SUPERDRY

MAKE IT HAPPEN

Annual Report and Accounts 2023

Group revenue (£m)

£622.5m

2023	**622.5**
2022	609.6
2021	556.1

Adjusted profit/(loss) before tax* (£m)

£(21.7)m

2023	**(21.7)**
2022	21.6
2021	(12.6)

Statutory profit/(loss)before tax (£m)

£(78.5)m

2023	**(78.5)**
2022	17.6
2021	(36.7)

Adjusted basic EPS* (p)

(111.8)p

2023	**(111.8)**
2022	36.0
2021	(19.4)

Basic EPS

(181.3)p

2023	**(181.3)**
2022	27.4
2021	(44.0)

Closing net (debt)/cash*

£(25.6)m

2023	**(25.6)**
2022	(1.0)
2021	38.9

* 'Adjusted' and 'Net (debt)/cash' are used as alternative performance measures (APMs). A definition of APMs and explanation as to how they are calculated is included in Note 35 to the Group and Company financial statements.

2023 is for the 52 weeks ended 29 April 2023 and 2022 is for the 53 weeks ended 30 April 2022.

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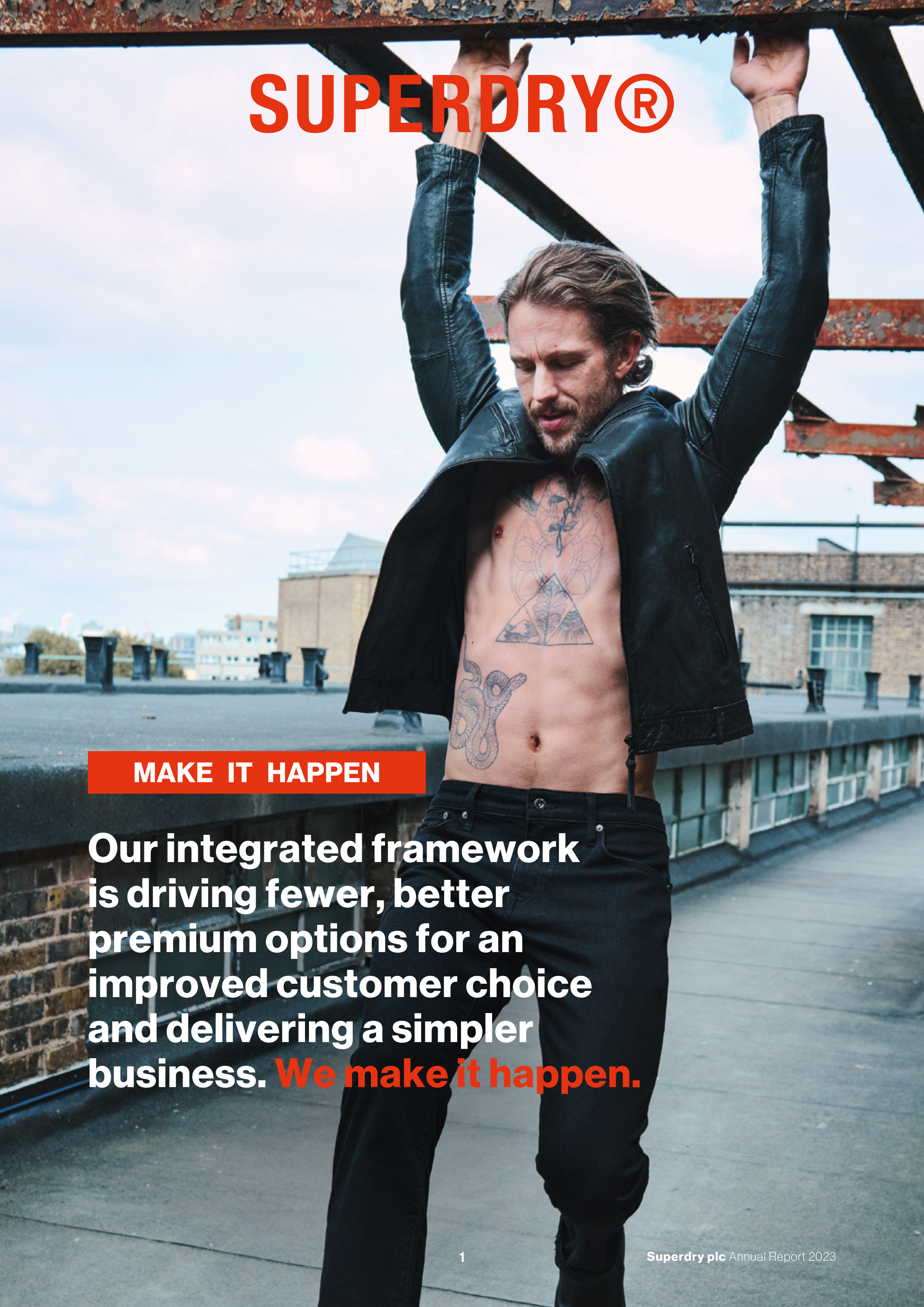


SUPERDRY®

MAKE IT HAPPEN

Our integrated framework is driving fewer, better premium options for an improved customer choice and delivering a simpler business. We make it happen.

Chair's Statement

Welcome to Superdry's Annual Report for FY23

The past 12 months have been a period of exceptional transformation and development for the Superdry brand, the Company, our colleagues around the world and the Leadership team. With both progress and setbacks, we have continued to execute on our turnaround programme in a challenging trading environment and remain committed to our overarching mission of being the #1 Premium Sustainable Style Destination.

Whilst there have been some positive developments over the course of the year, such as some of the encouraging trends seen within our Stores and Ecommerce channels, the notable underperformance of our Wholesale division resulted in pressure on our cashflow, profitability and liquidity. Wholesale is an extremely important and productive channel to market as it requires lower levels of capital investment to support growth, however its performance continues to lag the rest of the Group. This was especially the case in mainland Europe, which accounts for almost 60% of our Wholesale revenues, and where performance was especially weak. This underperformance, combined with the challenging trading environment, left the business significantly cash constrained.

To that end, during the year, we commenced several strategic actions that were necessary to improve our liquidity that completed in May 2023, the following financial year; recapitalising the Company to support the strategy and brand turnaround programme. This included an accelerated 20% equity raise, which was underwritten in full by our CEO, Julian Dunkerton, but was well oversubscribed by current and new shareholders.

We also announced a strategic deal for the sale of the Superdry brand rights in certain territories in the Asia Pacific region to the Cowell Fashion Company. Not only did this add necessary capital to the balance sheet but it gives us an important strategic partner, committed to developing our brand, in these growing markets. Following the announcement of the agreement with Cowell in March 2023, the sale was formally approved by shareholders at the General Meeting in May 2023, with the proceeds received shortly thereafter.

As a result of the brand rights sale and equity raise, we were able to add much needed capital to the balance sheet, totalling approximately £45m, after taxes and fees, which was necessary given the challenging market conditions and delayed recovery of our Wholesale operation. We also took steps to reduce our cost base, as we continue to examine the likely shape of the business going forward. This has meant, regrettably, that we have had to say goodbye to some of our colleagues at head office.

We believe that these actions will allow Julian and his team greater flexibility in the execution of our ongoing turnaround programme.

For a full strategic update and overview of our performance see the CEO Review on page 10

For a full overview of our financial performance see the CFO Review on page 18

Board appointment

In May, we welcomed Lysa Hardy to the Board. Lysa brings over 20 years of commercial experience across retail trading and operations, notably at Hotel Chocolat, Holland & Barrett and Joules and is already making a significant contribution to the business. Lysa has taken on the role as Workforce Engagement Director from Helen Weir. I would like to thank Helen for her work in this area over the last 4 years, including supporting the establishment of Superdry Voice.

More recently, Ruth Daniels, our Company Secretary, has decided to leave the Company. I speak for the Board in thanking Ruth for her three years of dedicated service.

Auditor appointment

During the year, we began working with our new auditors, RSM UK Audit LLP. We have worked together to complete the onboarding process and first-year audit and look forward to continuing this relationship in FY24.

Dividend

Given the uncertain macro-economic outlook and the need to maintain liquidity, the Board continues to believe it is prudent not to recommend a dividend. In addition, under the terms of our recent loan facility, the Company is restricted from paying dividends to shareholders without prior permission from Bantry Bay. At the end of the reporting period, there are no distributable reserves.

Thank you, Superdry

In a year that has presented many challenges for the Group, I would like to end with a thank you to all the colleagues who have worked so hard on the continued delivery of our turnaround programme. It has not been an easy year, and their hard work and dedication is very much appreciated.

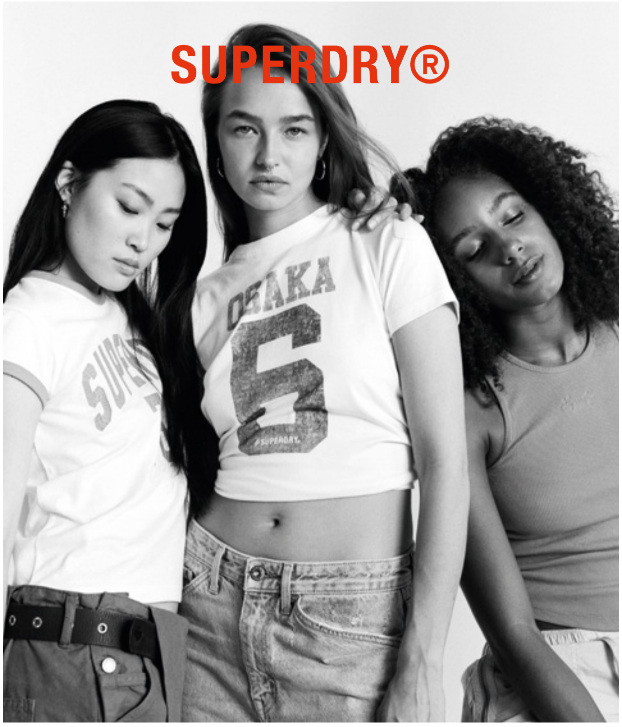
Peter Sjölander
Chair, Superdry plc

Who we are

We are an authentic, global fashion brand, producing sustainable and premium products. Our vision is to be the #1 Premium Sustainable Style Destination.

‘The brand turnaround is continuing at Superdry: rebuilding brand equity, enhancing consumer appeal through a unique product and value proposition, leveraging the role of social in commerce, and continuing to focus on becoming the #1 Premium Sustainable Style Destination.’

Julian Dunkerton
Chief Executive Officer



Our brand history

Introduction

We are 20 years old!

In 2003, Julian Dunkerton co-founded Superdry to develop and create a new in-house brand.

2004

Our first store solely dedicated to selling Superdry products is launched in 2004!

2010

The company is floated on the London Stock Exchange, becoming SuperGroup plc.

2011

In December 2011, we open the doors to our flagship Regent Street store.

Our mission

Our mission is to serve our diverse community through a premium brand that is focused on the future, prioritises sustainability, leads with craft, and celebrates culture.

Brand values

Our values make us different, with a key focus on the things that run deep through the Superdry DNA. This is how we think about our values.

Future

- We're determined to leave a better legacy
- We continue to innovate sustainably, aiding circular product lifestyles and influencing change
- We pioneer and protect with a positive impact on people and the planet
- We inspire the digital age, redefine the future, while staying true to our roots

Craft

- We're passionate about the premium product and design that runs deep in our DNA
- We're committed to the highest quality and continued evolution of our craft
- We're devoted to detail with every stitch, seam, and section
- We're doing things right, even when no one is watching

Culture

- We're drawing inspiration from the past to shape a generation of future icons
- We're defying the odds and doing the unexpected
- We're unafraid, unfiltered, and fuelled by our ambition
- We embrace our diverse community of conscious customers, united through their love of style

2015

In July 2015, Superdry enters into a 10-year minimum joint venture agreement with Trendy International Group, an experienced Chinese retail operator.

2018

By 2018, via its owned stores and websites and via the network of franchises, licences and concessions, Superdry is sold in 157 countries.

2019

In April 2019, founder Julian Dunkerton returns to lead Superdry, resetting the brands focus on quality and design.

2021

Our new strategy is launched in April 2021 as we focus on becoming the #1 Premium Sustainable Style Destination.

2023

Superdry agrees new partnership in APAC and recapitalises its balance sheet to ensure future success.

Our model for success

Superdry distributes product to our global customer base seamlessly across multiple channels. We want our customers to be able to order from anywhere, from any device, using any payment method and have it delivered to any location from our distribution centres.

Describing the product journey from initial creation to end consumer purchase, our product lifecycle can be viewed across four critical activities:

Plan and Design

To achieve our mission and deliver against our objectives, we begin the product planning phase 18 months before a product launches in the market. This ensures we have aligned all our resource and talent with our strategy and ambitions.

We have a passionate team of 40 designers, each aligned to one or more of the collections within our consumer segmentation. Short-order product gives us the opportunity to capitalise on trends with:

- Limited editions;
- Low-volume product runs; or
- Opportunity to augment the collection at a later point in the process.

Make

Once our designers have imagined next season's collection, it is over to our Sourcing team to work closely with our global network of suppliers to bring the product to life, in the most sustainable way possible. The split of manufacturing in FY23 was 42% in China, 30% in India and 21% in Turkey, and the remainder largely coming from Sri Lanka and Cambodia.

Please see our Sustainability Report on page 36 for more information on this pillar of our strategy and how it relates to our sourcing and production.

Manufacturing locations
Bulgaria
Cambodia
Vietnam
Sri Lanka
India
China
Turkey

Ship

We have a truly global distribution network, serving our multi-channel operations worldwide through three main distribution centres:

- **'The Duke'** in the UK (500,000 sq. ft) and **'The Baron'** in Belgium (720,000 sq. ft), both of which are 'bonded', allowing us to minimise the impact on the business as a result of Brexit. These warehouses primarily deal with inbound stock for Stores and Ecommerce customers, as well as a small element of Wholesale; and
- An additional warehouse in Ghent, Belgium (335,000 sq. ft) which deals solely with Wholesale orders.

Sell

Our global footprint has been achieved through a truly multi-channel approach, leveraging the eight routes shown below to maximise the addressable market.

We remain committed to the high street and view stores as an integral element of the customer journey. Our Fulfil From Store and Click & Collect technology creates a seamless customer experience between digital and physical, as well as allowing us to optimise working capital.

We recognise that consumer habits continue to change and the switch to online has been accelerated by COVID-19. We continue to invest in our digital platform and this year transitioned to our new microservices platform. You can read more about our digital journey within the Strategy in Action section on page 12.

During the year, we have made advances in improving our Ecommerce fulfillment operations. As a result, we now offer enhanced drop-shipment services to some of our Wholesale partners selling on their direct-to-customer (DTC) platforms. These online orders are fulfilled by Superdry warehouses, expanding our DTC reach to even more websites and potential customers.

This migration has seen the shift of some sales, previously booked under Wholesale, to the Ecommerce division. The sales leaving Wholesale are generally earning a higher-than-average margin in that segment, but will be slightly lower margin than the current Ecommerce margin. The net effect will be an overall increase in Group sales as we continue to fulfill more online orders from a wider pool of potential customers, and with a better customer experience.

We distribute our products to customers seamlessly across the following eight routes:

Routes to market

	Owned	Ecommerce	Wholesale
Owned Channels →	A, B, C	D	
Third Parties →		E	F, G, H

A. Owned stores
Mono-branded stores, operated by the Group, in prime locations split between high streets and shopping centres.

B. Concessions
Smaller stores, largely located in airports, operated by the Group in retail space owned by partners.

C. Outlets
Sale of previous seasons' product in specialist stores.

D. Online store superdry.com
Digital flagship website, with localised sites in key markets.

E. Online distribution via offprice Ecommerce
Sale of previous seasons' product on outlet websites.

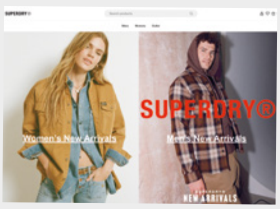
F. Online distribution via partners
Distribution of Superdry merchandise using our key and independent retail partners' own online platforms.

G. Strategic, key and field partners
Mono and multi-brand stores owned and run by third-party partners, selling Superdry merchandise.

H. Franchise and licensed business
Stores owned and run by franchise partners. Market and product licences are awarded to partners to reach even more potential customers outside our core markets.

Ecommerce
Orders made through partner websites but fulfilled by Superdry, otherwise known as our Partner Programme.

Dual-channel
Orders made through Wholesale partners but fulfilled by Superdry.



Where We Operate

Rest of World (including USA)

373[1]
employees

£89.1m
revenue

Strong multi-channel capabilities

We have 213 stores across 12 different countries, and 410 Superdry-branded franchised and licensed stores in 51 countries, as well as 18 Superdry-branded websites, translated into 21 languages.

410
franchised and licensed stores

18
branded websites

Intellectual property agreement to expand in APAC

In March 2023 we announced the signing of an Intellectual Property (IP) Transfer Agreement with Cowell Fashion Company Ltd to sell the Superdry brand IP within the APAC region for an upfront payment of $50m, or £34m net of transaction costs and taxation. Cowell is an experienced local partner that specialises in licensing and manufacturing established global brands within APAC. Cowell will own and use the Superdry brand in key APAC markets, starting with its home market of South Korea and extending to others, including China. Working together, Superdry and Cowell will develop products relevant for those markets, building a collaborative partnership to capitalise on the shift in consumer preferences in Asia towards lifestyle products. The deal was approved by shareholders on 30 May and completed on 31 May 2023.

> 'This agreement offers the Superdry brand **a fantastic opportunity to expand its global reach**, whilst providing additional funding to help deliver our turnaround programme in the face of the challenging consumer landscape. I'm absolutely thrilled by the opportunity to work with Cowell **to create inspiring products** consistent with our brand heritage and build out across the APAC market.'

Julian Dunkerton
Chief Executive Officer

UK & ROI

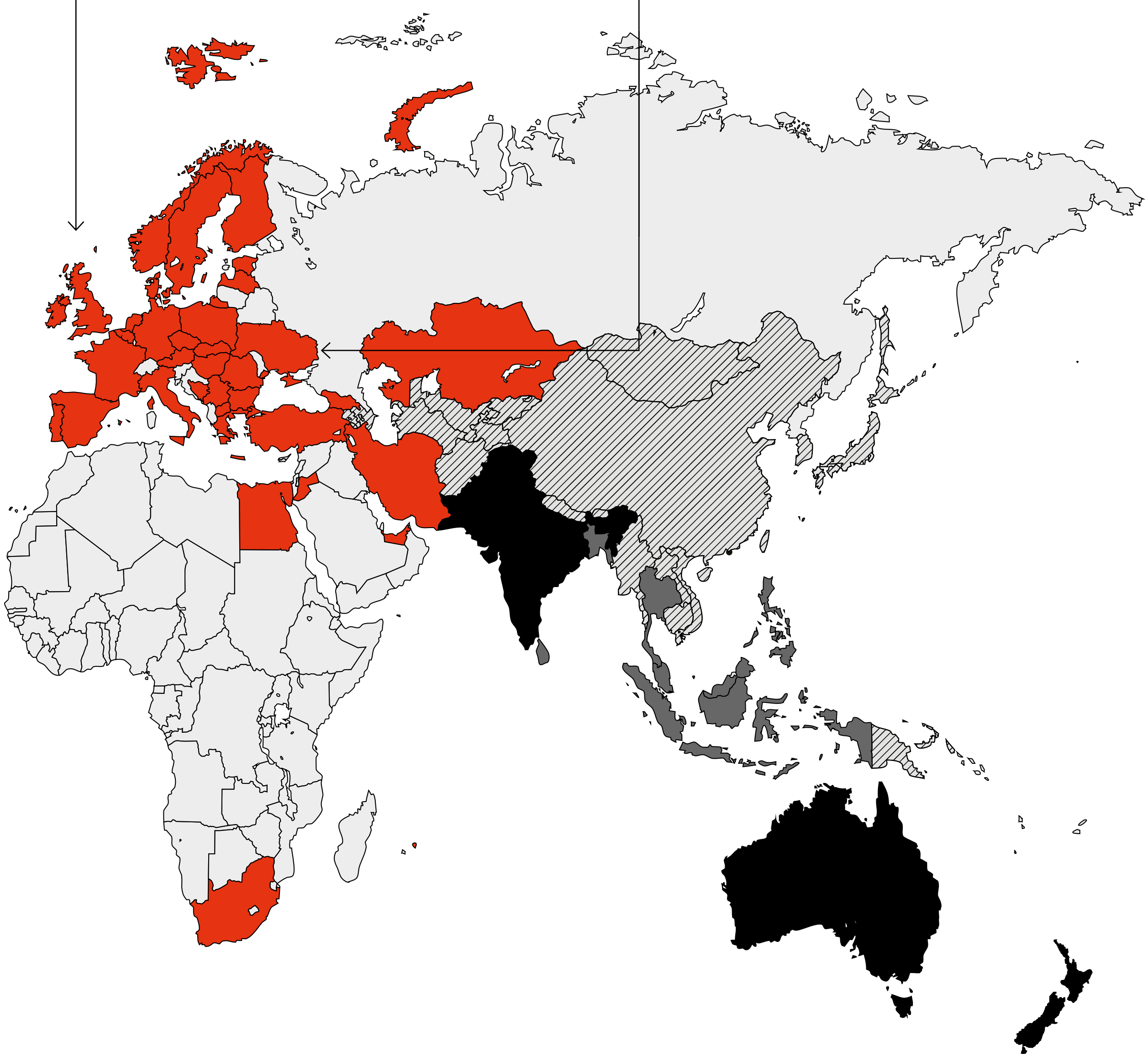
2,453[1]
employees

£247.9m
revenue

Europe

1,007[1]
employees

£285.5m
revenue



MAP KEY:

- **Countries with current operations**
- **APAC countries excluded from IP agreement**
- **APAC countries included in IP agreement, with current operations**
- **APAC countries included in IP agreement, without current operations**

1. Employee numbers are as at 30 April 2023. They include full employees only.

CEO Review

The past year has been exceptionally challenging due to the prevailing market conditions, but it has also seen exciting developments in our brand and business. As a company, Executive Team and Board, we have worked together to reinvigorate the brand, creating new styles and attracting new customers, while at the same time reducing business complexity and inefficiency. We have done all this whilst navigating a challenging trading environment, a cost-of-living crisis and with the delayed recovery of our Wholesale business putting pressure on our liquidity.

