for us.

Our owned new store opening programme remained on track as we extended our global footprint by opening 67,000 square feet of net new retail space, all outside the UK, with nine stores opened in Europe and three in the USA, including a 12,000 square feet store on 34th Street in Manhattan. We remain on track to deliver new space in line with guidance for the full year, expanding our existing retail operations throughout Europe but with a focus on Germany. The brand performs well in this significant market, having delivered a further period of positive like-for-like growth at constant currencies, and is under-represented with only 27 stores.

As presented at the Capital Markets Day in September 2016, our next generation trial stores seek to update the brand delivery in store, particularly in showcasing the breadth of our product range, and enhance our customers' shopping experience. Commercially the updated format targets improvements to sales density through flexible fixturisation while reducing the capital and operating costs of new and refurbished stores. Performance in the first two trial stores remains strong and we will extend the trial to a further five new or refurbished stores in the balance of the financial year. While we will fully evaluate the trial stores in early 2017, we remain confident in this opportunity which would initially be rolled out through a managed programme of UK stores.

Wholesale performed strongly during the period benefitting from our increased focus, investment and development of this channel, that began last year. We delivered growth from the expansion of our customer base and increased sales to existing customers of our core, sportswear and premium ranges. In addition, we are seeing improved traction in our USA operation. During the half, 29 new franchises were opened including eight in France, our first stores in Croatia, Slovenia and Russia, and two licensed stores in Australia, which increased our global presence to 304 such stores.

Our longer-term development opportunities in North America and China are each progressing in line with their plans:

In the USA, progress continues to be made across all of the channels, with strong growth in both wholesale and e-commerce. The acquired retail portfolio, which will reduce in scale over time, has seen a significant improvement in sales reflecting an enhanced product range, a more compelling store experience and the establishment of a more effective pricing strategy. During the period stores were opened in Disney Springs, Orlando; Manhattan and the King of Prussia mall in Philadelphia. These stores are trading strongly and the North American operation remains on track to break even this financial year. The success of the trial stores has provided confidence in our store proposition and as a consequence we already approved a further 5 stores to open in financial year 2018.

Our China joint venture with Trendy International Group continued to progress well. Three stores opened during the half in Beijing and Shanghai. A further two stores opened in December in Beijing and Shenzhen together with the joint venture's first franchise stores located in Quanzhou and Xiamen.

Financial Review

Our financial performance during the first half of the year saw strong growth in revenue and the profitability of the core business. The strength of this performance and the continued progress across our key performance indicators provides a solid platform for the remainder of the financial year.

Group profit and loss

	Unaudited 1H17 £m	Unaudited 1H16* £m	% change
Revenue: Retail	**215.2**	172.1	25.0%
Wholesale	**118.8**	82.6	43.8%
Group revenue	**334.0**	254.7	31.1%
Underlying gross profit	**196.5**	153.1	28.3%
Underlying gross profit margin %	***58.8%***	*60.1%*	
Sales and distribution costs	**(143.3)**	(107.9)	32.8%
Central costs	**(35.5)**	(30.3)	17.2%
Other gains and losses	**4.4**	4.4	-
Underlying operating profit	**22.1**	19.3	14.5%
Underlying operating margin	***6.6%***	*7.6%*	
Re-measurements and exceptional items:			
Fair value re-measurements	**(8.3)**	(5.5)	50.9%
Exceptional items	**-**	(2.3)	(100.0%)
Total non-underlying adjustments	**(8.3)**	(7.8)	6.4%
Operating profit	**13.8**	11.5	20.0%
Net finance income	**0.2**	-	100%
Share of loss of joint venture and associate	**(1.3)**	-	100%
Profit before income tax	**12.7**	11.5	10.4%
Underlying profit before income tax	**21.0**	19.3	8.8%
Distribution centre migration costs	**1.7**	-	-
Development markets losses	**3.5**	2.4	45.8%
Underlying profit before income tax, development markets and DC migration	**26.2**	21.7	20.7%

*26 weeks ended 24 October 2015

Group revenue increased by £79.3m to £334.0m. The increase of 31.1%, on the same period last year, was driven by strong performances in each of our channels and in all three routes to customer: Wholesale, Retail and e-commerce.

Underlying gross profit increased to £196.5m, representing an underlying gross profit margin of 58.8%, a decrease of 130bps on the previous year. The reduction from the prior year is primarily structural, resulting from the mix of sales towards relatively lower margin Wholesale sales. The balance of the year-on-year dilution reflects the net impact of small currency gains offset by focused clearance activity prior to the migration to our new international distribution centres and the testing of added-value promotional mechanics within Retail which will not be repeated.

Selling and distribution costs included costs associated with the storage and delivery of product, operating retail stores and fulfilment costs of e-commerce and wholesale orders. The largest constituent cost relates to operating stores, where the increase is driven by our continuing store opening programme in Europe and the USA, where average space increased by 19% year-on-year.

Excluding the £1.7m one-off costs incurred as part of the distribution centre (“DC”) migration programme, costs increased by 31.2% to £141.6m (1H16: £107.9m). This growth is in line with the increase in sales after absorbing the higher unit costs of sales within our fast growing e-commerce channel.

Central costs have increased 17.2% year on year to £35.5m as investment in global infrastructure and capability continues to enable future planned growth.

