SuperGroup ■ Plc

14 July 2016

Full year results for the year ended 30 April 2016[1]

Significant strategic progress and strong sales and profit growth

First special dividend of 20.0p per share augments maiden full year ordinary dividend of 23.2p per share

SuperGroup Plc ("***SuperGroup***", "***Company***" or "***Group***"), owner of the Superdry brand, today announces full year audited results for the 53 weeks to 30 April 2016, together with results for the 52-week period to 23 April 2016 which better reflects the underlying performance of the business when compared to financial year 2015[1].

Key Financial Highlights[2]

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[3] position up 29.8% to £100.7m (2015: £77.6m)

Operational and Strategic Progress

- Retail revenue up 24.5%; like-for-like[4] sales growth +11.3%
- Further multi-channel development; E-commerce participation of Retail sales increased to 23.1%
- Insight led range innovation drives incremental sales:
  - Womenswear, highest growth category for the year
  - Superdry Sport and premium Idris Elba ranges launched
- 136,000 square feet added, predominantly in mainland Europe, with a strong pipeline for FY17
- Wholesale revenue increased by 14.2%; 48 net new international franchised stores opened
- Development markets progressing to plan:
  - USA financial loss £2.9m (guidance £3.0m - £3.5m) with five trial stores opening in 2016
  - Initial China trial stores opening Summer 2016 after joint venture agreement in July 2015
- On track to open two in-country distribution centres ahead of 2016 peak trading

Euan Sutherland, Chief Executive Officer, commented:

"SuperGroup has made significant progress this year, delivering double digit growth in sales and profits, while maintaining momentum against all the elements of our strategy to build a global lifestyle brand. We are reaching more customers with a greater breadth of product and were delighted with the positive reaction to our Womenswear offer and the innovations through Superdry Sport and the premium Idris Elba range. Our commitment to deliver long-term sustainable growth is clearly evidenced by the 75 per cent increase in our mainland European store footprint and our continued investment in infrastructure to support our growth plans.

"Looking forward, notwithstanding the current economic uncertainty, we remain well placed: We have a healthy committed new store pipeline in multiple geographies; are making good early progress in the USA and China; have clear e-commerce momentum and look forward to delivering the full-year impact from our product innovation. The Group is financially strong and readily able to fund our planned investment programme and our progressive dividend. With high confidence in the brand and our strategy we will pay our first special dividend of 20p per share to all shareholders at the same time as the final ordinary dividend".

Notes:

1. Extracted from the audited financial statements.

   The Group believes that the 52-week period to 23 April 2016 ("FY16") reflects better the underlying performance of the business when compared to financial year 2015 ("FY15") and this will form the focus of the commentary in this announcement. For completeness, we have reported our financial highlights using both 52-week and 53-week reporting periods.

2. 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.

3. Net cash includes cash and cash equivalents. In FY15 net cash included a term deposit that had been classified as "Other financial assets".

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

5. The trading comparatives for each quarter of FY16 (Unaudited):

FY16	Q1[a]	YOY	Q2[b]	YOY	H1	YOY	Q3[c]	YOY	Q4[d]	YOY	H2	YOY	FY16	YOY
	£m	%	£m	%	£m	%	£m	%	£m	%	£m	%	£m	%
Retail	80.6	33.4	91.5	28.5	**172.1**	30.8	145.3	16.0	98.5	29.6	**243.8**	20.5	**415.9**	24.5
LFL	19.3%		15.5%		**17.2%**		1.2%		15.4%		**8.0%**		**11.3%**	
Wholesale					**82.6**	7.8					**91.6**	21.6	**174.2**	14.2

Group					**254.7**	22.3					**335.4**	20.4	**590.1**	21.3

a. FY16 13 weeks from 26 April 2015 to 26 July 2015
   Note: 10 weeks to 5 July 2015 included as current trading update in full-year announcement on 9 July 2015
b. FY16 13 weeks from 27 July 2015 to 24 October 2015
c. FY16 11 weeks from 25 October 2015 to 9 January 2016
d. FY16 15 weeks from 10 January 2016 to 23 April 2016

Dividend declaration

The Board of Directors recommends the payment of a final ordinary dividend of 17.0 pence per share, in respect of the period ended 30 April 2016, subject to the approval of shareholders at the Company's Annual General Meeting to be held on 14 September 2016. In addition the Board declares a special dividend of 20.0 pence per share. These dividends will be paid on 23 September 2016 to those shareholders who are on the register of members on the record date of 22 July 2016. The ex-dividend date will be 21 July 2016.