The journey to returning Superdry to its previous revenue peak will not happen with a single collection, but we are encouraged by the early results seen, with the AW22 season having delivered our strongest jackets sales ever. We are also starting to make strides in our planned revitalisation of the Wholesale business. This started with the introduction of a new leadership team, a more cohesive approach with our Wholesale customers also selling online and an ongoing return to an agency model across Europe, empowering engaged local entrepreneurs to deliver the brand in markets they know well.

With COVID now firmly behind us, we were happy to invite and host over 200 of our global wholesale and buying partners from around the world to Cheltenham for the first time in three years. Our Global Sales Meeting ('GSM') gave those partners a preview of our SS24 collection, and the feedback has been excellent – we cannot wait to see it in our stores and online.

Despite the progress on our collection, we have not delivered the sales growth we had hoped for, with results falling well below expectations. This led to challenges with liquidity and the need to shore up our balance sheet, giving us back the flexibility needed to run the business for success. I have worked with our team to address the immediate concerns, including underwriting our 20% equity raise, to support continued operations and facilitate our cost-saving programme. Additionally, we secured the sale of our trademark in certain APAC countries to Cowell Fashion Company, a new international partner based in South Korea. We are very much looking forward to working with them to maximise the opportunity for our brand in Asia. These actions were kicked off in FY23, with the operational and financial impact landing in FY24.

We continue to stand by the strategy introduced in the FY21 Annual Report, with style and sustainability encompassing everything we do. Our mission, 'To be the #1 Premium Sustainable Style Destination', remains the same, and we continue to deliver this via our four strategic objectives:

- Inspire through product & style;
- Engage through social;
- Lead through sustainability; and
- All underpinned by strong operational foundations to 'Make it Happen'.

Inspire through product

When I returned to Superdry in late 2019, I set out to refocus our product by reducing internal competition, bringing the styles and brand back to its core, and re-introducing old classics to our current catalogue, drawing from our 20 years in the business. At that time there were over 4,400 options within the range; we have cut this in half whilst at the same time making the range more cohesive than ever before. I am extremely proud of the journey we have been on with our product, and the customer reaction we have been receiving.

The first area we addressed on my return was our winter jackets range. Having done the work on improving our collection, we have been rewarded with results, with our best-ever sales season for winter coats in AW22.

At the core of our range is our Original & Vintage product. We have worked hard to refresh this collection and revisit what it is that brings our customers back again, and again. Starting with block, we find the shapes and fits that are current, whilst also ensuring our range has a taste of something new. We then look at fabric, ensuring everything we make is of a high quality and with a great feel, but delivered at a reasonable price. Finally, we look at the how to use branding, where we have a graphics archive of over 4,000 options. In every garment we make, we consider how and where to place our branding, with either subtle internal branding for our more discerning customer, or a bolder splash of colour, for those who prefer it.

As mentioned, with our first GSM since the pandemic in Spring 2023, we were able to display our new collection for SS24 and I am very pleased to say that we have a lot of exciting new styles and products to come to the market. Most encouraging was the feedback from our global partners, which was very positive. We look forward to continuing our journey of bringing the brand forward, with a renewed confidence and the styles to go with it, as we share it with the world.

Engage through social

Our social media channels continue to be a key area of focus for us, both as a platform for recruiting new customers to the brand but also as a runway for our latest styles and enticing our current customers back to our physical and online stores. We work across all major social media channels, from our largest community on Facebook, to our fastest growing on TikTok, each with unique opportunities for engagement and connection with our community.

We have continued to build on our fastest growing channel, TikTok, with 637,000 followers and over 5.9m likes across all our video content. The majority of content shared on the platform is user-generated and features the popular hashtag #GRWM (Get Ready With Me), where influencers share their style choices, inspirations, and tips with their followers. Building on this, we have had 98 videos go 'viral' (exceed 500,000 views) on the platform, with a number of videos from our recent SS23 campaign exceeding four million views. The engagement is both organic and paid, user-driven, and has been extremely conducive in getting new customers – mainly women – into our stores.

Building on this success, we are now exploring social commerce opportunities via TikTok and Pinterest, with some really encouraging initial results driving increasing awareness and traffic to the website. We will continue to test and share our progress in this area as we go forward.

We have also had great success with our recent Athletic Essentials campaign on Instagram. Levels of engagement with our campaign content for these items have been particularly encouraging, most notably with Gen Z. This demonstrates a clear interest in the new range, especially with the under-25 female audience – a target demographic – as the product continues to resonate well with both new and existing followers.

Lead through sustainability

Sustainability is transforming Superdry.

Our journey, captured at the start of this year in our Better Choices Better Future campaign, is progressing well. This transformation represents a shift in mindset across the brand. Each team owns their part of the strategy, thus amplifying the scale of change.

I am pleased to see the increasing share of recycled materials used across the range. Making recycled options the norm has been supported by fully recycled padding in all jackets last year, and 100% of swimwear collections are now from fully recycled materials. Recycled cotton is also increasingly being used alongside our organic cotton options and we are using our own waste cotton in our sweat ranges, converting over 100,000 individual garments into fully recycled fabrics sourced from our own waste in this year alone.

Organic cotton and the health of our soils remains at the heart of our product strategy, with around 12,500 farmers this year completing their training to convert to organic practices. With 62% of the volume bought converted to low-impact, organic or recycled materials (3% off our 2025 target), we are further ahead than I thought we would be at this stage and proud of it. I would like to thank my colleagues, our investors, suppliers, and partners for their continued support.

I am particularly proud of the strides we have made this year in our climate disclosure, our increasing use of recycled materials and our organic cotton farmer conversion programme. This progress is evidenced by reaching the CDP 'A List' for climate disclosure, putting us among the top 1.5% of businesses reporting. This further demonstrates how far we have come over recent years, having started at a 'C' in 2019. We also appeared for a second time as leader in the Financial Times Europe Climate Leaders as number one for progress amongst British based fashion brands.

> 'Sustainability is transforming Superdry. We are more focused than ever on our sustainability journey and making sure we do business with a conscience and have a brand to be proud of.'

Make it happen

Underneath is our ambition to build a better, more agile business that is less complex and delivers better results. We have done a lot this year across the organisation. First, we reorganised the Executive Team to bring Wholesale under the leadership of Craig McGregor, as Global Commercial Director. This revised model, which now brings together our Retail and Wholesale divisions, allows a more holistic oversight of the business and will enable greater sharing between our individual channels going forward.

We have completely revisited our Wholesale strategy to address the weak performance and taken a number of actions. The biggest change has been a return to an agency model, which is where we work with leading local entrepreneurs with a vested interest in ensuring the brand succeeds in their territory. Outside of the UK, Superdry was built using the agency model and we are looking forward to returning to this collaborative and mutually beneficial system.

Building on the move back to agency, we are also moving our Wholesale and Ecommerce teams towards a better alignment and a unified approach with some of our biggest customers. For an increasing number of our key Wholesale customers, their online presence is large and growing, and so we are working to provide better facilitation of sales via our Partner Programme, whilst helping them move towards the Superdry of the future in their stores, broadening their collections.

As Peter mentions in his Chair's Statement, we have also taken decisive action this year to improve liquidity, with the impact landing in FY24. The combined cash raised from both the rights sale in Asia Pacific and the 20% equity raise, net of fees and taxes, was around £45m. We have also taken the difficult decision to reduce our head count at head office, recognising that the scale of our fixed costs was not in line with our revenues. With a restored balance sheet, a cost savings programme expected to deliver approximately £35m in savings, and a renewed go-to-market strategy in Wholesale, I am confident we will see an improved and stronger commercial performance.

Julian Dunkerton
Chief Executive Officer

In the year we celebrate 20 years of a great British icon, we continue to be focused on our mission to be the #1 Premium Sustainable Style Destination.

SUPERDRY® 冒険魂

Be the #1 Premium Sustainable Style Destination

Inspire Through Product and Style	Engage Through Social	Lead Through Sustainability

MAKE IT HAPPEN

Since introducing our mission-led strategy in 2021 the world has changed significantly. Superdry's three consumer-facing strategic pillars of 'Inspire through product and style', 'Engage through social' and 'Lead through sustainability' are more relevant than ever. These areas will continue to be at the heart of our decision-making, as we rebuild brand equity, leverage the role of social in commerce, and enhance the consumer appeal.

Our immediate focus for the year ahead is centred on the internal foundation of the 'Superdry House'. The 'Make it Happen' framework is concentrated on developing a simplified future operating model which continues to meet consumer demands while delivering positive financial performance, and resetting the business for future success.

Pillar	2023 progress	Priorities for 2024
Inspire through product and style	• A more gender-balanced sales mix, with Womenswear product Retail sales rising to 43% from 39%; and • Raising our short-order sales mix, up to 5.3%, from 0.6%, driven by Afghan coats, lightweight jackets and cargo pants.	• Improve our sustainable product sales mix; • Increase our future full-price sales mix; and • Continue to progress towards a gender balanced sales mix.
Engage through Social	• Brand Heat, a key metric, continued to build on FY22 momentum as it increased to 32.4, up from 31.4; • Increased our social following to 4.3m, up from 3.9m, largely due to TikTok as a new leading social channel, which is predominantly used by under-25s; and • 15% of customers on our database are under 25, in line with last year.	• Continue improving Brand Heat; • Increase our social following with higher engagement; and • Increase customer retention and satisfaction.
Lead through sustainability	• Improved CDP rating from B to A, one of only two British fashion brands to receive an A rating; • Our Water Footprint mapping exercise reached 71% of purchased garments, up from 70%; and • Successfully launched pre-loved clothing donation boxes in UK & Ireland.	• Progress towards our net-zero carbon ambitions; • Continue to maintain our 100% Water Footprint mapping; • Improve our Safe and Fair Conditions ethical standards; and • Increase the reach of our Organic Farmer Training programme.
Make it happen	• Inventory units reduced by 2.8m to 9.9m units as we continued our targeted clearance of old stock; • Continued to take steps to optimise the Group's cost base for the likely shape of the business going forward; • Externally-verified cost savings programme of £35m launched; and • Undertook balance sheet improvement activities post the financial year-end including an equity raise and IP sale in APAC which, taken together, generated approximately £45m, net of fees and taxation.	• Exit or re-gear loss-making stores and improve profitability of the remaining store estate; • Bring multi-brand energy and excitement to our larger-format stores, improving store sales densities; • Reset Wholesale division, simplifying and stabilising the profitable route to market. Reintroduce the agent model in Europe; • Right-size operating cost bases, with focus initially on logistics and GNFR; • Continue to utilise fashion marketplaces to expand Superdry reach to new consumers and markets, and; • Reduce overall stock holding while still optimising stock flows, channel demand and turn.

Our strategic pillars are enabled by organisational governance – the controls, policies, procedures, training and culture that support governance. The Corporate Governance section of this report on page 64 explains our governance framework and our compliance with the UK Corporate Governance Code.

INSPIRE THROUGH PRODUCT AND STYLE

Superdry presents: Afghan Coats

Rooted deep in history and culture, and inspired by bohemian fashion, the Afghan jacket transcends generations. These were among our bestsellers this year, with our range sold out just eight weeks after launch in October 2022. After such success, our Afghan jacket range is a key focus for us going into AW23.

Jackets continue to be well received

A staple of the Superdry stable, our jackets continue to perform well with overall sales strong once again. Planning for our jackets launch for AW23 continues at pace.

INSPIRE THROUGH PRODUCT AND STYLE

Revolutionising womenswear

A distinct alternative to denim, our new range of women's cargo pants was a great success, selling out in just four weeks. Meanwhile, we have been busy revolutionising our women's t-shirt range, introducing new blocks and seeing some of our best ever sales through SS23. The hard work continues for our SS24 planning and launch.

Operational

Social followers (m)

4.3m

YoY movement +0.4m

2023	**4.3**
2022	3.9
2021	3.3

Definition – Number of unique accounts that have 'followed' the main Superdry accounts across all social channels (Facebook, Instagram, TikTok, Twitter, Pinterest and YouTube).

Rationale – A measure of Superdry engagement with customers via online channels and the ability to convert customers into revenue either directly (e.g. via click-through) or indirectly (in-store, increased brand awareness).

Sustainable product mix (%)

39%

YoY movement (8.0)% pts

2023	**39%**
2022	47%
2021	33%

Definition – % volume of sustainably sourced product bought within the current financial year.

Sustainably sourced product is defined as organic, low-impact and/or recycled in line with our Environmental Policy.

Rationale – A measure of the level of sustainable product being created by the Group – a proxy to the environmental impact, rather than revenue performance. This metric tracks against the ambition to be 'the most sustainable listed fashion brand on the planet by 2030'.

Inventory days

171 days

YoY movement (10) days

2023	**171**
2022	181
2021	206

Definition – Average of period inventory / Sum of last 12 months cost price sold, multiplied by 365.

Rationale – A measure to track against reduction in overall inventory through tighter buying practices, carry over of foundation product (replenishment model) and more efficient use of clearance channels.

Active customer database (m)

2.5m

YoY movement (0.2)m

2023	**2.5**
2022	2.7
2021	2.8

Definition – Number of customers on the Superdry database who have made a purchase in the last 12 months.

Rationale – A measure of the retention and growth of our customer base following the segmentation into collections, reflecting improved targeted marketing and resonance of our improved product.

Brand Heat

32.40

YoY movement 3.0%

2023	**32.40**
2022	31.44
2021	30.60

Definition – In order to calculate Brand Heat, we use three measures from an external WGSN-conducted interview of 17,500 people, which includes over 100 measures asked across 300 retailers.

Brand Heat is a bespoke measure using a weighted average of the percentage scores gathered from consumers for the below questions:

1. Prompted awareness (0.2): 'When, if ever, have you bought from the following?' A consumer is counted where they responded 'Purchased', 'Never purchased', but not 'Don't know them'.
2. Consideration (0.4): 'Please select all of the retailers you would consider buying from?' If Superdry is selected, the consumer will be counted.
3. Appeal (0.4) across three of our key markets (UK, Germany and USA): 'How would you describe your opinion of the following retailers?' A consumer is counted where they responded 'Love' or 'Like a lot'.

Respondents are able to complete the questionnaire once every six months for brands they are aware of, not necessarily brands they have purchased from.

Rationale – A measure of Superdry's resonance among consumers using the combined metrics of prompted awareness, consideration and appeal. The measure captures continuing advances in marketing, product assortment and consumer experiences.

2023 is for the 52 weeks ended 29 April 2023 and 2022 is for the 53 weeks ended 30 April 2022.

Financial

Group revenue (£m)

£622.5m

2023	**622.5**
2022	609.6
2021	556.1

Adjusted profit/(loss) before tax* (£m)

£(21.7)m

2023	**(21.7)**
2022	21.6
2021	(12.6)

Statutory profit/(loss)before tax (£m)

£(78.5)m

2023	**(78.5)**
2022	17.6
2021	(36.7)

Adjusted basic EPS (p)

(111.8)p

2023	**(111.8)**
2022	36.0
2021	(19.4)

Basic EPS

(181.3)p

2023	**(181.3)**
2022	27.4
2021	(44.0)

Closing net debt/(cash)* (£m)

£(25.6)m

2023	**(25.6)**
2022	(1.0)
2021	38.9

Net working capital (£m)**

£73.9m

2023	**73.9**
2022	116.1
2021	124.1

* 'Adjusted' and 'Net debt/(cash)' are used as alternative performance measures (APMs). A definition of APMs and explanation as to how they are calculated is included in Note 35 to the Group and Company financial statements.

** Net working capital is defined as inventories plus trade and other receivables less trade and other payables. The statutory measures from which it is calculated are included within the CFO Review on page 18.

2023 is for the 52 weeks ended 29 April 2023 and 2022 is for the 53 weeks ended 30 April 2022.

CFO Review

'This has been a challenging year for Superdry, but I do believe that as a result of the decisions we have taken and the actions implemented, we find ourselves on a firmer footing. The Board and I remain committed to the turnaround plan and look forward to continuing to deliver the programme as we move through 2024.'

Reflections on 2023

The past twelve months have presented a challenging environment for the UK retail sector, stepping out of the pandemic and into a cost-of-living crisis. Whilst we have made several important financial, operational and strategic steps as we continue our turnaround programme, we have also been presented with a number of challenges, not least significant pressure on liquidity.

As a result of the weaker trading environment and a lagged recovery from Wholesale, the Group found itself significantly cash constrained. Whilst Peter and Julian have both touched on the recapitalisation efforts made in the year, I would like to provide some additional colour on the decisions we have taken that have been critical in improving the Group's liquidity position.

Firstly, in December 2022, we agreed a new loan facility of up to £80m, dependent on the level of inventory and receivables in the business, and subject to a discretionary availability cap. This incorporated a £30m term loan, for three years with an option to extend for one further year, with Bantry Bay Capital. This replaced the existing Asset Based Lending Facility which was due to expire at the end of January 2023. Given market conditions, the interest rate of SONIA+7.5% on the drawn element was higher than our previous agreement, but the revised facility is notably covenant light. The facility came with a capping restriction, which has been in place since the outset, and with the

	FY23 £m	FY22 £m	Change %
Stores	**262.0**	228.4	14.7%
Ecommerce	**178.0**	155.7	14.3%
Wholesale	**182.5**	225.5	(19.1)%
Group Revenue	**622.5**	**609.6**	**2.1%**
Stores	**170.2**	161.9	5.1%
Ecommerce	**100.9**	97.8	3.2%
Wholesale	**57.3**	81.7	(29.9)%
Gross Profit	**328.4**	**341.4**	**(3.8)%**
Gross Profit Margin %	**52.8%**	56.0%	(3.2)%
Selling and Distribution Costs	**(306.6)**	(272.4)	12.6%
Central Costs	**(66.1)**	(70.2)	(5.8)%
Other Gains	**31.0**	30.8	0.6%
Adjusted Operating (Loss)/Profit	**(13.3)**	**29.6**	**(144.9)%**
Net Finance Expense	**(8.4)**	(8.0)	5.0%
Adjusted (Loss)/Profit Before Tax*	**(21.7)**	**21.6**	**(200.5)%**
Adjusting Items			
Fair Value Movement on Forward Contracts	**(10.4)**	13.7	(175.9)%
IFRS2 Charge – Founder Share Plan	**–**	0.6	–
Restructuring and Strategic	**(3.1)**	–	–
Onerous Lease Provisions and Impairment Charges	**(43.3)**	(18.3)	136.6%
Total Adjusting Items	**(56.8)**	**(4.0)**	**–**
(Loss)/Profit Before Tax	**(78.5)**	**17.6**	**–**
Tax (Expense)/Credit	**(69.6)**	4.8	–
(Loss)/Profit for Period	**(148.1)**	**22.4**	**–**

* Adjusted operating (loss)/profit, adjusted operating margin and adjusted (loss)/profit before tax are defined as reported results before adjusting items as further explained in Note 35.

advent of the second lien lender, we have reduced Bantry Bay's risk, and unlocked the full facility.

Furthermore, and as formally approved by shareholders in May 2023, we agreed to sell the IP assets in certain countries within the Asia Pacific region to our new strategic partner, Cowell Fashion Company. This disposal raised $50 million, or around £34 million net of transaction costs and taxation and marked a significant step in our ongoing turnaround programme. Also in May 2023, we completed an equity raise equivalent to 19.1% of the Group's existing share capital, generating proceeds of approximately £11m, net of fees.

In addition, since the financial year end, we announced in August that we have unlocked a further £25m of borrowing to help mitigate the headroom cap on our Bantry Bay facility. This agreement was reached with Hilco Capital Limited and is for a twelve-month term, with the option to extend, at an interest rate of 10.5% plus the Bank of England base rate. As with our Bantry Bay agreement, it is covenant-light, giving us the necessary flexibility to navigate the current challenging macro-economic environment and continue to focus on delivering our turnaround plan and cost reduction programme.

The steps we have taken over the course of the year to improve our liquidity have been complemented by actions taken internally to reduce costs and drive efficiencies. We have identified initial cost savings of around £35m. These will be achieved through estate optimisation, logistics and distribution savings, better procurement, and continued range reduction. Our efforts in this area are ongoing, but they will enable us to deliver a material uplift to underlying profitability over the medium term, as the steps taken last year are fully realised in FY24.

However, with regards to profitability, we cannot ignore what has obviously been a difficult year for the Group with the statutory loss after tax of £148.1m materially below expectations. This has largely been down to the challenges of underlying trading I have outlined above and detailed below.

Store sales showed signs of recovery from the period of COVID disruption, with strong peak holiday sales and growth of nearly 15% over the course of the year. Following the Christmas holidays, what is traditionally a slower trading period was exacerbated by the emerging cost-of-living crisis and falling real wages, resulting in slower sales than expected across all territories towards the end of our fiscal year.

Our Ecommerce business delivered excellent sales from our AW22 collection, particularly across third-party partner sites, and this continued through to what was our best ever Black Friday event. Trading remained robust throughout the holiday period but saw a similar slow-down in the new year. The launch of the SS23 collections also then saw a slow start across both Retail channels due to the unseasonably wet spring experienced across Europe.

Our Wholesale performance has lagged our own channel performance as our partners have largely found it more difficult to recover from the pandemic and continue to remain cautious on stock levels and liquidity. This has led to lower in-season orders and an overall decline across the segment year-on-year. We have also lost a small number of partners as the cost-of-living crisis affects smaller businesses.

The net result for the Group is an adjusted loss before tax of £21.7m.