The Group continues to incur losses in each of its key development markets as they establish scale. USA losses of £2.2m (1H16: £2.4m) reflect the impact of improved trading in the stores inherited at the time of acquisition offset by pre-trading costs for stores opened both in the period and early in the second half. The Group’s share of losses within the China joint venture total £1.3m. (1H16: £Nil).

Underlying profit before income tax for the period was £21.0m (1H16: £19.3m), an increase of 8.8% on the prior period. Adjusting for one-off DC migration costs and initial losses in our development markets, profit before tax generated by the business’s core operations increased by 20.7%.

Retail division (including e-commerce)

	Unaudited 1H17 £m	Unaudited 1H16 £m	Change
External revenues	**215.2**	172.1	25.0%
% of Group Revenue	**64.4%**	67.6%	
Retail underlying operating profit	**18.2**	19.1	(4.7%)
Underlying operating profit margin	***8.5%***	*11.1%*	

Retail division revenues grew by 25.0% to £215.2m in 1H17 (1H16: £172.1m). The strong growth in Retail sales reflects the continued expansion of owned stores together with continued positive like-for-like growth of 12.8% driven in particular by a strong performance in e-commerce and delivered against a challenging comparative (1H16: 17.2%).

Investment in new stores continued to generate strong returns on invested capital, generating paybacks within our post-tax target of 30 months. During the period, average retail square footage increased by 19% to 939k sq.ft, (1H16: 789k sq.ft), having opened 12 new stores, nine in Europe and three in the USA, relocated one store and closed three resulting in eight net new stores.

We continued to strengthen our e-commerce proposition to take advantage of consumers’ increasing preference for the convenience of this channel. E-commerce sales grew by around 40% during the period with participation of retail sales at 21.6% (1H16: 19.2%).

Primarily reflecting the impact on gross margin of one-off promotional activity and higher distribution costs, underlying operating profit from the Retail division of £18.2m (1H16: £19.1m) was 4.7% down on the same period last year, representing an underlying margin of 8.5% (1H16: 11.1%). Excluding the costs invested in the period to support the migration to the new international DCs, operating profit increased year-on-year to £19.9m, representing an operating profit margin of 9.2%.

Wholesale division

Wholesale revenue by territory	**Unaudited 1H17 £m**	Unaudited 1H16 £m	Change
Wholesale revenue by territory:			
Europe	77.2	50.3	53.5%
UK and Republic of Ireland	21.7	17.5	24.0%
Rest of World	19.9	14.8	34.5%
Total Wholesale revenue	**118.8**	**82.6**	**43.8%**
Wholesale division	**Unaudited 1H17 £m**	Unaudited 1H16 £m	Change
External revenues	**118.8**	82.6	43.8%
% of Group Revenue	**35.6%**	32.4%	
Wholesale underlying operating profit	**39.4**	28.4	38.7%
Underlying operating profit margin	***33.2%***	*34.4%*	

Revenues within the Wholesale division increased by 43.8% year on year, delivering revenue of £118.8m in 1H17 (1H16: £82.6m) with strong growth in all territories.

The underlying operating profit was £39.4m, a 38.7% improvement on 1H16 (£28.4m). Operating margins declined marginally to 33.2% (1H16: 34.4%) primarily reflecting the relative rate of growth, versus wholesale revenues, of income from other brand partners including third party license holders.

Re-measurements and exceptional items

Fair value re-measurements and exceptional items are detailed in note 6.

The re-measurements relate to the half yearly fair value adjustment of forward foreign exchange contracts, being a £8.3m loss. The portion of the re-measurements charged to the Retail and Wholesale segments were £0.3m and £8.0m respectively. The loss in the period primarily reflects the impact of the devaluation of sterling, on contracts existing at the time of the vote to exit the European Union.

There are no 1H17 exceptional items. The 1H16 exceptional loss of £2.3m (Retail £2.1m, Wholesale £0.2m) related to the fair value adjustment to inventories acquired in the USA licence buy-out. The acquired inventory was valued at sale price less cost to sell, increasing the value of the inventory at the previous year-end by £2.3m.

Finance costs and income
Finance income net of finance costs amounted to £0.2m (1H16: £nil).

Profit before income tax
After fair value re-measurements and exceptional items, Group profit before income tax at £12.7m (1H16: £11.5m) was 10.4% higher than the prior year.

Taxation
Underlying income tax expense for 1H17 of £3.9m (1H16: £3.0m) represented an underlying effective tax rate of 18.6% compared to 15.5% in 1H16.

The difference between the 1H17 Group underlying tax rate of 18.6% and each of the FY17 forecast underlying rate of 21.0% and the UK statutory rate of 19.9% reflects the current year adjustment in respect of deferred tax assets on losses previously not recognised.

Earnings per share

Underlying basic earnings per share was 21.0p (1H16: 20.0p). Reported basic earnings per share was 11.5p (1H16: 10.2p), calculated using the basic weighted average number of ordinary shares outstanding for the period of 81,275,275 (1H16: 81,075,521).

Diluted earnings per share is 11.5p (1H16: 10.2p) based on a diluted weighted average of 81,715,755 shares (1H16: 81,278,994 shares).