FY17 Guidance (Unaudited)

Space: 140k – 150k

Gross margin: 0-30bps accretion

Capital: £60m - £70m

Sales and distribution costs: increase inline with revenue

Central costs: growth ahead of revenue

FY17 Reporting Calendar

Annual General Meeting	14 September 2016
Half-year pre-close (including Q1 and Q2 trading updates)	10 November 2016
Half-year announcement and presentation (including peak trading update)	12 January 2017
Full-year pre-close	11 May 2017
Full-year announcement and presentation	6 July 2017

Market Briefing

A presentation for analysts and investors will be held today starting at 9.30am at the London Stock Exchange.

For further information:

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Cautionary Statement

This announcement contains certain forward-looking statements with respect to the financial condition and operational results 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. Nothing in this announcement should be construed as a profit forecast. Except as required by law, SuperGroup Plc has no obligation to update the forward-looking statements or to correct any inaccuracies therein.

Notes to Editors

SuperGroup is the owner of British global lifestyle brand Superdry. A brand designed for attitude not age with affordable, premium-quality clothing, accessories, footwear and cosmetics.

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 independent stores. We are becoming a more efficient business as we improve our process from design to customer and refine our wholesale model.

Simultaneously, we are focused on expanding our business globally with a clear strategy for growing our e-commerce business as well as our operations in key markets within Europe, North America and China.

Over the past 12 years, we have expanded rapidly, with a physical presence in 51 countries and 672 stores and concessions globally. We also have a successful e-commerce business with 26 international websites across 18 countries covering 12 different languages and delivering to 173 countries.

Chairman's Statement

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 of the Annual Report. 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 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 pence 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.

Review of the Year

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:

Embed.

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:

- defines the brand and reason for being;
- creates one clear and concise brand story for all markets; and
- 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.

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 North America, 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 product opportunities
Significant opportunities exist for Superdry as we look to continually extend into adjacent product categories and ranges that are a 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.

Execute.

Expanding our retail estate in mainland Europe
A key driver of our growth strategy is the expansion of our retail estate which is 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 approach 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.

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 acquired. 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.

Finance Review

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 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 of £55.4m (2015: £59.5m).

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).

£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 4);
- 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 4); 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 (note 4).

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.

Our Wholesale division

Our Wholesale division delivered revenue of £174.2m, up 14.2% (2015: £152.5m), represents 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.

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 marginally 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 partial 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 predominately 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, together with the declared special dividend, will represent a cash outflow of approximately £30m and will be paid on 23 September 2016 to shareholders on the register at the close of business on 22 July 2016. The total dividend represents a dividend cover of 3.1x on a full year basis.

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**	**2015**
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).

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 relating to the e-commerce website and computer software 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.

Summary and 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, notwithstanding the current economic uncertainty, 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.

Group statement of comprehensive income.