As part of the ongoing balance sheet control improvements, which form part of the finance turnaround programme, we have identified several necessary adjustments which impact both this year and prior years. These legacy issues are now fully identified, and we have taken steps to address them and to put in place permanent fixes. They largely relate to the processes for the assessment of the recoverability of Ecommerce debtors and for review of store impairment calculations. A one off prior year correction of £(3.7)m has been recognised. Whilst it is disappointing to have to make these adjustments, we continue to believe strongly that the ongoing process improvements we are putting in place will significantly reduce risk and create a better way of working going forward.

We are also recognising net impairment charges of £37.6m in relation to right of use assets, £3.4m in relation to property, plant and equipment and £2.3m of onerous property contract charges within our Stores segment. The volatile trading environment and continued cost of living crisis has resulted in a re-evaluation of future store growth assumptions and, as a result of that more cautious outlook, we have taken the exceptional charge of £43.3m.

Finally, we have also recognised a tax charge of £69.6m in the year. This predominantly arises as a consequence of the reduction in the recognised deferred tax asset from £66.3m at FY22 to £nil in the current year. The £66.3m reduction in the recognised deferred tax asset has materialised as a revision to the Group's outlook and material uncertainty. Further commentary on all the adjustments can be found below and an analysis of the tax position is set out in Note 14 and the key judgements commentary within these financial statements. The remaining £3.3m of the total £69.6m charge for the year relates to an in-year tax charge.

This has been a challenging year for Superdry, but I do believe that as a result of the decisions we have taken and the actions implemented, we find ourselves on a much firmer footing. The Board and I remain committed to the turnaround plan and look forward to continuing to deliver the programme as we move through 2024.

Finally, I would like to thank all my colleagues at Superdry for their efforts over the course of the year. Your hard work is much appreciated.

Business performance

Group revenue increased 2.1% year-on-year to £622.5m (FY22: £609.6m), largely driven by the strong performance in our Stores and Ecommerce channels, offset by a weaker performance within Wholesale.

Store sales increased 14.7% year-on-year to £262.0m as our collections resonated with consumers and we saw traffic shift back to physical retail post-pandemic. Ecommerce also performed strongly, increasing sales to £178.0m, up 14.3% year-on-year, with the reversion in consumer behaviour and shift back to physical retail more than offset by a step-up in performance on third party sites. Retail revenue, which comprises our Stores and Ecommerce channels, was up 14.6% year-on-year, which helped offset the decrease in Wholesale revenue. Our Wholesale revenue was £182.5m, down 19.1%, as inventory build-up over the pandemic and slower uptick in partner confidence drove weaker performance.

During FY23, gross margin decreased 3.2 percentage points year-on-year to 52.8%. This was mainly a result of our stock reduction programme, which has focused on clearing remaining old stock and reducing the working capital needs of the business. Stock levels have reduced from nearly 19m units at the end of FY19 to under 10m units as at FY23 and our work here remains ongoing. The margin dilution was also impacted by the higher mix of third-party sales within our Ecommerce channel, where commission charges are included in the margin, as well as deferred price increases within the Wholesale business.

Our adjusted loss before tax of £21.7m was impacted by a slowdown in Retail trading in the second half of the year, a return to more normalised rent payments, business rates and store overhead costs, as well as increasing wage inflation, all of which were exacerbated by the underperformance and continued stock clearance in Wholesale.

Retail revenue

Retail Revenue comprises sales across our Stores and Ecommerce channels.

Retail Revenue	**FY23 £m**	FY22 £m	Change %
Stores	**262.0**	228.4	14.7%
Ecommerce	**178.0**	155.7	14.3%
Total Retail Revenue	**440.0**	384.1	14.6%
Ecommerce Revenue as a proportion of Retail Revenue	**40.5%**	40.5%	–
Ecommerce Revenue as a proportion of Group Revenue	**28.6%**	25.5%	3.1% pts

Stores

Store revenue had a strong year, increasing 14.7% on the same period last year to £262.0m despite the pressures from the emerging cost-of-living crisis, as consumers continued to return to physical retail, and we had a full year of open stores with no COVID-related closures.

Mainland Europe demonstrated a delayed recovery to high street footfall post COVID, particularly in Belgium and Germany, but had an extremely strong second half of the year as consumers continued to regain confidence. Mainland Europe sales were up 15.6% year-on-year. Meanwhile, the UK and Republic of Ireland was up 15.4% and the Rest of World, which is only US stores, also continued to recover strongly and closed the year up 8.5%.

We closed 12 stores in the year and opened 7 new stores in the UK, the Netherlands and Germany, ending the year with 213 owned stores. We will continue to assess capital-light new opportunities and necessary store closures as they arise.

Store Revenue by Territory	**FY23 £m**	FY22 £m	Change %
UK and Republic of Ireland	**142.8**	123.6	15.4%
Europe	**88.5**	76.5	15.6%
Rest of World	**30.7**	28.3	8.5%
Total Store revenue	**262.0**	**228.4**	**14.7%**

Ecommerce

Ecommerce revenue is a combination of sales made through our owned websites and those made online through third parties. Whilst we have seen a shift back to physical trading, our Ecommerce platforms have continued to perform robustly with particularly strong performance across third party channels, driving the year-on-year increase of 14.3% to £178.0m. We are extremely encouraged by this performance which validates the continued progress made on digital improvements across our owned sites.

Third party channels include partner programme revenue, where Superdry fulfils orders placed on partner websites. The shift to a 100% partner programme with Zalando, which was completed in the first half of 2023, has been a significant driver of success online, particularly across Europe where sales have increased 27.8% year-on-year.

Ecommerce Revenue by Territory	**FY23 £m**	FY22 £m	Change %
UK and Republic of Ireland	**78.2**	76.8	2.0%
Europe	**88.4**	69.0	27.8%
Rest of World	**11.4**	9.9	16.2%
Total Ecommerce Revenue	**178.0**	**155.7**	**14.3%**

Wholesale

Wholesale performance continues to lag the rest of the Group as our partners, particularly across mainland Europe, have continued to suffer from build-up of inventory and a slower uptick in confidence in the aftermath of the pandemic period. This has led to much lower levels of sales than anticipated. In particular, low levels of dispatches in the first half of the year of the higher valued AW22 inventory, as well as poor weather in the second half of the year resulted in less demand for our SS23 collection which has led to a decrease in revenue of 19.1% year-on-year.

Nevertheless, performance in the UK and Republic of Ireland was robust, up 14.0% year-on-year, partially offsetting the decline in mainland Europe. Growth in the UK was largely driven by additional clearance deals negotiated to continue the reduction in historical stock.

It is also worth noting that Wholesale has also been impacted by our growing third-party partner programme. This is particularly the case in mainland Europe where successful contracts with online retailers such as Zalando have moved traffic away from Wholesale, and towards Ecommerce. Nevertheless, whilst Wholesale continues to present a challenging environment for us, it also represents an extremely important part of the Superdry business, and we will continue to work with our partners to support their recovery.

Wholesale Revenue by Territory	**FY23 £m**	FY22 £m	Change %
UK and Republic of Ireland	**26.9**	23.6	14.0%
Mainland Europe	**108.6**	148.8	(27.0)%
Rest of World	**47.0**	53.1	(11.5)%
Total Wholesale Revenue	**182.5**	**225.5**	**(19.1)%**

Gross margin

As a result of the aged stock clearance exercise, the increased mix of third-party online sales and deferred price increases in Wholesale, total gross margin has decreased by 3.2 percentage points year-on-year to 52.8%. Whilst we remain committed to our return to full price trading, the margin continues to be impacted by our ongoing strategic initiative to reduce the historic stock base and our efforts in this area remain ongoing.

Gross Margin by channel	**FY23 %**	FY22 %	Change % pts
Stores	**65.0%**	70.9%	(5.9)% pts
Ecommerce	**56.7%**	62.8%	(6.1)% pts
Retail	***61.6%***	*67.6%*	*(6.0)% pts*
Wholesale	**31.4%**	36.2%	(4.8)% pts
Total Gross Margin	**52.8%**	**56.0%**	**(3.2)% pts**

Total operating costs

Total operating costs increased 9.6% to £341.7m.

Selling and distribution costs increased to £306.6m, largely due to an increase in store overhead costs. The period marked a return to a more normalised way of working and therefore more normal cost levels following COVID related relief, as well as a return to standard business rates. During the period, we have also seen increases in our energy costs as well as wage inflation, with a pay rise to our store employees largely driven by statutory requirements. These movements have been somewhat offset by our reduction in headcount at head office as we continue to shape the business, and cost base, more appropriately.

Central Costs are down 5.8% to £66.1m due to the absence of bonus payments offset by additional IT costs associated with system and process improvements and the migration to cloud-based software from legacy systems which is expensed not capitalised.

As announced in April 2023, and in line with our ambition to reduce the Group's cost base, we have identified initial cost savings of over £35m, all of which have been externally validated. These will be achieved through estate optimisation, logistics and distribution savings, a headcount saving that has already been completed, better procurement and continued range reduction. We expect these savings to be fully realised by the end of FY24, with costs to achieve them primarily incurred in FY23. As a business we are continuing to review further re-engineering options to achieve additional savings and reaffirm the Group's commitment and sharp focus on cost efficiency as we move through FY24.

Other gains were higher in FY23 at £31.0m, up from £30.8m in the year previous. This primarily comprises of royalty income of £6.7m (FY22: £7.2m), lease modifications and terminations under IFRS 16 of £13.1m (FY22: 16.8m), as well as a £12.0m gain on foreign exchange (FY22: £12.0m), from FX movements which is largely realised.

Operating Costs	**FY23 £m**	FY22 £m	Change %
Selling and Distribution Costs	**(306.6)**	(272.4)	12.6%
Central Costs	**(66.1)**	(70.2)	(5.8)%
Other Gains and Losses	**31.0**	30.8	0.6%
Total Operating Costs pre-Adjusting Items	**(341.7)**	**(311.8)**	**9.6%**

Adjusted (loss)/profit before tax

Our finance expense in the year was £(8.4)m (FY22: £8.0m), reflecting net interest expense/net bank interest of £(3.3)m and lease liability interest of £(5.1)m. This results in an adjusted loss before tax for the year of £(21.7)m, down from an adjusted profit of £21.6m in FY22.

Adjusting items

As part of the ongoing effort to improve our balance sheet control environment and strengthen our finance processes and systems, we have identified several adjustments which impact both this year, and prior years.

In respect of the prior financial year, we are making an adjustment of £(3.7)m. This is comprised of a £(4.9)m write-down to the balance recoverable from our Ecommerce debtors, offset by a £1.2m credit from the incorrect disposal of impaired stores. Clearly it is disappointing to be discovering these adjustments at this stage, but it does validate the improvements to systems and processes introduced over the past twelve months, with the aim of avoiding any recurrence of such issues in the future. This is an ongoing journey but it continues to be a key area of focus for the business as we move into FY24.

Further to the above, we are also taking additional charges for impairment and onerous property contract related provisions against our store estate. Given the volatility observed in trading and continued cost of living crisis there are clear indicators of impairment. Significant movements in our internal forecasts for store performance mean that at FY23, 132 stores have an impairment against them, with a net impairment charge of £(41.0)m, primarily driven by the UK and Germany. We are also taking a further charge of £(2.3)m in respect of our Onerous property related contract provision following utilisation of some of this provision within the period. The entire estate is captured within the onerous property related contract provision calculation, of which 41 stores now have a recognised provision. The combination of these factors results in an charge of £(43.3m) being recognised in the year.

Additionally, a £10.4m charge has been recognised within adjusting items in respect of the fair value movement in financial derivatives (FY22: £13.7m gain), which has been driven primarily by the relative weakness of Sterling against the US Dollar at year-end, and its impact on forward currency contracts, buying US Dollar with Sterling.

As a result, the statutory loss before tax is £(78.5)m, which includes total Adjusting Items of £(56.8)m. The same number at FY22 was a £17.6m profit, which included total Adjusting Items of £(4.0)m.

Adjusting Items	FY23 £m	FY22 £m	Change %
Fair Value Movement on Forward Contracts	**(10.4)**	13.7	(175.9)%
IFRS2 Charge – Founder Share Plan	**–**	0.6	–
Restructuring and Strategic	**(3.1)**	–	–
OLP and Net Impairment Charges	**(43.3)**	(18.3)	136.6%
Total Adjusting Items	**(56.8)**	**(4.0)**	**–**

Taxation

The tax charge for the year is £69.6m (FY22: £4.8m credit).

The tax charge largely arises as a consequence of the reduction in the recognised deferred tax asset from £66.3m at FY22 to £nil in the current year. The £66.3m reduction in the recognised deferred tax asset has arisen as a result of the revision to the Group's outlook and material uncertainty.

The remaining £3.3m of the total £69.6m charge for the year relates to an in-year tax charge.

(Loss)/Profit after tax

Group statutory loss after tax for the year was £(148.1)m, compared to a £22.4m profit at FY22. This reflects the weaker underlying performance from the business, the accounting adjustments and the tax expense.

(Loss)/Profit per share

Reflecting the loss made by the Group during the year, Adjusted Basic EPS is (111.8)p per share (FY22: 36.0p).

Reported basic EPS is (181.3)p (FY22: 27.4p) based on a basic weighted average of 81,668,940 shares (FY22: 81,879,072 shares).

Dividends

Given the uncertain macro-economic outlook and the need to maintain liquidity the board continues to believe it is not prudent to recommend dividends in the near-term.

In addition, under the terms of our recent loan facility, the Company is restricted from declaring, making or paying dividends to shareholders without prior permission from Bantry Bay, which cannot be unreasonably withheld.

At the end of the reporting period, there are no distributable reserves.

Cash flow

Cash and liquidity management remains a critical priority for the business and the steps we have taken throughout the year have supported the Group in alleviating challenging liquidity constraints. Nevertheless, the end of pandemic-related support, as well as the challenging trading and macro-economic environment have resulted in a drawdown of £48.0m on our Asset Backed Lending ("ABL") facility.

Net cash and cash equivalents were £22.4m at the period end, but given the drawdown on our ABL facility, our net debt is £(25.6)m. The drawdown on our financing facility is a result of the underperformance in our Wholesale division and costs returning to more normalised, pre-pandemic levels, which left the business facing significant liquidity constraints.

	FY23	FY22	Change %
Cash generated from operating activities	**49.4**	**47.2**	**4.7%**
Tax (payment)/receipt	(3.6)	0.4	–
Net cash generated from operating activities	**45.8**	**47.6**	**(3.8)%**
Cash flow from investing activities			
Purchase of property, plant and equipment	(8.2)	(10.4)	(21.2)%
Purchase of intangible assets	(6.4)	(7.2)	(11.1)%
Sale of Intellectual Property	4.0	–	–
Net cash used in investing activities	**(10.6)**	**(17.6)**	**(39.8)%**
Cash flow from financing activities			
Lease incentives – Landlord contributions	4.0	6.3	(36.5)%
Repayment of ABL facility	(130.5)	(146.3)	(10.8)%
Drawdown of ABL facility	160.1	164.7	(2.8)%
Interest paid	(10.2)	(8.0)	27.5%
Interest received	1.8	–	–
Proceeds from issue of shares	0.1	–	–
Purchase of treasury shares	–	(2.0)	–
Repayment of leases – principal amount	(56.3)	(66.6)	(15.5)%
Net cash used in financing activities	**(31.0)**	**(51.9)**	**(40.3)%**
Net increase/(decrease) in cash and cash equivalents*	**4.2**	**(21.9)**	**(119.2)%**
Cash and cash equivalents at beginning of period	**17.4**	**38.9**	**(55.3)%**
Exchange (losses)/gains on cash and cash equivalents	0.8	0.4	100.0%
Cash and cash equivalents at end of period*	**22.4**	**17.4**	**28.7%**

* Net cash and cash equivalents includes overdraft

Working capital

Inventory units have decreased by another 2.8m units, or 22.0%, to 9.9m units at the end of FY23 as we continue with our targeted clearance activity of older stock. We are committed to reducing this further into next year through our focused reduction of the option count for each seasonal buy. In line with the reduction in units, our inventory value decreased during the period to £112.5m, down 15.2% year-on-year. Trade and other receivables decreased 27.0% to £82.2m in line with the reduction in Wholesale revenue, whilst trade and other payables have also reduced, by 6.5%, to £120.8m with the contraction in revenue offset by the extension in trade terms.

Working Capital	**FY23 £m**	FY22 £m	Change £	Change %
Inventories	**112.5**	132.7	(20.2)	(15.2)%
Trade and Other Receivables	**82.2**	112.6	(30.4)	(27.0)%
Trade and Other Payables	**(120.8)**	(129.2)	8.4	(6.5)%
Net Working Capital	**73.9**	116.1	(42.2)	(36.3)%

Balance Sheet

Non-current assets were £107.6m for the Group at year-end, down from £213.3m at the close of the previous financial year.

This was driven by a reduction in the value of Group property, plant and equipment, which had a carrying value of £16.3m, versus £23.4m at the end of FY22 and a further significant reduction in right of use assets, which reduced in value by £31.7m over the period, as well as the aforementioned reduction in the deferred tax asset, which was written down from £66.3m to £nil. Our right of use assets had a carrying value of £48.5m (FY22 £80.2) at period end, with the reduction due to the impairment charge taken during the period.

Current assets reduced from £274.7m to £254.0m as a result of the above-mentioned decrease in inventories and trade receivables. This was offset somewhat by an increase in cash and bank balances which rose to £58.2m (FY22: £20.5m).

Current liabilities rose in the period to £275.7m (FY22: £226.0m) as a result of the increase in our borrowings, which were up from £21.5m to £83.8m.

Non-current liabilities were £139.0m for the Group, down from £161.8m at the close of the previous financial year. This was driven by a reduction in lease liabilities, which fell from £151.2m at FY22 to £127.6m.

Our retained earnings reduced 58.6% in the year, from £252.9m to £104.6m, resulting in total equity of £(53.1)m, down from £100.2m at the close of the prior financial year.

Investment In Subsidiaries and Intercompany Debtor Impairment

In the year the company has recognised an IFRS 9 loan loss allowance on intercompany receivables of £121.0m (2022: £9.6m credit) and an impairment charge of £67.2m (2022: charge of £97.7m) on the Group's investment in subsidiary undertakings. The loss allowance relates primarily to the Company's subsidiaries in the USA (£65.6m), Germany (£44.6m), the Netherlands (£10.7m) and Spain (£0.1m). The impairment charge on the Company's investments of £67.2m is in respect of DKH Retail Ltd (£59.6m), Supergroup Germany GmbH (£3.7m), Superdry Retail Denmark A/S (£3.2m) and C-Retail Ltd (£0.7m).

Assessment of The Group Prospects

Going concern

The financial position of the Group, its cash flows and liquidity position are set out in the financial statements. Furthermore, the Group financial statements include the Group's objectives and policies for managing its capital, its financial risk management objectives, details of its financial instruments and exposure to credit and liquidity risk (please refer to note 33).

Background and context

Like many businesses in the retail sector, the Group has been through a period of unprecedented challenges over recent years. The global pandemic resulted in the enforced closure of stores, with many trading days lost. Despite a resurgence of store visits in many European countries following vaccination programmes and the lifting or easing of restrictions in the Group's key markets, footfall has still not recovered to pre-pandemic levels.

The Russian invasion of Ukraine occurred in the second half of FY22, and whilst the Group was not directly impacted, the lasting effects of this on supply chains, the resultant input price inflation and the consequential impact on consumer confidence has increased the uncertainty in our forecasts, particularly in the short term, and therefore further challenges our ability to achieve the brand reset and the financial objectives in our plan. On the 27 January 2023 profit guidance was reduced from £10m-£20m to broadly break even as a result of the uncertainty discussed above and underperformance of the wholesale channel. Subsequently on 14 April 2023 profit guidance was withdrawn after continued uncertainty within wholesale and lower than expected retail performance.

In response to the challenging macroeconomic conditions and to partially offset the adverse impacts above, there are several key mitigations that the Group has undertaken:

- Price rises ranging from 4%-6% across AW22 and SS23 and the introduction of delivery charges for all online orders and returns.
- Increasing the mix of core product, which has a life of more than one season, and consequently reducing the clearance and buy cycle, which remains our largest cash mitigation.
- Re-introducing targeted clearance activity in our stores.
- Identified and implementing a number of operational savings and cost efficiencies across the Group.
- Restructured our loss-making US operations, reducing the numbers of stores, closing our distribution centre and fulfilling wholesale from the UK.
- Focussed reduction of working capital, reducing stock held through lower purchases and targeted clearance, and closer management of our wholesale debtor portfolio.

Borrowing Facilities

In December 2022, the Group refinanced its existing asset backed loan ('ABL') of up to £70m with a new ABL facility of up to £80m, limited by levels of inventory and receivables held at any point in time, with specialist lender, Bantry Bay, including a term loan of £30m. This new facility will expire in December 2025.

At the year-end April 2023, £48.0m (£30m of which is the term loan element) of the Asset Based Lending Facility facility with Bantry Bay had been drawn down with the Group net debt position at £25.6m (please refer to note 26). The maximum drawdown on the ABL facility (HSBC/BNP) in FY23 was £54.3m in October 2022, in line with the peak working capital requirements of the Group.

In March 2023 the Group reached agreement with Cowell, a company listed on the South Korean stock exchange, to sell the Superdry's intellectual property in certain countries in the APAC region for $50m before fees and taxes, significantly bolstering the liquidity position. The shareholder vote on this transaction was concluded on 30 May 2023 and therefore will be reflected in the FY24 report and accounts. It was also agreed with the Group's lenders to increase the borrowing availability over the period until the funds were received on the IP sale to provide additional funding. The net proceeds (£34m) were received from the APAC deal in March and May 2023.

In May 2023 the Group successfully completed an equity raise with net proceeds totalling £11.4m.

In August 2023 a second lien ABL financing facility was agreed with Hilco Capital Limited of up to £25m.