Dividends

Consistent with our dividend policy, we announce today an interim dividend of 7.8 pence per share (1H16: 6.2 pence per share), being one-third of the FY16 full year dividend. This will absorb an estimated £6.4m of shareholders' funds. The interim dividend will be paid on 27 January 2017 to shareholders on the register of the close of business on 20 January 2017.

The key parameters of our dividend policy are as follows:

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

Cash-flow, investments and working capital

We remain financially strong and highly cash generative, retaining net cash balances, excluding other financial assets, of £40.4m (1H16: £70.0m). The net decrease in cash during the period of £64.2m (1H16: £1.1m increase) reflects continued capital and working capital investment across our business and the payment of maiden final and special dividends during the period totalling £30.1m.

Capital investment		**1H17 £m**	**1H16 £m**
Store portfolio	New stores	14.9	16.9
	Existing stores	4.9	2.4
	Franchise stores	1.6	0.6
		21.4	**19.9**
Infrastructure	IT (including software development)	5.2	3.1
	Distribution	3.2	1.8
	Head office	1.0	4.4
		9.4	**9.3**
Total capital investment		**30.8**	**29.2**
Capital creditor		**(5.0)**	**(7.0)**
Cash outflow	Capital additions	24.3	19.3
	Intangible assets	1.5	2.9
		25.8	**22.2**

Property, plant and equipment and intangible assets totalled £173.8m, increasing by £26.9m (18.3%) since the financial year-end. While partly reflecting currency translation, the increase was driven by our continued programme of store expansion within the EU and the USA, and ongoing infrastructure investment to strengthen our central capability and facilitate our future planned growth.

Recognising the extensive programme over the last three financial years to replace the majority of legacy systems, our technology investment is now focused on leveraging the Group's new infrastructure through a programme of smaller continuous improvements. In the period such upgrades were delivered to our warehouse management, merchandise planning, e-commerce and finance systems.

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

Working Capital	**1H17 £m**	**1H16 £m**	Movement %
Inventories	160.5	117.7	36.4%
Trade and similar receivables[1]	95.9	75.7	26.7%
Trade and similar payables[2]	(124.2)	(91.6)	35.6%
Total working capital	**132.2**	**101.8**	**29.9%**

Notes:

1. Trade and similar receivables excludes cash contributions from landlords and rent deposits.
2. Trade and similar payables excludes lease incentives, other taxes and capital expenditure accruals.

Investment in inventories, trade and similar receivables and trade and similar payables increased year on year by £30.4m to £132.2m (1H16: £101.8m), reflecting the continued growth in the business and increased investment in working capital to secure inventory availability in advance of peak trading.

Specifically, inventories have increased by 36.4%, approximately 25% excluding the impact of currency. The underlying increase reflects additional inventory: to support the expanded store footprint in Europe and the USA, to ensure high product availability in the key trading period and positioned in the Group's new international DC's to mitigate transition risk.

Trade and similar receivables remained well managed with a reduction in debtor days since the previous half year. Trade and similar payables increased by 35.6% to £124.2m (1H16: £91.6m) reflecting the timing of seasonal deliveries and the progressive movement of suppliers to standard trading terms.

Going concern

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

Principal risks and uncertainties

The principal risks and uncertainties were outlined in the Director's Report within the 2016 Annual Report and remain unchanged. These are as described in note 19 of this document.

The vote on 23 June 2016 of the UK to leave the EU has created economic uncertainties, specifically around foreign exchange rates. The Board continues to monitor potential impacts arising from *Brexit* but it does not consider that there will be any materially adverse effect on its results or financial position in the current financial year.

Outlook

The first half year has delivered further growth in revenue and profits and seen positive progress against each of the Group's strategic objectives. Trading during the third quarter has also been positive under-pinning financial delivery for the full financial year.

In the near term each of the Group's channels are well positioned to deliver this growth with a strong store pipeline in Europe, building confidence in our store proposition in the USA and an advantaged e-commerce proposition benefitting Retail and a further strong forward sales programme in Wholesale. Longer term, the Board remains confident that the continued successful execution of the Group's strategy will both build *Superdry* into a global lifestyle brand and generate long-term, sustainable growth.

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

On 11 January 2017 the Board of Directors of SuperGroup Plc approved this statement.

The directors confirm that to the best of their knowledge:

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

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

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

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

The directors of SuperGroup Plc are listed on page 51 and 52 of the 2016 Annual Report.

On behalf of the Board of Directors:

Euan Sutherland	Nick Wharton
Chief Executive Officer	Chief Financial Officer
11 January 2017	11 January 2017

Cautionary statement

This report contains certain forward-looking statements with respect to the financial condition, results of the operations, and businesses of SuperGroup Plc. These statements and forecasts involve risk, uncertainty and assumptions because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. These forward-looking statements are made only as at the date of this announcement. Except as required by law, SuperGroup Plc has no obligation to update the forward-looking statements or to correct any inaccuracies therein.