	Note	**Underlying* 2016 £m**	**Re-measure-ments And exceptional items (note 4) £m**	**Total 2016 £m**	Underlying* 2015 £m	Re-measure-ments and exceptional items (note 4) £m	Total 2015 £m
Revenue	3	**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		**(303.2)**	**(0.7)**	**(303.9)**	(238.3)	(17.1)	(255.4)
Other gains and losses (net)		**8.5**	**(13.8)**	**(5.3)**	6.0	13.4	19.4
Operating profit	3	**73.1**	**(17.0)**	**56.1**	63.9	(3.7)	60.2
Finance income		**–**	**–**	**–**	0.4	–	0.4
Finance expense		**(0.1)**	**–**	**(0.1)**	(0.6)	–	(0.6)
Share of loss of joint venture and associate		**(0.6)**	**–**	**(0.6)**	(0.5)	–	(0.5)
Profit before income tax		**72.4**	**(17.0)**	**55.4**	63.2	(3.7)	59.5
Income tax expense	5	**(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		**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	6	**70.9**		**50.7**	59.1		56.1
Diluted	6	**70.7**		**50.6**	58.8		55.8

*Underlying is defined in note 3.

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

Group balance sheet

	Note	**30 April 2016 £m**	25 April 2015 £m
ASSETS			
Non-current assets			
Property, plant and equipment	8	**95.4**	72.3
Intangible assets		**51.5**	52.1
Investments accounted for using the equity method		–	0.7
Investment in joint venture		**3.0**	–
Financial assets held at fair value through profit or loss		**0.7**	–
Deferred income tax assets	5	**28.9**	27.8
Derivative financial instruments		**0.1**	0.7
Total non-current assets		**179.6**	153.6
Current assets			
Inventories		**112.6**	107.9
Trade and other receivables		**80.4**	70.3
Derivative financial instruments		**0.7**	10.4
Other financial assets		–	10.0
Cash and cash equivalents		**100.7**	67.6
Total current assets		**294.4**	266.2
LIABILITIES			
Current liabilities			
Trade and other payables		**90.2**	79.8
Current income tax liabilities		**10.4**	13.0
Derivative financial instruments		**3.3**	–
Total current liabilities		**103.9**	92.8
Net current assets		**190.5**	173.4
Non-current liabilities			
Trade and other payables		**30.8**	28.0
Provisions for other liabilities and charges		**3.1**	2.9
Deferred income tax liabilities	5	**0.8**	0.9
Total non-current liabilities		**34.7**	31.8
Net assets		**335.4**	295.2
EQUITY			
Share capital		**4.1**	4.0
Share premium		**148.3**	147.5
Translation reserve		**(9.2)**	(12.7)
Merger reserve		**(302.5)**	(302.5)
Retained earnings		**494.7**	456.0
Other reserves	10	–	0.7
Equity attributable to the owners of the Company		**335.4**	293.0
Non-controlling interests	10	–	2.2
Total equity		**335.4**	295.2

Group cash flow statement

	Note	2016 £m	2015 (restated)* £m
Operating profit		**56.1**	60.2
Re-measurements and exceptional items		**17.0**	3.7
Underlying operating profit		**73.1**	63.9
Adjusted for:			
– Depreciation of property, plant and equipment		**24.7**	21.3
– Amortisation of intangible assets		**7.1**	5.5
– Loss on disposal of property, plant and equipment		**1.0**	0.2
– Gain on sale of investments		**(1.5)**	(0.2)
– Release of lease incentives		**(4.9)**	(6.6)
– Employee share award schemes		**2.2**	(0.8)
Underlying operating cash flow before movements in working capital		**101.7**	83.3
Changes in working capital:			
– Increase in inventories		**(7.2)**	(24.7)
– Increase in trade and other receivables		**(11.9)**	(20.5)
– Increase in trade and other payables, and provisions		**9.0**	12.7
Cash generated from underlying operating activities		**91.6**	50.8
Interest (paid)/received		**(0.6)**	0.4
Tax paid		**(18.9)**	(10.9)
Net cash generated from underlying operating activities		**72.1**	40.3
Cash outflows in respect of exceptional items		**–**	(14.2)
Net cash generated from operations		**72.1**	26.1
Cash flow from investing activities			
Acquisitions (net of cash acquired)	9	**–**	(13.2)
Investments in joint ventures and associates		**(3.6)**	(0.7)
Purchase of property, plant and equipment		**(44.2)**	(22.1)
Purchase of intangible assets		**(6.4)**	(5.3)
Cash received from disposal of investments		**1.5**	–
Purchase of non-controlling interest		**(1.7)**	–
Maturity/(purchase) of other financial asset		**10.0**	(10.0)
Net cash used in investing activities		**(44.4)**	(51.3)
Cash flow from financing activities			
Dividend payments		**(5.0)**	–
Proceeds of issue of share capital		**0.3**	–
Cash contributions from landlords		**6.7**	4.4
Repayment of borrowings		**–**	(0.1)
Net cash from financing activities		**2.0**	4.3
Net increase/(decrease) in cash and cash equivalents	9	**29.7**	(20.9)
Cash and cash equivalents, net of overdraft, at beginning of period		**67.6**	86.2
Exchange gains on cash and cash equivalents		**3.4**	2.3
Cash and cash equivalents, net of overdraft, at end of period	9	**100.7**	67.6