Base case

The Group's going concern assessment covers the 12-month period from the date of approval of the financial statements, derived from the latest FY24 and FY25 forecasts in the Group's medium term financial plan (the 'Plan'). Given the downgraded profits as mentioned above as well as the continued impact of the cost-of-living crisis which continues to impact the wider retail sector and the Group, our trading outlook has been adjusted to reflect these uncertainties which were updated and board approved in June 2023. The most significant assumptions in this revised set of projections are:

- All trading channels benefit from ongoing product improvements, operational initiatives and marketing activity to support the brand reset which began in October 2020, the full benefit of which is not yet realised, given the challenging macroeconomic environment. This benefit is offset by pressure on all trading channels as a result of the cost-of-living crisis impacting consumer spending.
- Store trading is predicted to decline year-on-year with negative like for like forecasts over the duration of FY24 and through FY25 when adjusted for the impact of COVID on comparable periods. The net number of stores is expected to reduce which will impact top-line revenues but drive greater profitability.
- Ecommerce revenues are projected to grow, driven by new 3rd party site openings, the annualization of charging for delivery and returns on our own sites and the resultant returns rate reduction.
- Wholesale revenues are projected to decline significantly into FY24 as a result of lower order book placings for autumn winter and spring summer reflecting the stock overhang from the pandemic-impacted trading of FY20-FY22. FY25 wholesale revenue is projected to be flat to FY24.A significant cost cutting programme across all areas of the business more than offset inflationary pressure through FY24 and FY25. Cost cutting measures include regearing of leases, payroll and marketing savings, central cost savings, logistics savings as well as the closure of the US DC.

In assessing the Group's going concern status the Directors considered the base case (with the assumptions outlined above) and a reasonably possible downside scenario involving a reduction in revenue combined with lower achieved cost savings, which includes a requirement for additional financing in line with our working capital cycle without any mitigating actions.

Reverse Stress Test

Given the base case reflects the results of the turnaround plan and due to the current macroeconomic uncertainties already discussed, there is uncertainty around the Group achieving its targets and therefore a scenario has been modelled that assumes a reduction in the sales plan and not achieving the full scope of the cost out programme. These have been modelled as a reverse stress test. The reverse stress test models the decline in sales and the reduction in cost savings that the Group would be able to absorb before requiring additional sources of financing in excess of those that are committed.

The reverse stress test scenario shows that, without any mitigating factors or contingency, a reasonably feasible downside scenario in sales and missing the cost savings would require funding in excess of our available facility at certain points in the year. A 2.6% deterioration in trading coupled with a 2.6% increase across the entirety of the Group's cost base would result in a breach of facility limits. The facility availability is dependent on the position of receivables and inventory at each reporting month-end. However, the Group continues to manage its cash flow and is considering further options to improve liquidity along the lines of those already delivered to mitigate any potential shortfall.

This assessment is linked to a robust assessment of the principal risks facing the Group, and the reverse stress test reflects the potential impact of these risks being realised.

Summary

The financial statements continue to be prepared on the going concern basis. This conclusion is based on the Group's current forecasts, sensitivities and mitigating actions available. With the continued challenges in the macro environment, coupled with the headroom on the ABL facility, the Directors note that until key mitigations can be actioned with certainty, there exists a material uncertainty related to Going Concern. This may cast significant doubt over the Group's ability to continue as a going concern until said mitigations result in cost savings sufficient to increase headroom over the ABL facility and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The material uncertainty related to Going Concern arises due to:

- The limited headroom within the current funding facilities in the context of an uncertain macro-economic environment in lieu of any additional financing (including any future IP deal similar to agreement for APAC region);
- The ability of the Group to operate within existing committed financing facilities from the Group's forecasts, which may be affected by continued uncertainty in the macro-economic environment;
- The ability of the Group to successfully deliver the proposed cost out initiatives in the projected timeframe, given the scope and material nature of said savings.

After considering the forecasts, sensitivities and mitigating actions available to Group management and having regard to the risks and uncertainties to which the Group is exposed (including the material uncertainty referred to above), the Group directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and operate within its borrowing facilities and covenants for the period 12 months from date of signature. Accordingly, the financial statements continue to be prepared on the going concern basis.

Viability Statement

In line with the UK Corporate Governance Code, the Directors have assessed the prospects of the Group over a longer period than that required by the 'going concern' provision. The Directors have assessed the viability of the Group over the five-year period through to FY28 using the medium-term financial plan. The five-year viability period coincides with the Group's strategic review period. The Plan assumes the successful implementation of the turnaround strategy to reset the brand, reversing the decline in performance which began in FY19 and has been exacerbated by the impact of Covid-19 and the cost-of-living crisis, implement cost savings, and return the Group to historic profit margins whilst delivering long term growth. However, the Directors recognise that the prevailing conditions make it challenging to forecast future outcomes.

The viability assessment has considered the potential impact of the principal risks on the business, in particular future performance (including the success of the brand reset and turnaround strategy, and the broader economic recovery) and liquidity over the duration of the Plan. In making this statement, the Directors have considered the resilience of the Group under various market conditions, together with the effectiveness of any mitigating actions and the availability of financing facilities.

The assessment has been made, at the date of signing these accounts, with reference to:

- The Group's financial position at the year ended 29 April 2023 including the current and forecast funding position and the Directors' expectation that funding will be available,
- The Group's strategy and business plan;
- The Board's risk appetite;
- The Group's principal risks and uncertainties and how these are identified, managed and mitigated;
- The Group's going concern assessment; and
- The external environment that the Group operates within.

In the short term, the viability of the Group is impacted by the limited headroom over its financing facilities given the uncertain macro-economic environment and the execution of the cost out programme, discussed in the Going Concern section. The Group is expected to return to profitability over the course of the Plan, stabilise the liquidity position and return to cash generation.

Based on this assessment, the Directors have a reasonable expectation that the Group will have sufficient resources to continue in operation and meet its liabilities as they fall due over the period to April 2028, taking into account the need to resolve the material uncertainty relating to liquidity headroom. However, a significant sustained downturn either in the wider economy or through strategic failure, would threaten the viability of the business over this five-year assessment period.

Shaun Wills
Chief Financial Officer

31 August 2023

Non-Financial and Sustainability Information Statement

The table below shows where information required to be disclosed under sections 414CA and 414CB Companies Act 2006 can be found in this Annual Report.

Reporting requirement	Annual Report section(s)	Page number	Policies and standards
Environmental matters (including climate-related financial disclosures)	TCFD Statement Sustainability report and KPIs Section 172 Statement and Stakeholders How We Manage Our Risks	30 36 27 47	Our Mission Environmental Policy* Sustainable Development Goals (SDGs)* Chemical Compliance* CDP Climate Change Disclosures* Animal Welfare Policy*
Employees	Sustainability Report People Report Section 172 Statement and Stakeholders Directors' Remuneration Report	36 44 27 85	Code of Conduct Health and Safety Policy Whistleblowing Policy Diversity, Inclusion and Equality Policy* Board Diversity and Inclusion Policy Flexible Working Policy* Education and Professional Qualifications Policy Maternity, Paternity and Shared Parental Leave policies Values Gender Pay Gap report*
Social and community matters	Sustainability Report Section 172 Statement and Stakeholders	36 27	'Give Free Time' initiative
Human rights	Sustainability Report	36	Diversity, Inclusion and Equality Policy Ethical Trading Code of Practice* Migrant Worker Policy* Modern Slavery Statement and Policy* Customer Privacy Policy Employee Privacy Notice
Anti-bribery and corruption matters	How We Manage Our Risks Corporate Governance Report Directors' Report	47 64 105	Anti-Bribery and Corruption Policy* Code of Conduct
Business model	Business Model CEO Review CFO Review Sustainability Report and KPIs Financial KPIs	6 10 18 36 17	
Principal risks and uncertainties	How We Manage Our Risks	47	Risk Management Policy
Non-financial KPIs	Sustainability Report and KPIs	36	

* Our policies can be found at corporate.superdry.com.

Section 172 Statement

Throughout FY23, the Board continued to act, in good faith, to promote the long-term success of the Company under section 172(1) of the Companies Act 2006, whilst having regard to the matters set out in sub-sections (1)(a) to (f).

The Board recognises that the medium and long-term success of the Group and its social licence to operate are linked to value creation for the Company's stakeholders. Whilst it aims to act in the best interests of all stakeholders, such interests often conflict one another; the Board will therefore pursue decisions that it believes will help to deliver our strategy. This, in turn, serves the interests of the Company and its stakeholders for the longer term. The following pages outline how the Board engages with our stakeholder groups to ensure their priorities inform decision-making.

Our stakeholders and the engagement processes

Stakeholder/why they are important	What matters to them	Engagement processes	How feedback reaches the Board
Shareholders			
Providers of capital and have a financial interest in our performance	• Financial results • Dividends and earnings per share • Environmental, social and governance matters • Strategy • Efficiency • Remuneration	• Annual General Meeting • Annual/interim results • Corporate website • Consultation with investors and advisory agencies • Investor events and roadshows • Investor sustainability indices (e.g. CDP) • Stock market news • Direct liaison through corporate brokers • Social media • Company Secretary and Investor Relations inboxes	• Investor Relations updates and analysis • Corporate broker reports and presentations • Face-to-face meetings and correspondence with investors • In-person engagement at the AGM and at investor events • Media reports • Reports from investor advisory agencies
Environment			
Central to our mission and to our sustainability objectives and initiatives	• The impact of the Group's operations on the environment, e.g., CO_2 emissions, use of plastic packaging, organic cotton production, sustainable farming practices	• Sustainable Development Goals • Sustainable stories on our websites • Social media • Engagement with organic cotton farmers – please refer to the Sustainability Report and targets on pages 36 to 43 • Awards/recognition of our work	• Sustainability reports and presentations • Supply chain reports and 'deep dives' • Sustainability news on Workplace (internal communications platform)
Community/wider society			
Help us to be a responsible business as we pursue our mission, sustainability ambitions and targets, and our governance objectives	• Corporate governance • Health and safety • Employment and conditions • Charitable donations • Environment • Sustainability	• 'Family and friends' events • Student placements and work experience • Jobs • Support for local charities	• Health and Safety reports • Reports and presentations to the Board by the SD Voice (employee engagement group) • Sustainability news on Workplace

Stakeholder/why they are important	What matters to them	Engagement processes	How feedback reaches the Board
Customers – retail and trade			
Our customers are vital to our performance	• Value for money • Accessibility of product • Garment quality and reliability • Design • Customer service • Store or website experience • Sustainability and ESG matters	• Direct contact in stores • Global Sales Meeting for wholesale and franchise partners • Monitoring and reporting of sales, footfall, website traffic and internet search analyses • Customer satisfaction surveys • Customer services • Social media and websites • Annual Report • KPIs	• Financial, sales, trading and footfall reports, analysis and KPIs • Trading analysis and sales data is shared with the Board on a weekly basis • Customer ratings and feedback • Internal KPIs to measure brand awareness • Previews of seasonal collections
Colleagues			
People are central to the successful delivery our strategic objectives	• Employment • Pay and benefits • Job security • Work/life balance • Mental health • Equality and diversity • Career opportunities • Sustainability • Health and safety	• SD Voice meetings and feedback from colleagues on performance and that of the Non-Executive Director (NED) for workforce engagement (see the People report on page 44 for more information) • 'Pulse' surveys • Senior Women's Forum • Diversity and Inclusion Forum • Workplace • Staff events such as virtual meetings ad town hall events • 'Threads' magazine for store colleagues • Sustainability Warriors – employee representatives who consult on sustainability strategy progress and initiatives	• NED for workforce engagement attends SD Voice meetings • People reports • Results of 'Pulse' surveys • SD Voice reports and presentations to Board • Diversity and inclusion reports (see the People report on page 44 for further information) • Health and safety reports • Workplace

MAKE IT HAPPEN

'Superdry's strategic house, built on a solid foundation, stands firm. I'm inspired by the opportunity to influence the next phase of the **successful Superdry journey.**'

Sam Lee
Head of Strategic Planning

Stakeholder/why they are important	What matters to them	Engagement processes	How feedback reaches the Board
Suppliers and contractors			
We recognise that relationships with suppliers and contractors are important to our financial performance	• Payment terms • Fair contractual arrangements • Communication • Success of Superdry • Anti-bribery and corruption • Ethical behaviour • Corporate governance • Sustainability	• Supplier conferences • Face-to-face meetings and visits • Day-to-day contact between colleagues and suppliers • Modern Slavery Statement • Superdry Supply Chain Ethical Trading page of corporate website and Ethical Trading Code of Practice • Respect programme • Contact with Superdry Legal or Property teams	• Operational updates in CEO Review • Supply chain deep dives at Board meetings • Risk Committee updates to the Audit Committee • Ethical compliance audits and reports to the Audit Committee
Media			
How the media reports on our activities impacts wider perceptions of Superdry	• Reports and stories • Regular communication • Sustainability	• News releases/stories • Stock market announcements • Interviews • Visits and meetings • Social media • Websites	• Reports circulated to the Board from our communications advisers
Government and regulators			
Open and transparent interactions with government and regulators help us maintain high standards of business conduct	• Compliance with law and best practice • Corporate governance • Health and safety • Modern slavery • Data security • Policies and procedures	• Meetings/briefings • Consultations • Dialogue with trade bodies • Specialist advisers • Interactions with tax authorities	• Legal, governance and risk reports • Legal and regulatory briefings • Deep dives on areas of risk as they arise

Task Force on Climate-related Financial Disclosures (TCFD)

We recognise the importance of considering climate-related change in our business decision-making, given the increasing threat that climate change poses to the environment we operate in. We acknowledge that adopting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) is an important step in transitioning to a low-carbon economy.

The long-term success of our business will be subject to the environmental sustainability of our operations and our ability to manage existing and emerging climate-related risks on our performance.

As sustainability and responding to climate change is a key component of the Group's strategy, our TCFD-aligned disclosures can be found throughout this report.

The table below shows how the disclosures in this report align to the TCFD recommendations and where the relevant information can be found. Responding to climate change is a core aspect of our strategy, which has been expanded on in the Strategy and Governance sections below.

Superdry plc has complied with the requirements of LR 9.8.6R (8) by including climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures.

	TCFD recommendation	Where to find our disclosures
	Governance – Disclose the organisation's governance around climate-related risks and opportunities	
a)	Describe the Board's oversight of climate-related risks and opportunities.	TCFD – Governance, page 31
b)	Describe management's role in assessing and managing climate-related risks and opportunities.	TCFD – Governance, page 31
	Strategy – Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	
a)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	TCFD – Strategy, page 33 How We Manage Our Risks (climate-related risks) page 48
b)	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	TCFD – Strategy, page 33
c)	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	TCFD – Strategy, page 33
	Risk management – Disclose how the organisation identifies, assesses, and manages climate-related risks	
a)	Describe the organisation's processes for identifying and assessing climate-related risks.	How We Manage Our Risks (climate-related risks), pages 48 and 49
b)	Describe the organisation's processes for managing climate-related risks.	How We Manage Our Risks (climate-related risks), pages 48 and 49
c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	How We Manage Our Risks (climate-related risks), pages 48 and 49

TCFD recommendation		Where to find our disclosures
Metrics and targets – Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material		
a)	Disclose the metrics used by the organisation to assess climate-related risks.	Lead Through Sustainability (see KPIs 1-6 related to climate risk), pages 36 Environmental and Climate Disclosures, page 37
b)	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Streamlined Energy and Carbon Reporting (SECR) (Scopes 1 and 2), pages 40 and 41 Scope 3 (indirect emissions), page 41
c)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	**Targets** Lead Through Sustainability, page 36 Environmental and Climate Disclosures, page 37 **Performance** Environmental and Climate Disclosures, page 37 Streamlined Energy and Carbon Reporting (SECR) (Scopes 1 and 2), pages 40 and 41 Scope 3 (indirect emissions), page 41

Governance

Board oversight

The Superdry plc Board meets at regular intervals throughout the financial year. The Board consists of Executive Directors (the CEO and the CFO) and independent Non-Executive Directors.

The Board is accountable for overseeing the management of risks and opportunities within the business and delegates responsibility for the oversight of risk management to the Audit Committee, which meets at least four times during the financial year.

Climate and environmental sustainability are included in our risk register, which is reviewed by the Head of Internal Audit and Risk, Head of Sourcing, Ethical & Sustainability and the Chief Operating Officer (COO, who is responsible for global sourcing and sustainability) quarterly and at the Risk Committee. This risk is also captured in our principal risks and uncertainties (PRUs) and in this report. Quarterly updates of our PRUs are provided to the Audit Committee by the Head of Internal Audit and Risk.

An external Board evaluation was completed in May 2022, by independent Board evaluator Bvalco, which included the consideration of environmental matters and Board member experience. As environmental, social and governance (ESG) policy areas evolve, we will regularly review our governance structure, accountability and oversight in relation to ESG matters.

Management's role in managing the climate-related risks and opportunities[1]

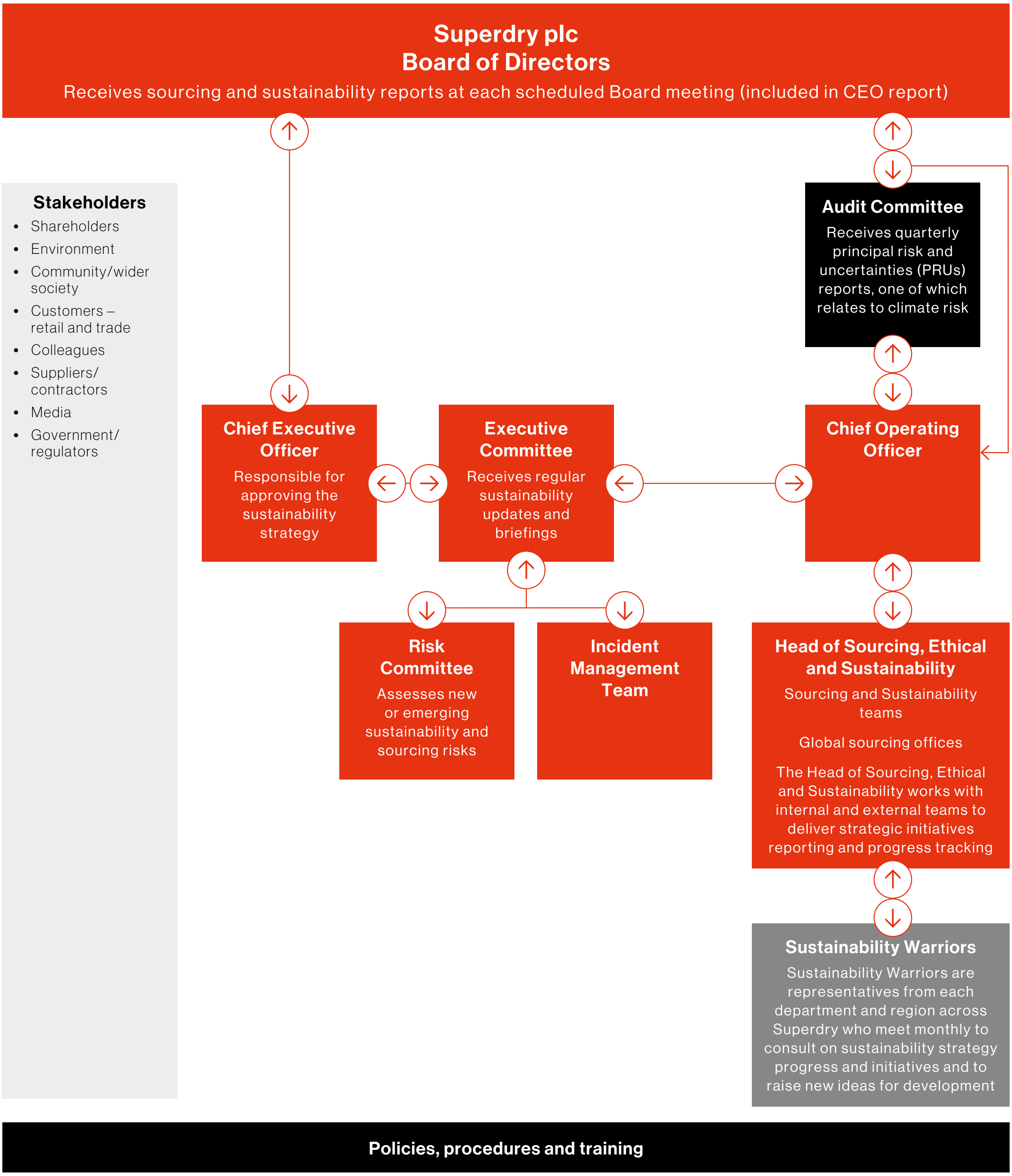
Our CEO is ultimately responsible for managing climate-related risks and opportunities; he approves the sustainability strategy, with the COO is accountable for defining and setting the targets. The strategy is underpinned by three pillars: low-impact materials, net zero and communicating with integrity. Initiatives in place to deliver the low-impact materials and net zero pillars of our sustainability strategy will have a clear impact on our decarbonisation pathway and our climate strategy in support of the Paris Agreement, playing an active role to limit the global temperature rise to 1.5°C. Net zero emissions means that we will have no net impact on climate change from our carbon emissions, through drastic reductions and balancing the remainder through carbon removals. The impact of the KPIs listed under the headings 'Low-impact materials' and 'Net zero' will be tested in FY24 as we align with the Science Based Targets initiative (SBTi), following our public commitment to certify our net zero target in line with their near- and long-term horizons.

The CEO has responsibility for the approval of budgets, business plans and major capital expenditure. The overall budget and Five-Year Plan are approved by the Board each year. The COO regularly provides updates on sustainability (including environment/climate) opportunities, performance, and any emerging risks to the Company or brand to the Executive Committee. Superdry has a centralised global sustainability team, led by the COO, who has direct responsibility for the delivery of the climate and environmental sustainability strategy and performance against agreed targets. The COO actively monitors and assesses climate impacts. There is also an established Sustainability Warriors forum, which acts to make improvements across our climate and environmental focus areas, and actively engages with customers and colleagues to create awareness of Superdry as a sustainable brand.