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

Condensed Group Statement of Comprehensive Income for the 26 weeks ended 29 October 2016 (unaudited)

	Note	**Underlying October 2016**	**Re-measurements and exceptional items (note 6)**	**Total October 2016**	Underlying October 2015	Re-measurements and exceptional items (note 6)	Total October 2015
		£m	**£m**	**£m**	£m	£m	£m
Revenue	5	334.0	-	334.0	254.7	-	254.7
Cost of sales		(137.5)	-	(137.5)	(101.6)	(2.3)	(103.9)
Gross profit		**196.5**	**-**	**196.5**	**153.1**	**(2.3)**	**150.8**
Selling, general and administrative expenses		(178.8)	-	(178.8)	(138.2)	-	(138.2)
Other gains and losses (net)		4.4	(8.3)	(3.9)	4.4	(5.5)	(1.1)
Operating profit		**22.1**	**(8.3)**	**13.8**	**19.3**	**(7.8)**	**11.5**
Net finance income		0.2	-	0.2	-	-	-
Share of loss of joint venture and associate	7	(1.3)	-	(1.3)	-	-	-
Profit before income tax		**21.0**	**(8.3)**	**12.7**	**19.3**	**(7.8)**	**11.5**
Income tax expense	8	(3.9)	0.6	(3.3)	(3.0)	(0.1)	(3.1)
Profit for the period		**17.1**	**(7.7)**	**9.4**	**16.3**	**(7.9)**	**8.4**
Attributable to:							
Owners of the Company		17.1	(7.7)	9.4	16.2	(7.9)	8.3
Non-controlling interests		-	-	-	0.1	-	0.1
		17.1	**(7.7)**	**9.4**	**16.3**	**(7.9)**	**8.4**
Other comprehensive income net of tax:							
Items that may be subsequently reclassified to profit or loss							
Currency translation differences		11.6	-	11.6	(0.5)	-	(0.5)
Total comprehensive income for the period		**28.7**	**(7.7)**	**21.0**	**15.8**	**(7.9)**	**7.9**
Attributable to:							
Owners of the Company				21.0			7.8
Non-controlling interests				-			0.1
				21.0			**7.9**
Earnings per share							
Basic	16	21.0		11.5	20.0		10.2
Diluted	16	20.9		11.5	20.0		10.2

Condensed Group Balance Sheet as at 29 October 2016

	Note	**Unaudited October 2016 £m**	Unaudited October 2015 £m	Audited April 2016 £m
ASSETS				
Non-current assets				
Property, plant and equipment	10	115.0	86.5	95.4
Intangible assets	11	58.8	51.2	51.5
Investment in joint venture	7	1.7	-	3.0
Other non-current financial assets	20	0.7	0.6	0.7
Deferred income tax assets		30.0	30.2	28.9
Derivative financial instruments	20	0.4	0.3	0.1
Total non-current assets		**206.6**	**168.8**	**179.6**
Current assets				
Inventories	13	160.5	117.7	112.6
Trade and other receivables		109.8	79.2	80.4
Derivative financial instruments	20	15.2	5.3	0.7
Other financial assets		-	10.0	-
Cash and cash equivalents	18	40.4	70.0	100.7
Total current assets		**325.9**	**282.2**	**294.4**
LIABILITIES				
Current liabilities				
Trade and other payables		132.3	107.9	90.2
Current income tax liabilities		4.6	7.3	10.4
Derivative financial instruments	20	24.2	-	3.3
Total current liabilities		**161.1**	**115.2**	**103.9**
Non-current liabilities				
Trade and other payables		37.8	31.1	30.8
Provisions for other liabilities and charges		3.1	1.3	3.1
Deferred income tax liabilities		0.8	1.4	0.8
Derivative financial instruments	20	2.3	-	-
Total non-current liabilities		**44.0**	**33.8**	**34.7**
Net assets		**327.4**	**302.0**	**335.4**
EQUITY				
Share capital	14	4.1	4.0	4.1
Share premium		148.3	148.0	148.3
Translation reserve		2.4	(13.2)	(9.2)
Merger reserve		(302.5)	(302.5)	(302.5)
Retained earnings		475.1	465.7	494.7
Equity attributable to the owners of the Company		**327.4**	**302.0**	**335.4**
Total equity		**327.4**	**302.0**	**335.4**

Condensed Group Cash Flow Statement for the 26 weeks ended 29 October 2016 (unaudited)

	October 2016 £m	October 2015* £m
Operating profit	13.8	11.5
Re-measurements and exceptional items	8.3	7.8
Underlying operating profit	**22.1**	**19.3**
Adjusted for:		
- Depreciation of property, plant and equipment	14.0	12.6
- Amortisation of intangible assets	3.6	2.6
- Loss on disposal of property, plant and equipment	0.5	0.1
- Gain on sale of investments	-	(1.6)
- Release of lease incentives	(4.5)	(3.9)
- Employee share award schemes	1.1	0.7
- Foreign exchange (gain)/loss on operating activities	(0.3)	-
Underlying operating cash flow before movements in working capital	**36.5**	**29.8**
Changes in working capital:		
- Increase in inventories	(44.5)	(9.8)
- Increase in trade and other receivables	(24.3)	(3.8)
- Increase in trade and other payables, and provisions	33.5	18.7
Cash generated from underlying operating activities	**1.2**	**34.9**
Interest received	0.2	-
Tax paid	(9.9)	(12.0)
Net cash (used in)/generated from operations	**(8.5)**	**22.9**
Cash flow from investing activities		
Purchase of property, plant and equipment	(24.3)	(19.3)
Purchase of intangible assets	(1.5)	(2.9)
Cash received from disposal of investments	-	1.5
Purchase of non-controlling interest	-	(2.2)
Net cash used in investing activities	**(25.8)**	**(22.9)**
Cash flow from financing activities		
Dividend payments	(30.1)	-
Cash contributions from landlords	0.2	1.1
Net cash (used in)/generated from financing activities	**(29.9)**	**1.1**
Net (decrease)/increase in cash and cash equivalents	**(64.2)**	**1.1**
Cash and cash equivalents, net of overdraft, at beginning of period	**100.7**	**67.6**
Exchange gains on cash and cash equivalents	3.9	1.3
Cash and cash equivalents, net of overdraft, at end of period	**40.4**	**70.0**

* The comparative figures have been restated to reflect the revised format of the cash flow statement adopted in the FY16 annual report.