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

Group 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
		Attributable to owners of the Company								
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		–	–	–	–	(0.8)	–	(0.8)	–	(0.8)
Shares issued		–	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 scheme		–	0.3	–	–	2.2	–	2.5	–	2.5
Deferred tax – employee share award scheme		–	–	–	–	(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**

Selected notes to the Group Financial Statements

1. Basis of preparation

The financial information contained in this announcement, which does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006, has been derived from the audited statutory accounts for the 53 weeks ended 30 April 2016 (“2016”) (2015: 52 weeks ended 25 April 2015 (“2015”)). The statutory accounts for the 53 weeks ended 30 April 2016 will be filed with the Registrar of Companies in due course. The independent auditors’ report on these accounts is unqualified and does not contain any statements under s.498 (2) or (3) of the Companies Act 2006.

2. Significant accounting policies

New accounting pronouncements

There were no new standards, interpretations or amendments to standards that are effective that have had a material impact on the Group for the financial year beginning 26 April 2015.

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.

3. 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.

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-measure-ments £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 gain/loss 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 4. All references to underlying are after making these adjustments. Retail and Wholesale segments are presented before inter-segment royalties.

	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-measure-ments £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 income – Central costs	(0.2)	–	–	(0.2)
Share of loss of investments – 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 distribution, marketing and depreciation.

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	2015
	£m	£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).

4. 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.

	2016	2015
	£m	£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 5)	**2.5**	0.7
Deferred income tax – exceptional (note 5)	**(1.8)**	0.6
Taxation on non-underlying adjustments	**0.7**	1.3
Total non-underlying adjustments	**(16.3)**	(2.4)

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 10) 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.

5. Income tax expense

The income tax expense comprises:

		Group
	2016	2015
	£m	£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:

	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.

Net deferred income tax movement is as follows:

	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	**(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 substantially 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 4 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.

6. Earnings per share

	2016	2015
	£m	£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	2015
	£m	£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 4. All references to underlying are after making these adjustments.

7. Dividends

An interim dividend of 6.2p per share was paid during the period. The Board of Directors recommends the payment of a final ordinary dividend of 17.0p per share, in respect of the period ended 30 April 2016, subject to the approval of shareholders at the Company's Annual General Meeting to be held on 14 September 2016. In addition the Board declared a special dividend of 20.0p per share. These dividends will be paid on 23 September 2016 to those shareholders who are on the register of members on the record date of 22 July 2016. The ex-dividend date will be 21 July 2016.

8. Property, plant and equipment

The Group made improvements to leasehold buildings and acquired land and buildings, fixtures and fittings and computer equipment at a total cost of £46.8m during the 53 weeks ended 30 April 2016 (£22.1m for the 52 weeks ended 25 April 2015).

9. 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.

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 were subsequently reviewed within 12 months of acquisition and no adjustments were made.

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.

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.

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 re-acquired 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 (note 4).

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 4). The acquired inventory was sold in the current period with a resulting charge to exceptional costs of £2.5m (note 4).

10. Non-controlling interests and other reserves

Movements in non-controlling interests during the year are disclosed in the statement of changes in equity.

	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.