Climate-related matters and relevant performance metrics associated with our sustainability KPIs are considered when setting the remuneration of our Executive Directors. The sustainability KPI is also used as a basis to assess performance of our Leadership team and colleagues.

1. The relationship between climate risk and opportunity will be reviewed as we evolve our strategy over the coming months and will be updated as part of the annual report process.

Governance of sustainability at Superdry



Both the CEO and the COO are members of the Executive Committee. The CEO is an Executive Director on the Board of Superdry plc. The COO reports to the CEO.

Strategy

We recognise that the long-term success of Superdry will depend on the social and environmental sustainability of our operations, the resilience of our supply chain and our ability to manage the impact of climate change.

Sustainability is a key pillar of our strategy. That focus on sustainability is also embedded in our financial reporting and management incentivisation. The remuneration of the Executive Directors and senior management includes a specific sustainability KPI.

This continued focus on ESG has resulted in reaching the 'A' List for climate disclosure with the CDP, placing Superdry in the top 1.5% of reporting companies; and ranking 15 out of 500 overall and topping the list of UK-based fashion companies in the Financial Times index of Europe Climate Leaders in 2023.

Strategy and scenario analysis

In aligning with the TCFD recommendations, we have considered the impact of climate-related risks on Superdry's business, strategy and financial planning across our products, our operations, and our supply chain. This includes an assessment of the impact of the most material risks with respect to the future potential scenarios that may crystallise in terms of global average temperature rises.

We continue to measure our performance through seven core KPIs across three core pillars which capture our most material risks and opportunities. This year we aligned our pathway to net zero with the Science Based Targets initiative methodologies, with near- and long-term decarbonisation pathways of -50% by 2030 and -90% by 2040 aligned with a 1.5°C future. Further information is provided in the Sustainability Report on page 36, with more detail on the individual initiatives in our standalone Sustainability Report, available at corporate.superdry.com.

Though we believe Superdry's strategy would allow us to be part of the solution to limit global temperatures, we recognise that the 1.5°C and 4°C scenarios reflect a 'best' and 'extreme' case, based on the information available today. At this stage, we have considered both scenarios together (i.e. 1.5°C and 4°C temperature increases) and their potential impact on the business. We will keep the future scenarios under regular review and update our climate risk assessments accordingly.

While forecasting with accuracy over this period is extremely challenging, our analysis concludes that the scenarios would present financial risks to Superdry, particularly a 4°C scenario. Qualitative disclosure has therefore been provided in this report as a first step in transparent disclosure. With the support of our Finance team, we have monitored our sector for quantitative scenarios of relevance to us, but to the best of our knowledge, these do not yet exist. We will continue to monitor the situation and will revisit our ability to provide a quantitative disclosure within next year's report, subject to further sector-specific information becoming available.

We are aware that the impacts of climate change will very likely have catastrophic effects on people and businesses and therefore are committed to fighting to limit the rise in global temperature as far as possible. As a result of this, and to ensure the Company is building its resilience to temperature rises, we have incorporated the impact of climate change into our strategy, with sustainability being one of our key pillars (see the Strategy in Action section on page 13). The actions and targets we are committed to within this pillar have been prioritised, alongside the risk mitigations outlined below, as we believe they are best placed to enhance the Company's resilience to climate change on a larger scale.

The impacts of climate change present risks to our business, strategy and financial planning; however, we accept that there are also opportunities arising from the current and inevitable future impacts of climate change that we can capture in order to help limit global temperatures further. For the purposes of assessing the risks, the time horizons we used were as follows:

Short term (S): 0-1 year

Medium term (M): To 2030 (1-7 years)

Long term (L): To 2040 (7-17 years)

The process for assessing and identifying climate-related risks is the same for all principal risks and is explained in How We Manage Our Risks on page 48. In our view, based on likelihood and impact, the material risks and opportunities would most likely manifest in the medium or long term as follows:

- Supply chain pressures, particularly raw material costs for example, may impact our cost base and profit margins;
- Consumer demand volatility in terms of discretionary spend and also shopping habits, for example, may impact revenue;
- Decreased productivity from environmental disruption and extreme weather events, for example, may impact our revenue and costs if this causes an increase in pressure on consumer demand and supply chain operations;
- Regulatory changes and frictional trading costs, including potential carbon taxes, for example, may impact the profit after tax; and
- Growing expectations for responsible conduct from stakeholders, including investors, lenders and consumers, may impact our brand.

We acknowledge that these risks may vary across the geographies we operate in.

We have considered the potential for the financial statements to be impacted by climate change (in the above paragraph) and highlighted how the risks and opportunities would likely manifest in the statement of comprehensive income. On the balance sheet, the long-term assets which might be at risk from climate change are largely property, plant and equipment, the majority of which relate to leases for retail stores and computer equipment. While these assets could be impacted by climate change, their average useful life is less than six years, which is medium term, and consequently we have more visibility on the likelihood of these risks materialising and, therefore, the corresponding impairment risk is reduced.

Though Superdry in isolation cannot solve climate issues, we are implementing a number of initiatives and operational changes in our strategy that will help mitigate these impacts. Further details of our other initiatives can be found in the Sustainability Report available at corporate.superdry.com.

Risk Category

As per How We Manage Our Risks, pages 47 to 61	Risk	Opportunity	Materiality	Mitigation
Chronic physical risk (L)	Supply chain cost pressures arising from raw material shortages. **Scenario 1:** Cotton crops fail and availability of virgin cotton materials declines, with associated cost increase.	Opportunity to gain better resilience in the supply chains through investment.	**High** – Cotton was included in 68% of Superdry garments in FY23 and is a crop reliant on natural weather patterns.	Invest in cotton supply chains to build resilience: • By FY25 65% of our cotton usage will be from organic, in conversion or recycled sources (KPI 1, page 36); • 20,000 farmers converting from conventional to organic cotton to supply Superdry products (KPI 2, page 36); and • 10% of our cotton usage will be recycled cotton – including self-generated pre-consumer recycled cotton from off cuts and wastage.
Market and technology (S, M)	Consumer demand volatility from lower discretionary spend and changing shopping habits.	Opportunity to enhance reputation and brand value through using quality product, considering trends and through inventory efficiency.	**High**	Mission: #1 Premium, Sustainable Style Brand– opportunity to enhance reputation and brand value: • Quality metrics: We produce long-lasting, high-quality product (not fast fashion); • Vintage and reuse trends; and • Inventory efficiency and full-price trading, leading to higher sell-through (and therefore fewer garments produced to deliver same revenues).
Acute physical risk (S, M, L)	Decreased productivity from environmental disruption and extreme weather events. **Scenario 2:** Availability of most efficient freight routes decreases, with associated cost increase.	Opportunity to implement productivity solutions that help mitigate effects of potential environmental disruptions and weather events.	**High** – 79% of Superdry production is shipped from India and the Far East.	• Net zero and renewable energy targets aim to reduce reliance on fossil fuels, aligned with Science Based Target methodology. • R&D investment – lower impact and more resilient new materials; • Increasing our Retail test orders focusing on near shore capabilities; • Production closer to home and adopting modes of transport that are lower carbon and more resilient; • Reducing the risk of over buying bulk stock on new untested product lines; and • 99% of stock volume is transported from factory to warehouse via sea, road and rail; inbound airfreight is capped at 1% from FY23.

As per How We Manage Our Risks, pages 47 to 61	Risk	Opportunity	Materiality	Mitigation
Current and emerging regulation (S)	Evolving requirements at international, national, and state level meaning increased costs for high carbon activities, threats to market access and increased focus on liabilities. **Scenario 2:** Availability of most efficient freight routes decreases, with associated cost increase.	Through considering the international requirements, increased costs and threats to market access can be considered and controlled.	**High**	Local offices in all key source markets continue to monitor changes to environmental legislation and monitor its implementation through our supply base: • Dedicated central sustainability team tracking changes to reporting legislation in key markets; and • Quarterly reporting to the Audit Committee covering all core changes to environmental compliance requirements.
Reputation (S)	Growing expectations for responsible conduct from stakeholders, including investors, lenders, and consumers. **Scenario 3:** Investors, lenders and consumers benefit from Superdry achieving our mission statement, and targets.	Opportunity to increase reputation by aligning to the growing expectations of the stakeholders.	**High** – Superdry's strategic ambitions have sustainability at their core and aim to ensure stakeholder expectations are met on responsible conduct through transparent reporting.	• Mission statement #1 premium, sustainable style brand – opportunity to enhance reputation and brand value; • Leading through sustainability- this is a core strategic pillar with market-leading KPIs and annual reporting of progress through Sustainability Report; • Communicating with integrity is one of three principles underpinning the sustainability pillar; • Drive to communicate our journey via all touchpoints. We continue to deliver the Better Choices, Better Future campaign across our customer base from June 2022; and • Dedicated sustainability function and over 50 Sustainability Warriors in place to continuously deliver impactful change.

Having assessed the above scenarios and in line with How We Manage Our Risks on page 47, we do not believe there is any immediate material financial risk[1] or threat to our business model, as the above challenges are more likely to present themselves in the medium or long term. The quantitative analysis produced from modelling different climate change scenarios will be directly used in financial planning in response to climate change in future years. We acknowledge that some of the PRUs identify some climate-related exposure that may materialise in the short term, e.g., transitional risks: however the likelihood and impact are not considered to be material given the relevant mitigations the Group has in place, as detailed in How We Manage Our Risks on page 47.

1. Material financial risk is defined as a reduction in profit of in excess of £10m as per the Company's Risk Management Policy.

Better future – Lead through sustainability

With the aim of creating a better future – not just for the brand but also for the planet – we have taken significant steps this year towards our mission to become the #1 Premium, Sustainable Style Brand.

We continue to measure our performance through seven core KPIs across three core pillars – which capture our most material risks and opportunities.

Our FY23 Sustainability Report provides greater detail on the ambitious initiatives underpinning our KPIs.

Using low-impact materials is our commitment to ensure our choice in materials demonstrates balanced improvement in carbon, water, and chemical impacts.

- Sustainably sourced products accounted for 62% of our volume bought, driving 64% of full-price retail sales;
- We continued to invest heavily in organic cotton production, training 12,787 farmers across India and Turkey. These farmers produce enough cotton to supply 42% of our total cotton footprint; and
- We mapped our water footprint for 100% of our product and have noted a 18% reduction in the average footprint per garment since 2020 due to our use of low-impact materials.

	Baseline	Last Year	Achieved		Target
	FY20	FY22	FY23 (Actual)	FY23 (Target)	FY25
KPI 1: % Total volume of cotton bought converted to organic, low-impact or recycled alternatives	16%	47%	**62%**	**47%**	65%
KPI 2: # Cotton farmers converting to organic practices	869	7,583	**12,787**	**12,000**	20,000
KPI 3: % Total volume of product with mapped water footprint (% saving in average water footprint per garment)	0%	72% (N/A)	**100% (-18%)**	**100% (-10%)**	100% (-40%)

Low-impact material KPI performance.

Moving to net zero is about zero waste packaging as well as reducing full direct and indirect emissions 50% by 2030, and 91% by 2040 – setting a Science Based Target (SBT) with the goal of limiting the global temperature rise to 1.5°c.

- 99% of our single-use packaging was reusable, recyclable, or compostable, and we are on track to achieve 100% by 2025;
- We revised our net zero target to a market-leading Science Based Target (SBT), committing to halve our absolute carbon footprint by 2030, and reduce it by 90% by 2040; and
- We achieved a 38% reduction in our absolute SBT-aligned emissions compared to our FY20 baseline year, exceeding our target for FY25 two years early and we exceeded our target for renewable energy despite well publicised challenges across UK and European energy markets.

	Baseline	Last Year	Achieved		Target
	FY20	FY22	FY23 (Actual)	FY23 (Target)	FY25
KPI 4: % Packaging moved to recyclable, reusable, or compostable alternatives	75%	98%	**99%**	**99%**	100%
KPI 5: % Renewable energy used in stores, offices, and distribution partner sites	55%	90%	**93%**	**90%**	100%
KPI 6: Scope 1, 2 and full Scope 3 emissions, TCO_2e, all SBTi categories (% reduction)	306,675	241,562 (-21%)	**190,749 (-38%)**	**262,935 (-15%)**	237,299 (-25%)

Move to net zero KPI performance.

Communicate our journey with integrity represents the next phase in our strategy and includes working with our suppliers and other partners help drive our goals forward.

- We increased the percentage of workers enrolled in our Respect and Dignity training programme by 4%, successfully introducing the programme in Turkey for the first time;
- We entered the CDP A List for Climate disclosure – the top 2% of reporting companies; and
- We ranked 15 out of 500 overall and topped the list of UK-based fashion companies in the Financial Times Europe Climate Leaders in 2023.

	Baseline	Last Year	Achieved		Target
	FY20	FY22	FY23 (Actual)	FY23 (Target)	FY25
KPI 7: # Workers in our third-party supply chain actively engaged in our Respect and Dignity training program.	8%	23%	**27%**	**25%**	50%

Communicate with integrity KPI performance.

Sustainability disclosure

This section covers the financial year FY23 from 1 May 2022 to 29 April 2023.

It contains the necessary information including an overview on the Group's position, performance, and the impact of our sustainability strategy by and on our operations. It includes disclosures on issues relevant to the Company's value chain, including climate and the environment, and respect for human rights.

Overview

Growing expectations for responsible conduct from stakeholders presents substantial opportunity to *Lead through Sustainability* and the KPIs defining our strategy capture our most material risks and opportunities.

As a brand that produces garments, our value chain has an impact on the planet and people. We continue to maintain investment in our sustainability initiatives through our own business and value chain to help deliver our KPIs, recognising the substantial opportunity in achieving our strategic objectives.

We also continue to prioritise transparent and credible disclosures through our own reporting, and through credible third-party reporting frameworks including the CDP and Fashion Revolution Transparency Index (FRTI).

We rely on great partners to help deliver our initiatives, which in turn aim to positively contribute to the communities within which we operate. Details of these partners and how we work to align our KPIs with the United Nations Sustainable Development Goals (SDGs) is available on page 12 of our Sustainability Report.

An overview of our value chain

Superdry designs, produces, transports, markets and sells garments, footwear and accessories, which are then in turn used (and loved) by our customers. Eventually they are disposed of, recycled, or reused.

Our third-party suppliers source raw materials in line with our strategy and manufacture our garments in 89 third-party-owned facilities in India, Sri Lanka, Turkey, Bulgaria, China, Cambodia and Vietnam. Production is overseen by three sourcing offices covering each territory to ensure we can quickly respond to opportunities and risks.

62% of volume bought was classified as 'Sustainably Sourced' in FY23, driving 64% of sales – the majority of which requires certification to prove its content in line with industry standards. This provides greater opportunity to drive greater traceability through our supply chain, beyond Tier 1 facilities to the farmers included in our organic in-conversion training programme.

Please refer to page 6 for more information on our core sales territories and downstream supply chain.

Delivering our KPIs

We invest significant resource in core programmes of work to help drive our strategy forward and have a robust governance framework in place to ensure effective oversight, ownership and accountability of our human rights, environmental and climate risks (page 48) and opportunities.

Our sustainability budget in FY23 was 0.20% of our total revenue. This represents a 0.05% increase on FY22 due to growth investment in core initiatives.

While we have invested in a dedicated sustainability function based in our head office and within each sourcing office, sustainability is also embedded into our business through cross-functional squads which deliver initiatives that work towards our KPIs.

Sustainability KPIs, including those related to our climate targets, are reported to our CEO and Board on an annual basis. Monthly updates on KPI progress are reported to our Chief Operating Officer (COO) who is responsible for global sourcing and sustainability.

CEO	• Approves our **sustainability strategy**.
Chief Operating Officer (COO)	• Approves targets for our **sustainability strategy**. • Reviews KPI progress monthly.
Head of Sourcing, Ethical and Sustainability	• Delivers our **sustainability strategy**. • Reports **KPI progress** to COO monthly.
Sustainability team (seven people)	• Monitors compliance with **environmental and ethical policies**. • Delivers sustainability initiatives through partnerships and cross-functional collaboration in line with the **sustainability strategy**.
Sustainability Warriors (50 people)	• Internal activists, a collective voice to drive change across the brand.

60 individuals are actively engaged in driving our sustainability strategy. Quarterly, biannual, and annual data reviews to check progress and set future direction.

Using low-impact materials (KPIs 1-3)

Using squads established with members from our design, sourcing, production, and local office teams, these KPIs are monitored monthly in line with the processes below.

More information on the individual initiatives driving our KPIs is available in our Sustainability Report.

KPI	Measurement	Verification	Materiality
1: % Total volume bought converted to organic, low- impact or recycled alternatives*	• % total volume bought for retail and wholesale customers. • Organic, low-impact and recycled are defined using the Textile Exchange's Preferred Fibre benchmark. • Further information available in our Environmental Policy.	• All relevant factories hold certification in line with our Organic and Recycled Content Standards and Environmental Policy. • All PO Lines certified in line with Organic and Recycled Content standards.	• By replacing cotton and synthetic fibres with product containing organic, low-impact, or recycled alternatives Superdry can significantly reduce its water, carbon, and chemical footprint. • Product accounts for 62% of our total Scope 3 emissions – and therefore forms a significant climate opportunity and risk. • Decarbonisation of our product is critical to achieving our Science Based Target. • Organic cotton accounts for 1.4% of cotton grown globally. Investment in production is required to support the growth of the industry.
2: Number of cotton farmers converting to organic practices	• Farmers in conversion or already converted to organic cotton, actively engaged through third-party in-person training on organic agronomic practices funded by Superdry.	• 100% farmers enrolled in the Organic Cotton Accelerator (OCA)'s Farmer Programme. • OCA validates GMO status, training impacts and organic premium payment. • All farmers registered with India's APEDA Tracenet database, certified in line with organic requirements.	
3: % Total volume of product with mapped water footprint (% saving per garment)	• Water footprint mapped in litres water used per garment, from raw material to end of life. • 312 Superdry products mapped using Higg Product Module representing 108m garments bought between FY20 and FY23. • Products selected representative of common fabric and garment types through multiple styles. • Average water usage per garment in FY20 was 898 litres, in FY23 732 litres.	N/A	

* Linked to remuneration see page 85 for information

Move to Net Zero (KPIs 4-6)

These KPIs are delivered by squads established with members from our logistics, sourcing, wholesale, retail, property, and local sourcing office teams.

- Packaging (KPI 4) is reviewed seasonally in line with the plan with the sourcing team, with the last 1% to be delivered by 2025.
- Multiple squads focussed on delivering initiatives with significant impact on our carbon footprint help deliver KPIs 5 and 6 – including those capping/monitoring airfreight and converting our third-party factories to renewable energy.

KPI	Measurement	Verification	Materiality
4: % Packaging moved to recyclable, reusable, or compostable alternatives	• Metric tonnes of packaging components by composition. • Recyclable plastics defined by Ellen MacArthur Foundation's Global Commitment.	Packaging used is reported to Ecosurety and Valpak who report our obligations under The Producer Responsibility Obligations (Packaging Waste) Regulations 2007 and equivalent European regulations.	• We require packaging to protect our product from factory to consumer. • Damage of product results in wastage. • Packaging is often single-use and can be disposed of into waste streams without proper controls in place.
5: % Renewable energy used in stores, offices, and distribution partner sites	See 'Our Greenhouse Gas emissions'.	• Full verification statement by Bureau Veritas to the ISO 14064-3:2019 standard available on corporate.superdry.com.	• Our retail stores and offices are in our direct control so represent a significant climate opportunity. • The fashion industry contributes 4% to global greenhouse gas emissions (McKinsey 2020); setting our Science Based Target is therefore our responsibility as a leading fashion brand.
6: Scope 1, 2 and full Scope 3 emissions, TCO_2e, all SBTi categories (% reduction)			

Scope 1: Direct use of fuels within our owned Company facilities. **Scope 2:** Purchased electricity, steam, heating, and cooling for own use within our owned Company facilities. For Scopes 1 and 2, we report our emissions data using a 'financial control' approach, which means we include emissions from all parts of the business where we have direct financial and operating policies, including our owned and operated retail stores and office space. **Scope 3:** Indirect emissions associated with upstream and downstream activities in our value chain. We calculate our direct emission figures using actual consumption data from smart meters and accurate meter reads/invoicing. In FY23, 10% of our direct emissions were calculated from estimated source data.

Our Greenhouse Gas Emissions

This year we publicly committed to align our carbon strategy with the latest climate science to play our part in meeting a 1.5°C future.

We updated our original carbon reduction target, originally set in 2019, to an aligned Science Based Target (SBT). At the time of writing this report we were in our 65-day verification period with the Science Based Target Initiative (SBTi), pending completion on 5 September 2023.

This year, Superdry was recognised again for our leadership in climate disclosure, reaching the A List for climate with the CDP, placing Superdry in the top 1.5% of reporting companies, and ranking 15 out of 500 overall and topping the list of UK- based fashion companies in the Financial Times Europe Climate Leaders in 2023.

Our short (near) term target to 2030		**Our long-term target to 2040**
To reduce absolute Scope 1, 2 and 3 greenhouse gas (GHG) emissions by 50% from a FY20 base year.	→	To reach net-zero GHG emissions across the value chain from a FY20 base year. Decarbonising our business by 90%, and investing in up to 10% Certified Emission Reduction offsets, only after meeting our long-term goal.

As a core part of our short-term goal, we will continue to annually source 100% renewable electricity, and invest in Voluntary Emission Reduction offsets, to neutralise 100% of our remaining Scope 1 & 2 emissions from 2025.

Our current performance

Our SBT-aligned pathway tracks a straight-line 5% annual absolute reduction in Scope 1, 2 and 3 market based emissions between 2020 and 2030.

We are currently tracking above our targeted FY23 reduction of -15%, currently at -38%. This is mainly driven by our reduction in Scope 3 emissions which account for 99.9% of our total footprint.