Condensed Group Statement of Changes in Equity for the 26 weeks ended 29 October 2016 (unaudited)

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

	Attributable to the owners of the Company								
	Share capital £m	Share premium £m	Translation reserve £m	Merger reserve £m	Retained earnings £m	Other £m	**Total £m**	Non-controlling interests £m	**Total equity £m**
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	-	-	-	-	8.3	-	**8.3**	0.1	**8.4**
Other comprehensive income									
Currency translation differences	-	-	(0.5)	-	-	-	**(0.5)**	-	**(0.5)**
Total other comprehensive income	**-**	**-**	**(0.5)**	**-**	**-**	-	**(0.5)**	-	**(0.5)**
Total comprehensive income for the period	**-**	**-**	**(0.5)**	**-**	**8.3**	**-**	**7.8**	**0.1**	**7.9**
Transactions with owners									
Employee share award scheme	-	-	-	-	0.7	-	**0.7**	-	**0.7**
Purchase of non-controlling interests	-	0.5	-	**-**	0.7	(0.7)	**0.5**	(2.3)	**(1.8)**
Dividends paid	-	-	-	-	-	-	**-**	-	**-**
Total transactions with owners	**-**	**0.5**	**-**	**-**	**1.4**	**(0.7)**	**1.2**	**(2.3)**	**(1.1)**
Balance at 24 October 2015	**4.0**	**148.0**	**(13.2)**	**(302.5)**	**465.7**	**-**	**302.0**	-	**302.0**

Condensed Group Statement of Changes in Equity for 30 April 2016 (audited)

	Attributable to the owners of the Company								
	Share capital £m	Share premium £m	Translation reserve £m	Merger reserve £m	Retained earnings £m	Other £m	**Total £m**	Non-controlling interests £m	**Total equity £m**
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	**-**	**-**	**-**	**-**	**41.2**	**-**	**41.2**	**0.1**	**41.3**
Profit for the period									
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	-	0.3	-	-	2.2	-	2.5	-	2.5
Deferred tax – employee share award schemes	-	-	-	-	(0.5)	-	(0.5)	-	(0.5)
Purchase of non-controlling interest	-	-	-	-	0.8	(0.7)	0.1	(2.3)	(2.2)
Shares issued	0.1	0.5	-	-	-	-	0.6	-	0.6
Dividend payments	-	-	-	-	(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**

Explanatory Notes to the Interim Financial Information (unaudited)

1. Basis of preparation

SuperGroup Plc is a company domiciled in the United Kingdom. The condensed interim financial information ("interim financial information") of SuperGroup Plc for the 26 weeks ended 29 October 2016 ("October 2016") comprise the Company and its subsidiaries (together referred to as "the Group"). The prior comparative period is for the 26 weeks ended 24 October 2015 ("October 2015").

This interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The Group statutory financial statements for the 53 weeks ended 30 April 2016 ("April 2016") are available upon request from the Company's registered office at SuperGroup Plc, Unit 60, The Runnings, Cheltenham, Gloucestershire, GL51 9NW or www.supergroup.co.uk.

This interim financial information has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and the requirements of the Disclosures and Transparency Rules. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Group financial statements as at and for the 53 weeks ended 30 April 2016, which have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union. This interim financial information was approved by the Board of Directors on 11 January 2017.

The comparative figures for April 2016 are extracted from the Group's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the registrar of companies. The report of the auditors (i) was unqualified; (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report; and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006. These sections address whether proper accounting records have been kept, whether the Group's accounts are in agreement with these records and whether the auditors have obtained all the information and explanations necessary for the purposes of the audit.

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

This interim financial information has been prepared under the going concern basis, as disclosed further in the Financial Review on page 11.

2. Significant accounting policies

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

A number of amendments to IFRSs became effective for the financial year beginning on 1 May 2016, however the group did not have to change its accounting policies or make material retrospective adjustments as a result of adopting these new standards.

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

3. Critical accounting estimates and judgements in applying accounting policies

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

In preparing this interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those that applied to the consolidated financial statements for the 53 weeks ended 30 April 2016, as set out on page 110 and 111 of those financial statements.

4. Seasonality of operations

Due to the seasonal nature of the Retail segment, higher revenues and operating profits are usually expected in the second half of the year than the first six months. This fluctuation in demand is compounded because sales in the second half of the year are primarily winter products, which are typically higher margin items. Wholesale seasonality is more evenly spread across the year.

In the financial period ended 30 April 2016, 42.6% of total revenues accumulated in the first half of the year, with 57.4% accumulating in the second half. This corresponded to 26.7% of underlying profit before income tax in the first half of the year, with 73.3% accumulating in the second half.