Scope	Metric	% Change vs. baseline	**FY23**	FY22	FY21	Baseline FY20
1 & 2	Tonnes CO_2e	-50%	**180**	234	332	362
3		-38%	**190,569**	241,328	263,809	306,312
Total		-38%	**190,749**	241,562	264,141	306,674

Our Direct Energy Consumption and Emissions (Scopes 1, 2)

Market-Based Emissions

Since FY20 we have seen a -50% decrease in our total (absolute) market based Scope 1 and 2 emissions, tracking above the SBT planned reduction of -15% (5% year-on-year), tracking at -23% year-on-year.

The remaining emissions are purely Scope 1 (gas) in the US, as well as global refrigerant usage from the maintenance of current air conditioning stock. These fluctuate and will be subject to Voluntary Emission Reduction offsets from 2025.

Scope 2 emissions continue to be 100% renewable in our directly owned stores and offices since 2018, with an emission factor of $0gCO_2e/kWh$. We have purchased additional certified renewable energy credits to cover wider Scope 2 purchased energy (heating and cooling) and converted to 100% Renewable Gas Guarantee of Origin (RGGOs) certified gas contracts across our UK stores and Head Office and purchased additional RGGOs to cover our European store gas usage.

Our normalised market based Scope 1 and 2 emissions show greater efficiency because of higher revenue and a reduced Scope 1 footprint, changing by -43% to 0.29 tCO_2e/£m compared to FY20.

Scope	Metric	% Change vs. baseline	**FY23**	FY22	FY21	Baseline FY20
1	Tonnes CO_2e	+11%	**180**	234	182	162
2		-100%	**0**	0	150	200
Total		-50%	**180**	234	332	362
Total	Tonnes CO_2e/£1m sales	-43%	**0.29**	0.39	0.60	0.51

Market based emissions. Sales used to calculate efficiency provided prior to publication (June 2023) at £622.9m. The proportion of energy consumption reported that relates to the UK and offshore area is 28% (50.3 tCO_2e). In FY22 this was 65.5% (153 tCO_2e). This significant change is due to a reduction in refrigerant replacement, which fluctuates based on HVAC requirements.

Location-Based Emissions:

We have reduced our Scope 2 location-based emissions by 36% on an absolute basis since FY20 by proactively managing energy consumption across our stores and offices.

Scope	Metric	% Change vs. baseline	FY23	FY22	FY21	Baseline FY20
1	Tonnes CO_2e	+11%	**180**	234	182	162
2	Tonnes CO_2e	-37%	**4,572**	4,788	4,738	7,264
Total	Tonnes CO_2e	-36%	**4,751**	5,022	4,920	7,426
Total	Tonnes CO_2e/£1m sales	-28%	**7.63**	8.36	8.85	10.54

Location-based emissions uses a 'grid average' greenhouse gas (GHG) emission factor based on the average mix of all generating technologies in the countries in which we operate. Provides insight into carbon intense grid electricity emissions and identifies where our largest climate impacts are. Sales used to calculate efficiency provided prior to publication (June 2023) at £622.9m. The proportion of location based carbon emissions reported that relates to the UK and offshore area for FY23 is 45% (2,151 tonnes CO_2e). In FY22 this was 48.9% (2,458 tonnes CO_2e).

Streamlined Energy and Carbon Reporting (SECR)

Our global energy efficiency (per m²) shows a -21% reduction against our baseline year of 2017; year-on-year efficiency has remained relatively flat (+1.3%). In addition to using Building Management Systems (BMS) to control energy use in 52% of our stores, we have also closed store entrances globally, reducing the need for overdoor heating. Due to some closures, store space has reduced by -9% which has buffered the impact of these improvements.

We are on track to achieve a 25% efficiency saving by 2025 (against our original FY17 baseline) as the impact of completing installation of LED bulbs in 15 stores at the end of FY23 is realised, having now installed LED bulbs in a total of 76% of our UK and European owned retail estate (stores trading as of 30 April 2023).

	Metric	% Change vs. baseline	FY23	FY22	FY21	FY20	Baseline FY17
Absolute Global Energy Use	KWH	-24%	**20,492,504**	21,832,170	19,336,659	24,946,000	26,837,273
Global Energy Efficiency	KWH/M²	-21%	**179.0**	176.7	150.5	183.0	226.4
Global Energy Efficiency	KWH/£1,000 Sales	-8%	**32.9**	36.3	34.7	35.4	35.7

Energy Use. The proportion of energy consumption reported that relates to the UK and offshore area for FY23 is 53% (10,863,400 kWh purchased electricity, heating, and cooling, and 71,930 kWh gas). FY22 is 50.3% (10,853,093 kWh purchased electricity, heating, and cooling, and 138,829 kWh gas). Sales used to calculate efficiency provided prior to publication (June 2023) at £622.9m. Our energy consumption inventory comprises of 93.6% purchased electricity, 3.8% heating and cooling and 2.6% direct combustion of natural gas. We have reported on all energy and carbon emission sources required under both the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (the 2018 Regulations) implementing Government policy on Streamlined Energy and Carbon Reporting (SECR).

Our Indirect Emissions (Scope 3) – Our product, supply chain and wider impacts

Our indirect emissions account for 99.9% of our total footprint.

In line with SBT rules we are prioritising categories where we have greater control over emissions reduction in our target but continue to report on all categories for transparency. We have planned a straight line 5% reduction between 2020 and 2030. So far, we have achieved a 38% reduction, tracking above plan, driven by:

- Buying smarter, reducing our buy volumes by 31% compared to FY20 and selling through stock we have in our warehouse. This impacted categories 1, 4, 9, 11, 12.
- Reducing the carbon impact of our materials by converting 62% of our garments to low-impact materials, from a base of 16% in FY20, while also increasing the use of renewable electricity in factories to 39% of garments bought, from a 0% baseline in FY20. This impacted category 1.
- Capping of inbound airfreight to 1% has supported a reduction in emissions for our upstream freight by 53% on our FY20 baseline.
- Reduced business travel and working from home across all offices post Covid (categories 6, 7).
- Improvements made in calculations and a greater visibility in emission factors used: going forward we are committed to using open-source factors to improve the transparency of our footprint (all categories with *). We have also expanded our categories reported to category 15 – investments, to account for pension contributions.

	Included in SBT	% Change vs. baseline	FY23	FY22	Baseline FY20
Category 1: Purchased Goods & Services	Yes	-36.5%	**169,542**	214,205	267,158
Category 2: Capital Goods*	No	-19.9%	**4,094**	6,745	5,113
Category 3: Fuel and Energy-Related Activities*	Yes	6.7%	**1,771**	1,900	1,660
Category 4: Upstream Transportation and Distribution*	Yes	-52.7%	**11,360**	16,458	24,037
Category 5: Waste generated in operations	Yes	-73.7%	**42**	94	160
Category 6: Business Travel	Yes	-73.1%	**880**	1,601	3,268
Category 7: Employee Commuting and Working from Home	Yes	-23.1%	**2,217**	2,238	2,882
Category 8: Upstream Leased Assets	Yes	-2.4%	**257**	315	263
Category 9: Downstream Transportation and Distribution*	No	-21.3%	**1,078**	4,044	1,370
Category 10: Processing of sold products	No		Not applicable		
Category 11: Use of sold products	No	-39.5%	**64,874**	80,755	107,190
Category 12: End-of-life treatment of sold products	No	-28.3%	**2,685**	2,991	3,743
Category 13: Downstream leased assets	No		Not applicable		
Category 14: Franchises	Yes	-34.6%	**4,500**	4,517	6,885
Category 15: Investments	No	–	**643**	–	–
Total Scope 3	No	-37.7%	**263,943**	335,864	423,776
Total SBT targeted emissions			**190,569**	241,328	306,312

Our full Scope 3 emissions, including SBT targeted categories.

Methodology Statement: All emissions disclosed in tables above have been prepared in accordance with the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard (revised edition), WRI/WBCSD GHG Protocol Scope 2 Guidance 2015, WRI/WBCSD Corporate Value Chain (Scope 3). This methodology aligns to the criteria of the Science Based Targets Initiative (SBTi) so that this data can be used to calculate a Science Based Target. We used emission factors published by Department for Business Energy and Industrial Strategy (BEIS) and Department for Environment, Food and Rural Affairs (DEFRA) as well as databases from AIB and Climate Transparency. This year, we completed an annual verification of our Scope 1, 2 and 3 emissions declared within tables above. This verification was undertaken by Bureau Veritas to the ISO 14064-3:2019 standard. Their full statement of verification can be seen at corporate.superdry.com. Data is reported for FY23, which runs from 1 May 2022 to 30 April 2023.

Communicate with Integrity (KPI 7)

Working closely with our suppliers, this squad is led by our local offices with oversight from our Head Office sustainability function to ensure global consistency.

Our core KPI in this area is our Respect programme. We also have a roadmap covering our full ‘communicating with integrity’ plan to 2025 available in our Sustainability Report.

KPI	Measurement	Verification	Materiality
7: Number of workers in our third-party supply chain actively engaged in our Respect and Dignity program.	Worker numbers declared in ethical audits.	Ethical audits completed annually by third-party partners including Bureau Veritas, Social Compliance Services Limited and The Reassurance Network.	58% of the 59,033 people in our supply chain are women.

Policies and due diligence

While our Respect KPI represents the opportunity to go beyond compliance, our approach to working with our partners and supply chain relies on clear policies and due diligence to effectively manage the risks and opportunities associated with a garment supply chain.

Our human rights and environmental policies provide our foundation for defining risk and opportunity through our business and supply chain, defining minimum standards, ways of working and due diligence required through our business and supply chains in line with UK and international laws and standards.

All suppliers (owned and licensed) are required to comply with relevant local legislation as well as our own business principles. Forming part of our contractual terms of business, all suppliers of Superdry branded product are required to sign up to our Supplier Manual comprising of our human rights and environmental policies, due diligence processes and strategic sustainability targets. Suppliers are assessed and provided with feedback on sustainability and ethical performance as part of a cross-functional scorecard twice a year.

Human rights, environmental, and climate risks to the business are updated quarterly; these are included in 'How We Manage Our Risks' on page 58. The human rights, environmental, and climate risks resulting from our business activities, on our value chain, its communities, and the planet are reviewed annually and published at corporate.superdry.com/sustainability.

Our statement on human rights

We respect and uphold human rights wherever we operate and are aware that risks can arise within our own business and supply chains. Our approach to human rights is guided by the UN Guiding Principles on Business and Human Rights (UNGPs), and we adopt the principles of leveraging change and utilising effective due diligence and remedial actions to detect and manage risk. Our Code of Practice, aligned with the ETI Base Code, represents our foundational requirements. Alongside wider human rights policies which work with local laws, this ensures that a minimum standard of protection is afforded to our colleagues. It is the standard for our supply chain partners to uphold in relation to their employees.

Supporting our human rights commitment is our Modern Slavery Statement. This is published in line with the UK's Modern Slavery Act (2015) and California's Transparency in Supply Chains Act (2010) and is available on our corporate website at corporate.superdry.com.

Supply chain due diligence

We are seeing significant positive shifts in our supply base – from compliance to adopting our sustainability goals within factories.

We have established mechanisms to closely monitor and manage these risks – from the selection of factories for production, ongoing monitoring of their compliance with our policies and, if required, responsible exit should any major non-conformities be identified and not remedied. We have a dedicated ethical trading function, including labour standards experts in each key sourcing territory, and strict standards in place to ensure manufacturers are operating factories that meet our baseline Code of Practice requirements.

In FY23, 96% of our Tier 1 factories were ranked in line with or above, social and environmental compliance – a 5% increase since last year. The 4% who fall below our social and ethical requirements are actively engaged in improvement over a defined period through our Intensive Care Programme (ICP) or exited in line with our Responsible Exit Process. The programme involves targets and milestones agreed between the supplier and Superdry leadership teams and local experts – additional training is then delivered by third-party specialists, with regular visits to monitor improvement.

Driving greater accountability and to demonstrate our commitment to communicate with integrity, this year we published our Tier 1 factory base in line with our roadmap to communicate with integrity. More information on how we work with our suppliers is available on the Ethical Trading section of our website.

How we grade fair and safe conditions in our supply chain

Blue Grade 10%
Leading social and environmental compliance and sustainability systems including a minimum of two of the below:

- Active partner in our Respect programme;
- Installing solar panels;
- Certified energy efficiency; and
- Procuring cotton from Superdry 'in-conversion' farms.

Green Grade 13%
Leading social and environmental compliance.

Yellow Grade 72%
Performs in line with social and environmental compliance requirements.

Orange Grade 4%
Falls below our social and ethical requirements, actively engaged in improvement over defined period (IC) or exited.

Red Grade 0%
Critical Failure: urgent resolution, or exit.

Our People

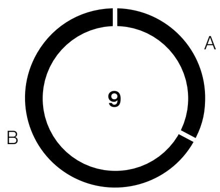
Superdry continues to be a truly diverse global community. We employ 3,956 colleagues across 16 countries (as of 29 April 2023). Whilst most of our workforce are young (68% are under 30 years of age) we are a multi-generational team.

Our generations

	Global head office		Global retail			Totals
Generation	# Colleagues	%	# Colleagues	%	# Colleagues	%
Boomers – 1946-1964	18	2.24%	7	0.22%	25	0.63%
Gen X – 1965-1980	182	22.6%	116	3.68%	298	7.53%
Gen Y – (Millennials) 1981-1995	463	57.52%	893	28.34%	1,356	34.28%
Gen Z – 1996-2010	142	17.64%	2,135	67.76%	2,277	57.56%
Grand total	**805**	**100%**	**3,151**	**100%**	**3,956**	**100%**

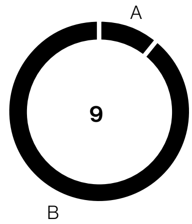
Executive team – Gender

A: Female 3 (33%)
B: Male 6 (67%)



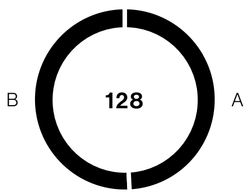
Executive team – Ethnicity

A: Black, Asian or Minority Ethnic backgrounds 11%
B: White 89%



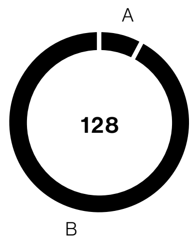
Leadership team – Gender

A: Female 63 (49%)
B: Male 65 (51%)



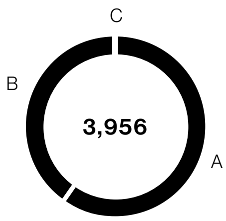
Leadership team – Ethnicity

A: Black, Asian or Minority Ethnic backgrounds 8%
B: White 92%



Total employees

A: Female 2,373 (60%)
B: Male 1,580 (40%)
C: Non-disclosed 3 (0.07%)



Gender pay gap (FY22)

Group:18.5%
(2021 23.68%)

Retail 2.2%
(2021: 4.7%)

In our FY22 Gender Pay Gap report, we were pleased to report a positive reduction in our gender pay gap: our mean Group gender pay gap was down by over 5% and our C-Retail mean gender pay gap was down by 2.5%. Our Gender Pay Gap report is available in full at corporate.superdry.com, and lists our actions for the coming year to drive our gap down further, focusing on ensuring that Superdry becomes an even better place to work for all.

Our people are the key to our future success. We have had a challenging year but we are focused on colleague engagement to ensure we are providing a great place to work. We are also managing and developing our talent to ensure delivery of our business objectives, and really listening to our teams to create a workspace where everyone can be their authentic selves.

Talent management

Ensuring that we engage, develop and retain our talent is key to our business stability and success.

Over the last year we have invested in developing a range of self-serve and facilitated options for our colleagues. We launched a new online learning platform called 'Shinpo space', featuring a vast suite of online learning materials which is now well embedded, with 2,653 courses being completed by colleagues over the last 12 months. We also delivered new face-to-face training opportunities in the physical and virtual classroom. These included a range of courses to enable people to drive their personal and leadership development. These were attended by 654 colleagues and included courses such as growth mindset, teamworking, being a project leader, and stress management.

We also launched our internal mentoring programme, which allowed colleagues to access a database of internal mentors to support their development, make connections across the business and navigate any challenges that they are facing. So far 69 colleagues have signed up to the scheme across our Retail and Head Office teams.

To ensure a consistent new joiner experience in Retail, we also launched a People Toolkit, which includes recruitment, onboarding guides, and a career framework tool to support development. Feedback has been positive from both managers and new hires. To further improve the experience in Retail, we are currently piloting SHL's recruitment selection tools for online assessments. This will help move teams away from traditional CV-based assessment to a digital assessment tool, focusing more on customer service behaviours rather than experience.

We have also continued our relationship with schools and colleges. For example, we recently worked with Manchester University students on a design challenge, whose winner will receive work experience at our Head Office.

Culture and engagement

We believe our Superdry culture is unique and within it, we aim to create a progressive people culture where all employees feel valued and engaged, and can thrive. Our People team continually strives towards the common goal of creating an amazing people experience.

Over the last year we have continued to develop our approach to diversity, equality and inclusion (DEI). We have 13 DEI champions from across our global business who provide us with feedback and support in shaping our plans.

During the year we have had a particular focus on inclusion, and have taken various steps to support under-represented groups in our business and to drive a culture of belonging. We have continued to work with MOBOLISE, a digital platform to connect Black talent to organisations, and two of our colleagues shared their personal experiences on a hosted webinar with aspiring Black professionals.

We have also achieved ‘Disability Confident’ accreditation, and we have had five colleagues join us via our ‘Grow Futures’ programme, where we offer financial assistance to support the relocation/travel expense of diverse candidates to our Head Office. Finally, all retail managers across the Group took part in 16 DEI unconscious bias training sessions, helping to support them to be the best leaders for our retail colleagues.

We have also driven a range of DEI engagement activities linked to key events such as Pride, Black History Month and International Women’s Week, as seen on our LinkedIn page. We are also learning how to improve the colleague experience for deaf colleagues through feedback from a recently hired colleague in our Oxford Street store. These initiatives are making a difference, demonstrated through our DEI pulse survey in October, which received 1,159 responses in which 94% of colleagues said they felt they could bring their true self to work.

To celebrate instance of our talent going above and beyond, we launched our new quarterly global recognition programme, ‘SD Heroes’, at the beginning of the year. This celebrates the efforts of 10 colleagues each quarter, who are recognised and rewarded for their outstanding work.

Our Superdry Voice (SD Voice) engagement group continues to provide an important forum for our colleagues to provide feedback and help shape business initiatives. 30 colleagues participate from across our global functions and over the past year, the SD Voice has provided feedback that has helped shape our approaches to wellbeing, reward, cost-of-living crisis and various operational activities. The groups are supported by Cathryn Petchey, Global People Director, and Helen Weir, our designated independent Non-Executive Director (NED) for colleague engagement. Lysa Hardy took over from Helen Weir on 1 June 2023 as NED for colleague engagement.

To improve the visibility of the Board, we held a face-to-face Q&A session with colleagues where they shared their experiences, thoughts and insight on the business. It was a fantastic forum to launch a dialogue and provide feedback between colleagues and our NEDs.

We also held various online meetings under the title ‘SD Live’, to inform our employees on topics such as financial and economic factors affecting the business’ performance. One such session was led by the CEO and CFO on 27 January to inform colleagues about the business’ half-year financial performance. After the session, a recording was posted to Workplace (internal communications platform), with comments from the CFO for employees to read.

Charity and community

Over the last year we have supported two local organisations: Gotherington Jaguars, a girls’ football team, and Lives of Colour, a Gloucestershire-based consulting service that supports equality, diversity and inclusion in Gloucestershire. We designed and developed the new team kit for the Gotherington Jaguars, and provided Lives of Colour with office space, support from our designers and material in a project called Fabric of Colour. This project, and Lives of Colour as a whole, aims to bridge the gap between minority communities and established organisations in Gloucestershire.

We have continued to run our ‘Give Free Time’ initiative, where we give colleagues a paid day off to support charities. In December, the Executive Committee volunteered at the Trussell Trust Cheltenham food bank. Other charities that have been supported through this initiative include Gloucester City Mission, Caring Hands, Cotswold Dogs & Cats Home and the National Trust.

Wellbeing

Wellbeing has been high on the agenda for us over the last 12 months, as we develop a culture that prioritises wellbeing by enabling line managers to have better conversations and support colleagues in feeling safe, listened to and valued.

During the year, we have focused on embedding our wellbeing offering through raising awareness of and engagement on wellbeing topics, with mental health being at the forefront. We have 20 Wellbeing Champions across our Head Office and global Retail teams, whose role is to support with, and lead on, raising awareness of topics in their specific areas. Additionally, mental health first-aider training was provided to all Head Office Wellbeing Champions.

We ran monthly topics on a variety of issues including menopause, men’s mental health, financial wellbeing, managing stress and anxiety, and pregnancy loss. We also launched a confidential, independent Employee Assistance Programme (EAP) with our partners, Health Assured.

We currently have 537 users of our EAP app, and 103 calls were made to the Helpline over the last 12 months. We will continue to promote the services this year.

Finally, we launched a compressed four-day working week for all of our full-time Retail colleagues. This has been an enormous success, with 75% of colleagues taking up this opportunity. As a result of this initiative our colleagues have reported improved mental health, help with the cost-of-living crisis, and the opportunity to have a better work-life balance.

How We Manage Our Risks

Effective risk management is key to ensuring robust processes exist to identify and prioritise those risks to which Superdry is most exposed, and that these risks are appropriately managed. We have continued to develop and improve our risk management practices during the year.

These improvements included the development of risk appetite statements for each principal risk and uncertainty (PRUs) and the embedding of the 'Clear and Present dangers' process and standards for corporate, climate-related financial reporting from the Task Force on Climate-related Financial Disclosures (TCFD) that were introduced last year.

Our PRUs have been assessed against the Group strategy and risk mitigation activities have been prioritised accordingly.

Risk management framework

The Board delegates authority for overseeing the effectiveness of the Company's risk management process to the Audit Committee. At the March 2023 Audit Committee meeting, the Committee was presented with details of risk management processes. A summary was provided of the approach to risk identification in the context of strategy, roles and responsibilities, risk methodology, reporting and training. The Committee concluded that processes were effective. Processes for identifying and assessing risks are included within our Risk Management Policy to ensure there is a consistent approach in the way our principal risks are identified, assessed, managed and reported.