5. Segmental information

The Group's operating segments under IFRS 8 have been determined based on the reports reviewed by the Group's Chief Operating Decision Maker (Executive Board Members "the CODM"). The CODM assesses the performance of the operating segments based on underlying profit before income tax and before inter-segment royalties. The CODM considers the business from a customer perspective only, being Retail and Wholesale. The CODM reviews the balance sheet at a Group level. No separate balance sheet measures are provided between the Retail and Wholesale segments.

The CODM receives information, reviews the performance of the business, allocates resources and approves budgets for two operating segments, and therefore information is disclosed in respect of the following two segments:

- Retail - principal activities comprise the operation of UK, Republic of Ireland, European and US stores, concessions and all internet sites. Revenue is derived from the sale to individual consumers of own brand clothing, footwear and accessories;

- Wholesale - principal activities comprise the ownership of brands, wholesale distribution of own brand products (clothing, footwear and accessories) worldwide and trade sales.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Group reports and manages central functions (which includes design, finance, HR, IT, legal, marketing, merchandising, property, sourcing and the goodwill and intangibles arising on consolidation) separately to the Retail and Wholesale operations.

The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that of the IFRS financial statements.

Inter-segment royalties, transfers or transactions entered into under a cost plus pricing structure are not reflected in the performance of each business segment.

Segment information for the main reportable business segments of the Group for October 2016 is set out below:

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

The following additional information is considered useful to the reader and should be read in conjunction with note 6.

October 2016 segmental analysis (unaudited)	**Underlying October 2016 £m**
Revenue	
Retail	215.2
Wholesale	118.8
Total revenue	**334.0**
Underlying operating profit	
Retail	18.2
Wholesale	39.4
Central	(35.5)
Total underlying operating profit[1]	**22.1**
Re-measurements and exceptional items (note 6)	(8.3)
Net finance income	0.2
Share of loss of JV	(1.3)
Total profit before income tax	**12.7**

[1] Other gains and losses of £4.4m have been allocated £2.1m in Retail, £2.3m in Wholesale .

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

October 2015 segmental analysis (unaudited)	Retail	Wholesale	Central	**Group**
	£m	£m	£m	**£m**
Total segment revenue	176.6	88.0	-	**264.6**
Inter-segment revenue (excluding royalties)	(4.5)	(5.4)	-	**(9.9)**
Revenue from external customers	**172.1**	**82.6**	**-**	**254.7**

The following additional information is considered useful to the reader.

October 2015 segmental analysis (unaudited)

	Underlying October 2015 £m
Revenue	
Retail	172.1
Wholesale	82.6
Total revenue	**254.7**
Underlying operating profit	
Retail	19.1
Wholesale	28.4
Central	(28.2)
Total underlying operating profit[1]	**19.3**
Re-measurements and exceptional items (note 6)	(7.8)
Total profit before income tax	**11.5**

[1] Other gains and losses of £4.4m have been allocated £0.4m in Retail, £1.9m in Wholesale and £2.1m in Central.

The re-measurements and exceptional items of £7.8m have been allocated as £3.6m to the Retail segment and £4.2m to the Wholesale segment. The nature of these balances has been disclosed further in note 6.

The Group has subsidiaries which are incorporated and resident in the UK and overseas. Revenue from external customers in the UK and the total revenue from external customers from other countries are:

	Unaudited October 2016 £m	Unaudited October 2015 £m
External revenue – UK	137.0	132.4
External revenue – Europe	159.0	97.9
External revenue – Rest of world	38.0	24.4
Total external revenue	**334.0**	**254.7**

Included within non-UK external revenue is £87.0m (October 2015: £51.0m) generated by our overseas subsidiaries.

The total of non-current assets, other than deferred tax assets, located in the UK is £62.6m (October 2015: £68.4m, April 2016: £74.2m), and the total of non-current assets located in other countries is £114.0m (October 2015: £63.2m, April 2016: £76.4m)

6. Re-measurements and exceptional items

Non-underlying adjustments constitute the fair value re-measurement of foreign exchange contracts 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.

	Unaudited October 2016	Unaudited October 2015
	£m	£m
Re-measurements		
Loss on financial derivatives	(8.3)	(5.5)
Exceptional items		
Impact of IFRS 3 (revised) on inventory acquired at date of acquisition	-	(2.3)
Re-measurements and exceptional items	**(8.3)**	**(7.8)**
Taxation		
Tax impact of non-underlying adjustments	1.7	1.1
Deferred income tax – exceptional (note 8)	(1.1)	(1.2)
Taxation on re-measurements and exceptional items	**0.6**	**(0.1)**
Total re-measurements and exceptional items after taxation	**(7.7)**	**(7.9)**
Re-measurements and exceptional items are included within:		
Cost of sales	-	(2.3)
Other gains and losses (net)	(8.3)	(5.5)
Re-measurements and exceptional items	**(8.3)**	**(7.8)**

Exceptional items in the prior period comprised:

On 25 March 2015, SuperGroup Plc acquired the exclusive rights to distribute Superdry products in North America, by terminating the 30 year licence previously granted to SDUSA LLC, the Group's US licence partner. The acquired inventory was valued at sale price less cost to sell, increasing the value of the inventory at the previous year-end by £2.3m.The majority of the acquired inventory was sold in the year ended April 2016. No further adjustment is proposed in relation to this.

7. Share of loss of joint venture and associate

During FY16, SuperGroup Plc invested £3.6m in Trendy & Superdry Holding Limited as a 50% subscription for the issued share capital, and as at 30 April 2016, the carrying value of the investment was £3.0m. For 1H17 £1.3m has been recognised as SuperGroup Plc's share of the loss for the period, and as such the investment is now held at £1.7m.

8. Income tax expenses (unaudited)

The Group's underlying income tax expense for 1H17 of £3.9m (1H16: £3.0m) represents an underlying effective tax rate of 18.6% compared to 15.5% in 1H16. The difference between 1H17 tax rate of 18.6% and FY17 forecast of 21% is that a current year adjustment in respect of deferred tax losses previously not recognised that have now been recognised in 1H17. The Group's underlying tax rate of 18.6% is lower (1H16: lower) than the UK statutory rate of 19.9% primarily due to this adjustment in respect of deferred tax losses.

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

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

	Unaudited October 2016	Unaudited October 2015
	£m	£m
Profit before tax	**12.7**	**11.5**
Profits multiplied by the standard rate in the UK – 19.9% (1H16: 20.0%)	2.5	2.3
Expenses not deductible for tax purposes	0.4	0.4
Overseas tax differentials	(0.1)	(0.6)
Deferred tax assets now recognised in respect of losses	(0.6)	(0.2)
Total income tax expense excluding exceptional items	**2.2**	**1.9**
Exceptional income tax expense	1.1	1.2
Total income tax expense including exceptional items	**3.3**	**3.1**

9. Dividends

In the year ended April 2016 a final dividend of 17.0p per share was approved along with a special dividend of 20.0p per share. These dividends were paid on 23 September 2016 to shareholders on the register at the close of business on 22 July 2016.

Consistent with our dividend policy, we announce today an interim dividend of 7.8 pence per share (1H16: 6.2 pence per share), being one-third of the FY16 full year dividend. This will utilise an estimated £6.4m of shareholders' funds. The interim dividend will be paid on 27 January 2017 to shareholders on the register at the close of business on 20 January 2017.

10. Property, plant and equipment

Movements in the net book value ("NBV") of property, plant and equipment in the period to October 2016 were as follows:

	Land and buildings	Leasehold improvements	Furniture, fixtures and fittings	Computer equipment	**Total Group**
	£m	£m	£m	£m	**£m**
NBV as at 30 April 2016	**5.8**	**69.6**	**17.9**	**2.1**	**95.4**
Additions	3.4	15.5	6.1	2.1	**27.1**
Net disposals	-	(0.3)	(0.2)	-	**(0.5)**
Depreciation	-	(9.5)	(3.2)	(1.3)	**(14.0)**
Exchange differences	-	5.3	1.5	0.2	**7.0**
NBV as at 29 Oct 2016	**9.2**	**80.6**	**22.1**	**3.1**	**115.0**

11. Intangible assets

Movements in the net book value ("NBV") of intangible assets in the period to October 2016 were as follows:

	Trademarks	Websites and software	Lease premiums	Distribution agreements	Goodwill	**Total Group**
	£m	£m	£m	£m	£m	**£m**
NBV as at 30 April 2016	**1.7**	**14.0**	**10.3**	**6.7**	**18.8**	**51.5**
Additions	-	3.7	-	-	-	**3.7**
Amortisation	(0.1)	(2.1)	(0.6)	(0.8)	-	**(3.6)**
Exchange differences	-	0.1	1.2	2.6	3.3	**7.2**

NBV as at 29 Oct 2016	**1.6**	**15.7**	**10.9**	**8.5**	**22.1**	**58.8**

12. Capital expenditure commitments

The Group has capital expenditure commitments on property, plant and equipment of £7.1m at October 2016 (£15.5m at October 2015 and £8.5m at April 2016).

13. Inventory write-downs

The Group has provided for inventory write downs of £3.6m at October 2016 (£3.2m at October 2015 and £5.3m at April 2016). During the period, the charge for inventory write downs was £0.9m, and the amounts utilised were £2.6m.

14. Equity securities

95,553 ordinary shares of 5p each were authorised, allotted and issued in the period under the SuperGroup Plc Share based Long Term Incentive Plans, Save As You Earn schemes and Buy As You Earn schemes.

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

Performance Share Plan
During 1H17, 279,848 share options were awarded under the SuperGroup Plc Share Plan (“PSP”) with a three year vesting period. The fair value of the shares awarded at the grant date during the period is £4.43m (2015: £5.45m). The total fair value of the entire outstanding share awards, taking into consideration management’s estimate of the share awards meeting the vesting conditions and achieving the performance targets, total £7.49m (2015: £6.92m).

A total of 92,417 ordinary shares were exercised under the PSP during the period with a fair value of £1.00m (2015: 160,089 ordinary shares were exercised under the PSP with a fair value of £0.44m).

A charge of £1.05m has been recorded in the condensed Group Statement of Comprehensive Income for the period ended October 2016 (a charge of £0.71m was recorded in the condensed Group Statement of Comprehensive Income for the period ended October 2015).

Save As You Earn (SAYE)
The SAYE is a savings-related share scheme where employees can buy shares from post-tax salary for a fixed share price. During the period, a total of 2,063 shares were purchased under the scheme with a fair value of £0.01m (October 2015: 4,114 shares were purchased with a fair value of £0.01m).