For the assessment of risk, we use a 5x5 probability-impact risk matrix to assess the impact as 'insignificant', 'minor', 'moderate', 'significant' or 'major'. Each impact category has a definition across multiple facets including financial impact, health and safety, people, brand reputation and climate. Risks assessed as 'major' are those which are likely to result in >£20m reduction in profits, severe injury/death, adverse change affecting >50% employees, brand health falling to a critical and potentially terminal level, or extreme weather events causing uncertainty in procuring agricultural inputs, disrupted distribution networks and damaged manufacturing facilities. Further considerations associated with climate change are detailed in the climate-related risks (TCFD) section below.

To ensure a consistent approach to the management of risks, a risk matrix is used to give each risk a relative score based on a combination of the probability and impact. Risks are scored at three points:

1. Before considering the impact of the controls that are in place (gross risk);
2. Considering the effectiveness of the current controls in place (net risk); and
3. After any further action taken to mitigate the net risk to achieve a level of risk which is in line with Superdry's risk appetite.

Risk review process

Risk function 01
- Risk identification;
- Consideration of global risk landscape; and
- Horizon scanning across the 1–5 year time frame.

Risk Committee 02
- Management of Group's risk management processes (e.g. assessment, scoring, deep dive into specific risks).

Executive Committee 03
- Monitoring of Principal risks and uncertainties (PRUs); and
- Identification and management of Clear and Present Dangers.

Audit Committee 04
- Review and approve Risk Management Policy;
- Review of PRUs and Clear and Present Dangers; and
- Evaluation of effectiveness of risk management.

Board 05
- Overall accountability for risk management; and
- Setting risk appetite.

A comparison of the level of the net risk against our risk appetite will determine whether action is required to further mitigate the risk. Any action to manage risk needs to be appropriate, achievable and affordable. The impact expected if no action is taken is considered against the cost of action and the reduction in the overall level of the risk.

Each risk identified and recorded in the risk register has a 'risk owner' assigned, who is the individual (member of the Executive) with the appropriate authority and experience to understand and manage the risk exposure and ensure that this is monitored, updated, and progress is monitored. Risk owners will assume overall responsibility for ensuring all mitigating actions are completed by agreed deadlines. The Head of Internal Audit and Risk reviews key risks with risk owners on a quarterly basis or more frequently if required.

The achievement of our strategy will involve taking risks (e.g., strategic, operational, financial, reputational etc.). However, risks are only accepted where it is appropriate to do so and where decisions to accept are informed and in line with Superdry's risk appetite. Our overarching risk appetite has been defined and agreed by the Board and helps frame decision-making.

Superdry's risk appetite statement:

We aim to be risk aware, recognising that to achieve our objectives we will take on certain risks in an informed manner. When a risk is at an acceptable level, the risk will be recognised but further mitigating action may not be undertaken. Circumstances where this could apply would include when the cost or effort to implement a control outweighs the potential impact if the risk materialises. We will not take risks that could negatively affect the safety of customers or colleagues, be detrimental to our brand, involve illegal behaviour, or endanger the future existence of the business.

Framework for Climate-related risks (TCFD)

The Group now reports on a number of climate-related financial disclosures to provide information on the impact of climate change, including consideration of climate-related risks most prominent to our business and the sector in which we operate, acknowledging the global reach of our business.

The identification and management of climate-related risk is integrated within the organisation's Risk Management Policy as described above. In order to identify and assess these risks, we have analysed the future potential scenarios that may crystallise in terms of global average temperature rises, and the potential impact on our business. Qualitative disclosure has been provided as a first step and we will work towards quantitative disclosure in the future.

Climate-related risks are separated into two categories:

Physical risks

- Acute physical; and
- Chronic physical.

Physical risks from climate change will be event-based (acute) or longer-term climate pattern shifts (chronic). Physical risks can have a direct impact such as damage to assets, and indirect impacts including supply chain disruption.

- Changes in availability and cost of raw materials;
- Disruption to upstream logistic networks;
- Damage to property and assets; and
- Adverse impact on quality.

Transitional risks

- Reputation;
- Regulation;
- Technology;
- Legal; and
- Market.

The road to a low-carbon economy will involve addressing the mitigation and adaptation requirements related to climate change. This is likely to materialise in the form of extensive policy, legal, technology and market changes.

- Increased compliance costs and reporting obligations could have an impact on asset values and future revenues;
- Increased costs from introduction of carbon taxes;
- Substitution and transition costs to lower emissions technology; and
- Shifts in consumer preferences.

Transitional risks are non-exhaustive and those listed are included within our environmental risk register.

Timeframes for considering risks

To support with disclosures of our risks, our Risk Management Policy includes definitions of short, medium and long-term horizons (see table below). The timeframes associated with different risks influences our response and mitigating activity. The identification and monitoring of emerging risks takes place via our Clear and Present dangers process. Emerging risks are those risks that often develop rapidly, whose probability and impact are yet to be fully known with associated mitigating activity yet to be fully defined.

Short term

0-1 year

As a fashion brand we operate our business on two main seasons and two capsule collections; therefore, within a financial year, we review year-on-year seasonal trends to inform short-term risk assessment.

For example, when planning a future season, we review trends related to raw material production to inform buying patterns, forecasting and prioritising appropriate materials to mitigate risk. One example is that when planning a cotton-rich season such as Spring/Summer, we will book fabric in advance to secure organic cotton availability due to volatility as a result of environmental factors.

This time frame aligns with our short-term financial planning horizon.

Medium term

To 2030 (1-7 years)

Exposures include risks associated with our aim to move 65% of our cotton to organic, and net zero in our own and third-party distribution operations.

Over the next five years we are diversifying into recycled and transitional cotton (cotton produced by farmers who are moving from conventional to certified organic techniques) to de-risk market volatility of organic due to environmental impacts.

This time frame aligns with our medium-term financial planning horizon (our Five-Year Plan, which is the basis for our viability statement within the Annual Report).

Long term

To 2040 (7-17 years)

Long-term exposures are aligned with our sustainability strategy horizons which look over a longer time frame than other business operations.

With this time frame, we also aspire to align our long-term sustainability goals with widely recognised timescales for impact such as the Sustainable Development Goals and the Paris Climate Agreement. Our long-term goals, for example, are 100% organic cotton in all cotton products, and net zero across our third-party logistics operations.

Over the next 10 years, we will continue to reduce airfreight and move to alternative low-carbon fuels to de-risk the increasing cost of logistics.

Principal risks and uncertainties

Evaluation of our risks

Our risk management framework has been used to evaluate each of the Group's most significant risks (PRUs) and the table below provides an assessment of each. During the year, risks associated with liquidity, macroeconomic headwinds and wholesale performance have increased, whilst the risk associated with excessive stock levels has reduced. The remaining PRUs have remained at a similar level to last year. All PRUs will continue to be actively managed to ensure they are within our risk appetite and associated tolerance levels.

Risk	Mitigation	Movement in the year
PRU 1: **Liquidity** **Link to strategy:** **Make It Happen** Our ability to meet our liquidity needs is dependent on the availability of adequate financing from banks and capital markets. Our liquidity risk is partly attributable to an overhang from Covid. When we entered the pandemic, we had very low levels of debt, but these levels had increased significantly as we exited the Covid period. Since then, the tough trading conditions associated with the cost-of-living crisis and economic uncertainty during the year has led to continued pressure on our overall liquidity.	In December 2022, we secured a new finance facility of up to £80m (with a £30m term loan component) for a three-year period. In July 2023, we reached an agreement with HilCo capital Limited to unlock a further £25m in credit to help mitigate the headroom cap on our new finance facility. A process exists to ensure we remain compliant with these financing arrangements and their associated covenants. The Board continually reviews the cash generating levers available to the business. The sale of Intellectual Property assets in much of the APAC region, the completion of an equity raise and the commencement of the cost-cutting programme in FY24 will aid in strengthening of the balance sheet required as a result of the significant liquidity issues faced towards the end of the FY23 financial year. We continue to manage working capital pressures closely to maintain targeted cash levels and financial resilience. The management of stock commitments, negotiation of rental reductions and effective management of our debtors being key elements.	↑ We continue to operate in a tough trading environment that puts pressure on our liquidity needs. Whilst we have secured the new financing facility and executed other cash generative activity, this risk has increased when compared to last year.
PRU 2: **Macroeconomic instability** **Link to strategy:** **All** Macroeconomic headwinds continue, with a resultant impact on our trading performance. We operate in a wide range of markets that are exposed to the changing economic and political environments that continue to impact consumer spending, and leading to increased operational costs and impact profitability.	Macroeconomic and political tensions are monitored closely. Regular reviews of the Group's pricing strategy and cost base are undertaken in conjunction with forecasting disciplines to ensure that we are dealing with changes in the macroeconomy in a timely manner. A Five-Year Plan that recognises the ongoing economic issues and is based on conservative sales assumptions. The Five-Year Plan has resulted in the implementation of a strategy that focuses on efficiency and leverages the strength of our brand across different customer segments and geographies to mitigate reliance on a particular customer segment in a particular country. Examples of activity to deliver our turnaround programme in the face of the macroeconomic headwinds include:	↑ We believe the underlying risk to have increased since last year. The impact of these macroeconomic headwinds have been partially offset by actions taken as part of our turnaround plan.

Key → No change ↑ Increased risk ↓ Decreased risk

Risk	Mitigation	Movement in the year
PRU 2 continued	• Sale of Intellectual Property assets for £34m in much of the APAC region; • Completion of £11m equity raise; • £35m cost-cutting programme; • Revised pricing strategy to reflect inflationary pressures; and • Reduction in levels of stock (see PRU 5 for further detail). Robust business continuity processes to support in the event of significant interruption to the business.	↑
PRU 3: **Design and Product** **Link to strategy:** **Inspire through product and style** Our ability to achieve success depends on a relevant commercial product strategy that is aligned to brand position, consumer segmentation and focus on commercial opportunities. A poor product strategy will mean we fail to meet consumer needs and trends, leading to a product range that is insufficiently differentiated or unattractive to target consumers, and ultimately a deterioration of the brand.	We continue to design the product range against each style choice and segmentation: entry, core, statement and exploration, through the lens of fashion follower and our heritage consumers. Our product strategy and range planning critical path has gone through a series of improvements to reflect Superdry's requirements in terms of consumer responsiveness, reduced option count, and is driven by data insight and cross-functional collaboration. The critical path culminates in a range and product architecture that is approved by the CEO and includes the following key milestones for the design and product strategy: **Plan** – Defines brand narrative and design direction based on insights (consumer, channel, product innovations). **Create** – Activates the design and marketing teams to create products and marketing calendar as per the seasonal plan. **Go To Market** – Preview of new products showing how they will be presented through each of our channels. Our product range is subject to in-house testing to ensure quality standards are maintained. To align to the wider business strategy, sustainability is at the forefront of our everything we do, through designing and producing our range from low-impact materials, whilst providing quality products that are value for money.	→ We continue to embed our refined product strategy, using low-impact materials, targeting core markets aligned to commercial opportunities. We believe the risk to be at a similar level to last year when considered in the context of the current cost-of-living crisis.

Risk	Mitigation	Movement in the year
PRU 4: **Significant business interruption** **Link to strategy:** **Use technology to accelerate our plans** Compromise to our key technological and/or physical assets would significantly impede our ability to trade. **Key assets include:** • Ecommerce platform; • Distribution centres; • Critical IT; • Head Office; and • Large stores	Business continuity measures (e.g., Incident Management Plans and Incident Management Team) are reviewed and enhanced based on experience or as part of desktop exercises, to improve capability where the Group is most exposed to interruption. Resilience is also considered for our key physical and technological assets. For example, operating two multi-channel distribution centres capable of serving all channels across the geographies in which we operate, with common operating systems, provides significant built-in resilience in the event of the failure of a single distribution centre. Our new Ecommerce platform has extended our resilience capability by leveraging additional cloud security and continuity functionality. During the year and as part of an ongoing programme of desktop exercises, an independent review assessed our response to a significant, realistic interruption to our Ecommerce platform during peak trading. The review concluded that the Incident Management Team had worked together effectively to discuss and formulate an aligned and focused response to the incident. A number of learning points were identified and have been implemented.	→ The risk has various components across different asset types, which are often interlinked. The Group has adopted a prioritised approach to business continuity in the year, including exercising plans in the event of a significant failure of our new Ecommerce platform. As such, the likelihood and impact of this risk when compared to last year is considered to be similar.
PRU 5: **Elevated stock levels** **Link to strategy:** **Operate in an integrated marketplace** Elevated legacy stock levels represent a risk in terms of a shortfall in cash flow, additional markdowns, and additional storage costs. Significant levels of 'off-price' (e.g., outlet and clearance) stock represents a risk in that it is typically more difficult to clear. Trading volatility, such as that caused by a squeeze on consumer spending, may create an excess of stock to clear that may be brand damaging if discounting and third-party clearance operators are regularly used.	A robust, data-driven 'Open to Buy' process which involves regular meetings with a sub-set of the Executive Committee to determine buy levels for each channel per season. This ensures that buying decisions reflect the projected customer needs by channel. Stock reporting continues to be a standing agenda item at Executive Committee meetings and regularly communicated to the Board. Any additional spend beyond originally approved buy levels, requires Board approval. Our recently formed Stock Liquidation Committee meets regularly to agree and optimise available clearance channels with a view to clearing aged, slow-moving, and broken stock.	↓ Progress has been made in terms of reducing year-on-year stock levels from 12.4m units (end FY22) to 9.4m units (end FY23) with a target of 7.0m units, targeting aged, slow-moving, and broken stock by end FY24. Off-price stock has also been reduced, with short-order capability also reducing the risk of excessive buying activity. As such, we believe the risk to have reduced from prior year.

Risk	Mitigation	Movement in the year
PRU 6: **Performance across our global, omni-channel proposition represents a risk and also an outcome of other risks described in the Intro section above. Specifically:** **6. i) Underperformance of our retail stores** **Link to strategy:** **Operate in an integrated marketplace.** In line with market trends, the ongoing consumer preference shift towards digital shopping channels has seen declining consumer visits to stores and declining profitability in the physical retail environment. Ongoing inflationary pressures, cost-of-living increases, and reduced levels of disposable income also represent a risk in terms of retail performance. During FY23, we believe a new normalised, post-pandemic trading base was established in the UK and US retail markets. However, trade in the first quarter of FY23 in the EU continued to be suppressed, due to the overhang of the omicron variant of Covid.	Our Five-Year Plan continues to focus on supporting the profitability of the store estate and address any loss-making stores. Each store across our estate has been classified to guide future action: rental regears, exits, relocation, size amendment or store re-fit. We have revised our payroll model to reflect changes in sales demand and to mitigate ongoing inflationary pressures on wages across the territories in which we operate. We believe we will benefit from lower levels of business rates across the UK following the government's announcements that came into effect in April 2023. We continue with our belief that a full-price sales mix is the right approach with a focus on driving conversion rates for those customers coming to stores. Strong performance will depend on our ability to maximise the efficiency of stock assets, i.e., having the right product in the right locations in the right quantities at the right time.	→ Whilst we experienced strong peak trading and have taken steps to respond to the macroeconomic headwinds, such as exiting non-profitable stores and successful rental regears, recent trading has been suppressed and there remains uncertainty regarding the ongoing impact of inflation and the associated cost-of-living crisis and as such we believe the risk to be a similar level to prior year.
PRU 6: **6. ii Underperformance of Wholesale channel** **Link to strategy:** **Operate in an integrated marketplace.** Wholesale performance continues to be at risk from similar factors as our own store estate, such as those caused by a turbulent macroeconomic environment which is impacting the financial health of our wholesale partners who are more cautious about committing to forward orders. Performance has yet to return to pre-Covid levels of trade with additional risks to performance including, brand perception and grey market distribution (where product is obtained from an unofficial marketplace).	A full review of Wholesale has been undertaken with the identification of strategic levers to re-set the channel. To support the implementation of the wholesale re-set, we have evaluated and implemented the re-introduction of agency models across a number of our European territories. We are also reviewing our franchise model to ensure there is a stable business model that delivers mutual profitability. To simplify the Wholesale channel and remove loss-making elements of it, we exited from the US market in the year. In addition, the sale of our IP across the APAC region for $50m or around £34m net, will provide local specialists with the opportunity to maximise the brand opportunity in the area. Our Wholesale and Finance teams closely manage credit terms and debt positions with our partners. To reduce grey market distribution, we carry out customer due diligence and conduct investigatory measures where appropriate. The integration of RFID has also served to reduce grey market risk, by being able to identify the origin of the stock.	↑ Whilst we have executed a number of key activities to deliver our turnaround plan, it will take time to fully implement. As such and in light of the macroeconomic turbulence where we continue to see an increase in partners experiencing financial difficulty, we believe the risk to have increased from the prior year.

Risk	Mitigation	Movement in the year
PRU 6: **6. iii Underperformance of Ecommerce channel** **Link to strategy:** **Operate in an integrated marketplace/Engage through social.** Consumers are drawn to Ecommerce platforms that make the experience of browsing, shopping, discovering and ultimately purchasing, engaging, efficient and cost-effective. We will be unable to achieve these objectives if the consumer is moving faster than we can adapt and our Ecommerce platforms are perceived to be behind competitor propositions. Our Ecommerce platforms are comprised of our own internal channel as well as a series of third-party sites. ECommerce revenue during FY23 grew c.15% versus prior year with a key driver being strong third-party performance, where we benefitted from having strong product offerings during key parts of the year (e.g., launch of our Autumn/Winter collection). As we continue to engage with more third-party marketplaces, we need to ensure that sufficient stock availability exists to underpin growth aspirations.	For FY24, we are launching a number of new partner sites (e.g., M&S and ASOS), which we anticipate will further improve our 3rd party performance. For our Ecommerce channel, during the year, we introduced charging for both delivery and returns for our Ecommerce channel. Initial results show a reduced level of returns with no obvious impact to conversion as well as providing an additional revenue stream. We continue to review and challenge our marketing spend to drive efficiency and quality of customer (i.e., focus on those consumers that spend money to drive conversion) as well as optimising marketing spend on third-party sites.	→ The shift towards increased online purchasing continues and represents a significant growth opportunity as demonstrated in our FY23 performance. However, the cost-of-living crisis described above also impacts the online consumer and as such, we believe the risk to remain at a similar level compared to last year.

MAKE IT HAPPEN

'The Voice is an essential component of representation in our working culture, it is a forum that allows our colleagues to explore ideas, raise issues, and work alongside our senior leaders to help **bring about positive change and progress** to the wider Business. Being involved in The Superdry Voice has not only afforded me the privilege of representing my colleagues to help better their employee experience at Superdry, but it has also constructively influenced my personal and professional development too.'

Louise Williams
Brand Protection and IP Specialist

Risk	Mitigation	Movement in the year
PRU 7: **Internal controls requiring improvement** **Link to strategy:** **Use Technology to accelerate our plans** Control failure in key controls could lead to financial loss, heightened risk of fraud and error, increased external professional fees, and prior year adjustments. People: there has been a significant turnover of colleagues, particularly in Finance, over the past few years, meaning a lack of continuity. Processes: current transactional processes are manual and result in significant requirements for reconciliation, review and analysis. This can, and has, caused significant backlogs in Finance which can cause difficulties in closing the accounts in a timely manner. Technology: existing systems are not always set up to make best use of functionality, nor provide the functionality required to enable controls to be performed efficiently and effectively.	A Finance Transformation Programme, 'Project Phoenix', is being implemented to address risks associated with internal controls that require improvement. The objectives of the project are to standardise, optimise and automate processes, as well as eliminating inefficiencies, where possible. This will be achieved through enhancements to resourcing, processes, policies and systems. The project represents a three-year programme of work (FY22 – FY24). The year one focus was to rectify legacy issues, although this work has extended into year two as we work to resolve interface issues with legacy systems. Year three will see the embedding of improvements from system implementation. Improvement areas made during FY23 include systems implementation across the purchase order (SoftCo), reconciliation (Blackline) and accounting (CODA) processes. In addition, a 'hard close' was performed at the end of Period 9. We have continued to adapt our Internal Control Framework to also include key areas outside of Finance, to reflect the forthcoming UK Corporate Governance and audit reform.	→ We recognise that to make sustained improvement, we need to implement systemic change, which will come through the completion of the three-year implementation of Project Phoenix and the resolution of legacy interface issues. As such, we believe the risk to be at a similar level to last year. See page 77 for the Audit Committee Report and internal control effectiveness.
PRU 8: **Changes in exchange rates** **Link to strategy:** **Make It Happen** Our financial results could be impacted by changes in exchange rates. The majority of our stock purchases are made using foreign currency (mainly $US) and, therefore, our costs are exposed to foreign exchange movements. At a macro level, the continued impact of a suppressed global economy and a volatile political environment, may lead to continued exchange rate fluctuations in the short- to medium-term, creating uncertainty around GBP profit and cash equivalents.	Our forecast foreign exchange exposures are hedged in accordance with an approved Treasury Policy. Our hedging policy seeks to mitigate any sudden impact caused by foreign exchange volatility. We continually review our corporate structures to minimise foreign exchange exposures. The process is managed through a Treasury Committee with oversight provided by the Audit Committee. Board approval is required if additional hedges are needed that are over and above existing Treasury Policy thresholds.	→ We believe the risk to be at a similar level to last year, which includes some liquidity risk from foreign currency denominated bank accounts.