The total fair value of the entire potential future share purchases, taking into consideration management’s estimate of the employees meeting the vesting conditions, is estimated at £0.27m.

A charge of £0.05m has been recorded in the condensed Group Statement of Comprehensive Income for the period ended October 2016 (no charge or release was recognised for the period ended October 2015).

Buy As You Earn (BAYE) - *introduced August 2016*
The BAYE is a savings-related share scheme where employees can buy shares from pre-tax salary based on an agreed market value share price. During the period, a total of 1,073 shares were purchased under the scheme. No fair value adjustment is required for the period ended October 2016 and no charge has been recorded in the condensed Group Statement of Comprehensive Income for the period ended October 2016.

16. Earnings per share

	Unaudited October 2016	Unaudited October 2015
	£m	£m
Earnings		
Profit for the period attributable to owners of the company	9.4	8.3
	Number	**Number**
Number of shares at period end	81,331,280	81,188,811
Weighted average number of ordinary shares - basic	**81,275,275**	**81,075,521**
Effect of dilutive options and contingent shares	440,480	203,473
Weighted average number of ordinary shares - diluted	**81,715,755**	**81,278,994**
Basic earnings per share (pence)	**11.5**	**10.2**
Diluted earnings per share (pence)	**11.5**	**10.2**

Underlying basic earnings per share

	Unaudited October 2016	Unaudited October 2015
	£m	£m
Earnings		
Underlying profit for the period attributable to owners of the company	17.1	16.2
	Number	**Number**
Weighted average number of ordinary shares - basic	81,275,275	81,075,521
Weighted average number of ordinary shares - diluted	81,715,755	81,278,994
Underlying basic earnings per share (pence)	**21.0**	**20.0**
Underlying diluted earnings per share (pence)	**20.9**	**20.0**

17. Related parties

Directors of the Group within the period and their immediate relatives control 38.1% (October 2015: 43.7%) of the voting shares of the Group.

18. Net cash

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

Analysis of net cash - October 2015 (unaudited)	April 2015 £m	Cash flow £m	Other non-cash changes £m	October 2015 £m
Cash and short term deposits	67.6	1.1	1.3	**70.0**
Cash and cash equivalents	**67.6**	**1.1**	**1.3**	**70.0**
Total net cash	**67.6**	**1.1**	**1.3**	**70.0**

19. Principal risks and uncertainties

The principal risks and uncertainties were outlined in the 2016 Annual Report (pages 44-48). These remain unchanged. The principal risks and uncertainties outlined in the 2016 Annual Report were as follows:

- The Group's business may suffer if it is unable to predict or respond to fashion and design trends in a timely manner. This risk may become more significant as womenswear grows as a proportion of Group revenues;
- Failure to achieve long term business growth as a result of the lack of an effective strategy, the failure to successfully implement the strategy, an inappropriate business model in key markets or the failure to deliver critical infrastructure projects;
- Failure to deliver on our business aspirations in North America;
- Loss of key colleagues or the inability to attract and retain talent or preserve the Superdry culture;
- Economic and financial conditions or external world events result in challenging trading conditions or economic instability;
- Failure to protect the well-being of our customers and the colleagues who work for us or in support of our business;
- Key infrastructure or IT systems may be unavailable due to operational problems or a major incident;
- Brand damage may occur due to distribution through inappropriate channels or the existence of counterfeit product;
- Failure to comply with legal and regulatory frameworks;
- Risk of cyber, system or information security breach; and
- Risk of significant changes in currency exchange rates.

20. Financial risk management and financial instruments

The Group's activities expose it to a variety of financial risks including: market risk (including foreign currency risk and cash flow interest rate risk), credit risk and liquidity risk. The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 30 April 2016. There have been no changes in the risk management department or in any risk management policies since the year end.

Liquidity risk

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

Fair value estimation

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

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

The following table presents the Group's assets and liabilities that are measured at fair value at 29 October 2016.

Unaudited	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	2016	2016	2016	2015	2015	2015
	£m	£m	£m	£m	£m	£m
ASSETS						
Non-current financial assets	-	-	0.7	-	-	0.6
Derivative financial instruments						
- Forward foreign exchange contracts	15.3	-	-	5.6	-	-
- Option contracts	0.3	-	-	-	-	-
LIABILITIES						
Derivative financial instruments						
- Forward foreign exchange contracts	19.3	-	-	-	-	-
- Option contracts	7.2	-	-	-	-	-

There were no transfers between levels during the period.

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

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

21. Post balance sheet events

During FY16 SuperGroup Plc invested £3.6m in Trendy & Superdry Holding Limited as a 50% subscription for the issued share capital. In December 2016, SuperGroup invested a further £3.4m in Trendy & Superdry Holding Limited along with the joint venture partner.

Independent review report to SuperGroup Plc

Report on the condensed interim financial information

Our conclusion

We have reviewed SuperGroup Plc's condensed interim financial information (the "interim financial statements") in the interim results of SuperGroup Plc for the 26 week period ended 29 October 2016. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed group balance sheet as at 29 October 2016;
- the condensed group statement of comprehensive income for the period then ended;
- the condensed group cash flow statement for the period then ended;
- the condensed group statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim results, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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 a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Birmingham
11 January 2017