Risk	Mitigation	Movement in the year
PRU 9: **Recruit, develop and retain quality leaders including key man risk** **Link to strategy:** **Creating an amazing people experience** We need to recruit, develop and retain the calibre of leadership and talent across the business that will enable us to succeed. Failure to do so could limit our opportunities for growth and increase costs of recruitment and retention. Equally, we need to ensure that our talent and leadership pool is reflective of the strategic capabilities required to deliver the plan. In the post-pandemic environment, we are seeing a shift in candidate expectation with a greater demand for flexibility. We are also experiencing wage inflation across the territories in which we operate. Both could also have an impact on our ability to attract and retain key talent. The CEO remains core to the operation of the business and his absence could have a significant adverse impact on the business.	The Executive Committee is at full strength and could provide cover for the CEO if required in the short term. During the year, we developed a full Executive succession plan ensuring we have visibility of any risks and a robust plan in place. The Nomination and Remuneration Committees assist the Board in ensuring that the Board and Executive Committees retain an appropriate structure, size, and balance of skills to support Superdry's strategic objectives and values. Initiatives such as restricted share awards, flexible hybrid working practices for office colleagues and a four-day working week option for Retail colleagues have been introduced to support colleague retention. Over the last year, we launched a range of initiatives to support colleague retention, including: a 'Drive your Leadership' programme aimed at developing the leadership capabilities of our mid-level management team; bespoke coaching options for our senior leadership group, 'Drive your Development' programme to support colleague development and a new Group-wide approach to wellbeing. For Retail stores, we also delivered and embedded new recruitment and onboarding frameworks ensuring our colleagues have a consistent new joiner experience.	→ We believe the risk exposure to be at a similar level to last year. We have seen an easing of the candidate-led market that was prevalent last year, with the time taken to hire talent reducing. However, we continue to operate in a challenging environment and despite the internal levers such as flexible working patterns and career development pathways, we are competing for talent on a national and at times, international basis.
PRU 10: **Ineffective strategy** **Link to strategy:** **All** If the wrong strategy is developed, or the strategy is not implemented effectively, this could significantly impact the success of the business and erode corporate and investor sentiment.	During FY23 we moved to the execution phase of the consumer-facing pillars of our strategy: product, marketing and sustainability. This is monitored through quarterly KPIs that are reviewed at Board level. We have developed a turnaround plan |and cost-reduction programme to progress towards our target operating model with clear EBITDA targets. The turnaround plan programme is sponsored by the Board and sets out a clear roadmap for cost savings and working capital benefits. This programme of works was independently validated by a 3rd party professional services company (Interpath) as part of a Board-sponsored cost reduction review. A key feature of the target operating model is to grow operating margins from moderate sales growth.	→ Having further evolved the strategy over the course of the year and established the foundations for delivery the strategy, we believe the risk to be similar to last year.

Risk	Mitigation	Movement in the year
PRU 11: **Information security and threat of data privacy breach** **Link to strategy:** **Use Technology to accelerate our plans** There is a risk our information security is breached, causing data and/or systems compromise. This could lead to fraud, impact our ability to trade, attract regulatory scrutiny, litigation or fines, and cause damage to the brand. As we invest in new technology infrastructure, we are taking the opportunity to implement cloud-based technology, which includes the latest cyber security controls and involves moving away from our own 'on-premise' infrastructure. The external cyber threat landscape for all organisations continues to be significant, with organised crime groups carrying out targeted campaigns against a range of organisations.	We have a Data Protection and Information Security Steering Group which meets regularly. It is a cross-functional group which reviews the proactive steps the business takes to manage the risks around data privacy and information security. Risk events associated with information security and data protection are reviewed during the year by the Risk Committee, promoting a programme of continuous improvement. During the year we devised and launched a new consumer-facing privacy policy and reviewed technical and organisational risk management strategies. The Group also runs internal education and communication programmes, to promote a culture of compliance. As we continue to implement increased levels of cloud-based infrastructure, information security and data privacy risks are considered and appropriate mitigations prioritised. Specific developments in the year have included: • ongoing extensive security reviews, including penetration testing on our new E-Commerce trading platform; • the removal of legacy internet-facing servers; • enhanced technical standards that help protect email senders and recipients from spam, spoofing, and phishing; • desktop exercise carried out by specialist 3rd party designed to test our response to a cyber breach; and • increased levels of cyber insurance to reflect the evolving cyber landscape.	Actions taken in the year have enhanced our understanding of the risk profile. Whilst we continue to improve our internal, technical, and organisational controls to reduce risk, the external climate continues to see a trend towards more sophisticated cyber-attacks. As such, we believe the risk to be at a similar level to last year.

MAKE IT HAPPEN

'Superdry has such a distinctive and welcoming culture, the people, the way things are done **it is just such a positive company to work for**.'

Assistant Team Leader
Cheltenham, UK

Risk	Mitigation	Movement in the year
PRU 12: **Ethical (including human rights)** **Link to strategy:** **Lead through sustainability** Failure by suppliers to adhere to our Ethical Trading Code of Practice could erode our reputation as a responsible brand. We continue to promote our sustainability credentials in line with our mission to become the #1 Premium Sustainable Style Destination. We have also seen an increase in regulatory guidance on green claims in the last 12 months with some organisations being investigated for non-compliance with the potential for fines in this area, that could lead to reputational damage.	We have a dedicated team responsible for ethical sourcing matters and dedicated local experts in our key markets to detect and mitigate risks associated with changing market conditions. The Group is a member of the Ethical Trading Initiative, which seeks to improve the lives of workers worldwide. We engage with our suppliers and expect them to operate in accordance with our Ethical Trading Code of Practice, which is available at corporate.superdry.com. We assess the status of operating practices through a schedule of audits and visits and, where necessary, work with suppliers on improvement plans. Any factory that fails to remedy significant issues are placed on an exit plan. In FY23, 96% of our Tier 1 factories were ranked in line with or above highest ratings of social and environmental compliance – a 5% increase since last year. The 4% who fall below our social and ethical requirements are actively engaged in improvement over a defined period through our Intensive Care Programme (ICP) or exited in line with our Responsible Exit Process. In addition, 10% (FY22: 6%) of our factory base exceeded our Code of Practice and achieved 'blue' grade status by leading in sustainability initiatives, including renewable electricity. During the year, the Audit Committee received regular reporting on compliance with our Ethical Trading Code of Practice. In response to the Advertising Standards Authority's guidance on greenwashing, our Ethical and Legal teams ran a training programme for our customer-facing functions and have set up operating procedures for the approval of product- and marketing-related content to ensure we are communicating our sustainability messaging with credibility and integrity.	→ We continue to enhance controls associated with ethical risk, commensurate with our responsibilities as a leading fashion brand. As awareness increases and we continue to become more vocal in this area, we are likely to face additional scrutiny. We believe we are well placed to respond to such scrutiny but may have limited control over external commentary. As such, we believe the risk to remain at a similar level to last year.

PRU 13:
Climate-related risk

Link to strategy:
Lead through sustainability

We have grouped climate-related risks into two categories: transitional (which tend to be shorter-term risks associated with moving towards a low-carbon economy), and physical (which tend to be longer-term risks). In general, transitional risks tend to pertinent across multiple areas of the business, e.g., Legal, Sourcing, Finance, Retail etc. and relevant to all geographies where we have a presence. Conversely, physical related risks tend to more pertinent for our Sourcing department and associated countries of origin. Whilst it is recognised that these risks will have an adverse impact on the business if they materialise, effective mitigation represents an opportunity in that it will provide us with a competitive advantage against others in our sector.

For each of the transitional and physical risks identified, we have considered the time horizon over which these are likely to be most prevalent. Definitions of short (S), medium (M) and long-term (L) time horizons can be found on page 33.

See page 30 for the TCFD section.

Transitional risks:

REPUTATION (S)

Awareness of the environmental impact of climate change is increasing, and a failure to meet expectations would adversely impact our brand, especially given our mission to be the #1 Premium Sustainable Style Destination.

REPUTATION

We aim to mitigate this risk through our strategic pillar, to 'Lead through sustainability', and communicating our climate-related journey with integrity across all our stakeholder groups, including our established community of over 50 Sustainability Warriors. We have robust plans in place to deliver our sustainability targets and align to legislation in this area to mitigate risks associated with 'greenwashing'.

The Group has set milestones to ensure that we remain on track to meet our 2025 and 2030 sustainability goals and progress is tracked against key environmental initiatives such as packaging, emissions and compliance with wider environmental regulation. The business increasingly uses recycled materials to make products more sustainably.

Our sustainability goals are in line with established material impacts for a fashion brand and align with the United Nations Sustainable Development Goals (SDGs).

Whilst consumer and regulatory attention in this area continues to grow, we are well placed to mitigate associated risks through the emphasis we are placing on our environmental credentials, through, for example, the verification of our impacts on the environment, investment in green technologies, and increased use of low-impact materials such as organic cotton.

As such we believe the risk to be at a similar level to last year.

CURRENT REGULATION (S)

Failure to comply with mandatory reporting requirements which may result in financial penalties.

CURRENT REGULATION

We use a number of reporting, certification, verification and assurance mechanisms to understand, calculate, manage and publish our impacts. Training has been given to relevant teams to ensure compliance with the Green Claims Code.

EMERGING REGULATION (M, L)

The emergence of any new regulation could lead to changes to existing policies and procedures and associated costs (e.g., climate-related taxes).

EMERGING REGULATION

Superdry has membership of multiple trade bodies and collaborative working groups which have a focus on environmental and sustainability topics, including emerging regulation and horizon scanning.

TECHNOLOGY (M, L)

Not keeping up with changes to technology, or to changes in its availability, could result in a severe financial and strategic impact e.g., reliance on availability of both energy reduction/efficiency technologies and renewable energy technologies in order to meet our net zero goal through our 'reduce' and 'convert' stages.

TECHNOLOGY

We have committed to invest in CAPEX over the next three years to fully invest in best available optimisation technologies, including Building Management Systems (BMS) and LED lighting in 100% of our stores and main third-party warehouses.

We align our strategy closely to our suppliers, including requesting all our production partners to:

1. Certify to ISO 50001 standard (a best practice energy management system) to reduce their energy consumption; and
2. Switch to renewable electricity to remove carbon intense equipment.

Transitional risks:

LEGAL (S, M) Superdry may face litigation if it breaches any climate-related legislation.	**LEGAL** We monitor all legal requirements through our global Legal team, using periodic external law reviews to capture any emerging laws. Factories must adhere to our global Code of Practice and Environmental Policy as defined in our Supplier Manual and are audited annually to confirm compliance. Each year, factories are surveyed to collect data associated with the impact they have on climate.
MARKET (S, M) Potential changes in climate temperature could have an adverse impact on the sales of certain seasonal products and linked to reputational risk, increasing consumer awareness, where consumers become more sceptical of brands and their impacts on climate change which could adversely reduce sales.	**MARKET** We continually review our sales mix so that we can adapt to any sustained changes in temperature that could impact sales of certain seasonal products. The publication of our Sustainability Report which articulates our strategy, core KPIs and how we are achieving our targets, including implementing our net zero targets to limit global temperature rise to 1.5°C in line with recommendations of the Paris Agreement (UN Climate Change Conference). We publicly demonstrate our environmentally sustainable operations where realised, tangible and meaningful, in order to mitigate the risk of damage to our brand reputation.

MAKE IT HAPPEN

‘The brand is transparent around strategy, objectives and deliverables, has friendly and motivated people where autonomy is encouraged, and a relaxed work environment can be found. **I can be myself and people really listen to you and respect your ideas.**’

Talent Development Advisor
Head Office

Physical risks:

ACUTE PHYSICAL (S, M, L) Extreme weather events such as flooding, hurricanes and landslides which pose a risk of disruption to upstream logistics networks, our supply base and retail buildings.	**ACUTE PHYSICAL** A varied geographic spread of our supply base and the introduction of a short-order process with our Turkey production partners so that we are more agile in the movement of product to market, in the event that longer logistics routes have been impacted by climate change. The frequency and severity of acute physical risk is likely to increase due to climate change. One such acute physical risk that materialised in the year was the earthquake in Turkey. Whilst we sought to minimise disruption, a similar event in other parts of Turkey in which we operate could impact our ability to effectively execute our short order process and therefore our levels of acute physical risk are elevated in that part of the world. Adopting alternative modes of transport that are lower carbon and more resilient, for example rail links between the Far East and Europe, and Turkey and Belgium, as well as using barges on level-controlled canals instead of roads, can mitigate this risk.
CHRONIC PHYSICAL (M, L) Changes in availability of our raw materials resulting from changing climates (e.g., cotton volumes and yields) may reduce with higher average air temperature, or lower annual rainfall, meaning we have to source from further afield, which could lead to increased prices, producing fewer garments or issues with quality.	**CHRONIC PHYSICAL** We are mitigating this through our goals to use more low-impact materials which require fewer resources and are therefore less impacted by climate change. This includes: **1.** Moving to fully organic cotton by 2030. We have committed to training and converting 20,000 farmers to use organic farming practices by 2025, supporting them on their three-year journey to organic certification. We are increasing the number of farmers we work with directly to help ensure continuity of organic cotton supply with resilience provided by our organic farming practices being geographically dispersed between Turkey and India; **2.** Moving all polyester jacket fill to recycled polyester; and **3.** Increasing our use of recycled cotton to de-risk any short and medium-term risks associated with the supply of organic cotton. Additional mitigation measures (e.g., climate-related scenario planning) can be found in other parts of the Annual Report as signposted in the TCFD section (page 30).

This Strategic Report was approved by the Board on 31 August 2023.

Julian Dunkerton
Chief Executive Officer
31 August 2023

Shaun Wills
Chief Financial Officer
31 August 2023

Board of Directors

We have an experienced Board which works with the Executive Committee to ensure that information flows facilitate stakeholder-focused decision-making, and that our governance enables Superdry to achieve its strategic goals.

Peter Sjölander N

Chair

Appointed: 29 April 2021
Tenure: 2 years 4 months

Peter was CEO of Helly Hansen from 2007 to 2015, where he delivered a step change in the performance of the brand, driving its transition from being a business focused on its local Scandinavian markets to a globally recognised brand. Earlier in his career, Peter spent 13 years at Nike in a number of leadership roles across marketing, product and general management, working in the Nordics, Netherlands and USA at a time of rapid growth for the brand. Following that, Peter joined Electrolux where he was responsible for brand and product, driving a shift from an industrial agenda to a consumer-centric one. He is currently a Non-Executive Director of DometicGroup AB (listed in Sweden). He is also a senior adviser to Altor Equity Partners and EQT Group.

Contribution to the long-term success of Superdry
Peter brings international, brand, turnaround and digital expertise and leadership to the Superdry Board.

Julian Dunkerton

Executive Director

Appointed: 2 April 2019
Tenure: 4 years 4 months

Julian co-founded Superdry in 2003 and went on to build a global retail business and brand with a reputation for quality, fit, design, and value for money. In 2010, Julian led the successful float of Superdry on the London Stock Exchange at an initial value of £400m. In 2015, Julian stepped down from his role as Chief Executive, returning to Superdry in April 2019, and he was appointed permanent CEO in December 2020. Julian continues to focus on brand and design and is an ambassador for sustainability.

Contribution to the long-term success of Superdry
Julian has huge passion for and commitment to the Superdry brand and has substantial knowledge of Superdry products and markets. Julian leads on sustainability.

Shaun Wills

Executive Director

Appointed: 26 April 2021
Tenure: 2 year 4 months

Shaun joined Superdry in April 2021 and brings over 30 years' experience gained in a number of household-name clothing brands and retailers, most recently as Finance Director of Marks & Spencer's Clothing and Home division. He has operated in both fast-growth and turnaround situations and is well versed in digital transformation and the complexities of international expansion. As well as having held a number of CFO roles, he has also held leadership roles in Ecommerce, strategy, merchandising, property and logistics, and has experience as CEO of a multi-brand business. Shaun is a member of the Chartered Institute of Management Accountants.

Contribution to the long-term success of Superdry
Shaun's significant retail and financial experience in transformation environments provides the Board and the Company with strong financial leadership.

Helen Weir A R N

Independent
Non-Executive Director

Appointed: 11 July 2019
Tenure: 4 years 1 month

Helen is the Senior Independent Director, Chair of the Nomination Committee and a member of the Audit and Remuneration Committees. She is a Non-Executive Director and Chair of Mobico Group plc, and a member of the Supervisory Board of Koninklijke Ahold Delhaize N.V. where she chairs the Governance and Nomination Committee. Helen has extensive experience of both publicly quoted companies and retail businesses, having been Finance Director of Marks & Spencer, John Lewis, Lloyds Bank (where she was also CEO of the retail bank) and Kingfisher. Her previous non-executive roles include SABMiller, Royal Mail, and Just Eat. Helen is a Fellow of the Chartered Institute of Management Accountants and was awarded a CBE for services to finance in the 2008 honours list.

Contribution to the long-term success of Superdry
Helen's extensive financial and retail experience, her leadership of the Nomination Committee and her work with our Global People Director and CEO on Board and Executive recruitment and succession.

A Audit Committee
R Remuneration Committee
N Nomination Committee
● Chair of Committee

Lysa Hardy A R N

Independent
Non-Executive Director

Appointed: 1 May 2023
Tenure: 3 months

Lysa is a member of our Audit, Remuneration and Nomination committees and the designated Non-Executive Director for colleague engagement. Lysa is currently an Executive Director at Hotel Chocolat, running the retail operation including trading & merchandising, marketing, creative agency, commercial, customer insight, and all sales channels. She has over 10 years' experience across CMO and CCO roles in retail, including Holland & Barrett and Joules. She is also Chairwoman and Trustee of mental health charity, Herts Schools Outreach; co-founder of a start-up probiotic skincare business, Beauty & Vitality; and is a former Non-Executive Director of Raven Property Group Limited. Lysa is also a Fellow of the Marketing Academy.

Contribution to the long-term success of Superdry
Lysa brings valuable commercial experience across retail trading and operations, and digital marketing and global business transformation.

Georgina Harvey A R N

Independent
Non-Executive Director

Appointed: 29 July 2019
Tenure: 4 years 1 month

Georgina is Chair of the Remuneration Committee and a member of both the Nomination and Audit Committees. Georgina is an experienced non-executive director and is a member of the Board of Capita plc, where she is also Senior Independent Director and Chair of the Remuneration Committee, and a member of the Board of McColls Retail Group plc. Prior to developing her portfolio career, Georgina spent seven years as Managing Director of Regionals at Trinity Mirror, sitting on the Executive Committee.

Contribution to the long-term success of Superdry
Georgina's commercial experience and specialist knowledge of and leadership on remuneration matters is a great asset to the Board, as is her work with our Global Sourcing and Sustainability Director on sustainability matters.

Alastair Miller A R N

Independent
Non-Executive Director

Appointed: 11 July 2019
Tenure: 4 years 1 month

Alastair is a Non-Executive Director of NewRiver REIT plc, a property investment company specialising in retail assets, where he is the Senior Independent Director and Chairman of the Remuneration Committee. Alastair was Chief Financial Officer at New Look from 2000 until 2014 and was one of the MBO team who helped take the company private in 2004 and led a number of subsequent refinancings. Previously, he was the Group Finance Director at RAC, having joined from Price Waterhouse where he was a management consultant. Prior to that he was Finance Director of a company within the BTR plc Group. Alastair qualified as a Chartered Accountant with Deloitte Haskins and Sells and holds a BSc in Economics.

Contribution to the long-term success of Superdry
Alastair's contribution comes from his experience in finance and audit, his leadership of the Audit Committee and his work with the CFO and senior Finance team leaders on finance and audit-related matters.

Jennifer Richardson

Group General Counsel
and Company Secretary

Appointed: 1 July 2023
Tenure: 1 month

Jennifer joined Superdry in March 2022, having previously worked in private practice as a commercial solicitor representing key brands, and in a range of in-house legal and project roles at Dyson. She has global experience of working in retail and manufacturing environments, with a focus on financial and geographical growth. Jennifer also has strong commercial experience, having successfully set up and led global legal teams, as well as embedding transformational and governance strategies.

Changes during FY23 and early FY24

- Faisal Galaria stepped down as an independent NED on 30 October 2022.
- Ruth Daniels stepped down as Company Secretary on 30 June 2023.

Election or re-election at AGM

Director	Election	Re-election
Peter Sjölander		●
Julian Dunkerton		●
Shaun Wills		●
Lysa Hardy	●	
Georgina Harvey		●
Alastair Miller		●
Helen Weir		●

Chair's Governance Statement

Peter Sjölander
Chair, Superdry plc

Dear Shareholders,

On behalf of the Board of Superdry plc, I am pleased to present the Corporate Governance Report for the year ended 29 April 2023. As mentioned in my statement on page 2, the business undertook several strategic actions during the year to strengthen our liquidity position, culminating in a very busy Q4 FY23. My fellow Directors and I have increased our time commitment to support the management team through these challenges and have been impressed with the hard work and commitment of all Superdry colleagues in delivering various cash-generating initiatives to improve the Group's liquidity. I would like to extend a very big thank you, on behalf of the Board, to colleagues across the business, as well as external advisers who guided us through complex corporate transactions, such as the equity raise and Class 1 transaction in May 2023.

Alongside this work, the Board and Executive Committee have committed to a turnaround plan that aims to increase efficiencies and enhance the longer-term sustainability of the business. Further details of our strategic priorities and planning can be found on pages 12 to 13. The challenges in the business have continued to drive the need for key stakeholder engagement, including with employees through our Superdry Voice (colleague engagement forum), as well as with suppliers, landlords, wholesale customers, consumers, and shareholders.

Leadership changes

During the year, the Board considered the optimal structure for the Executive Team to deliver the priorities identified as part of our strategic planning process. This resulted in a change of responsibilities across the team, as discussed in further detail in the Nomination Committee Report on page 75.

In early FY24, our General Counsel and Company Secretary, Ruth Daniels, stepped down. Ruth has been a valuable source of support for the Board and particularly for me, as Chair, in ensuring the Board functions efficiently and effectively. On behalf of myself and my colleagues, I would like to thank Ruth and wish her the very best of luck in her next chapter. I am very pleased to report that our previous Head of Legal – Commercial, Jennifer Richardson, was promoted to General Counsel and Company Secretary on 1 July 2023. Jennifer's biographical details can be found on page 63.

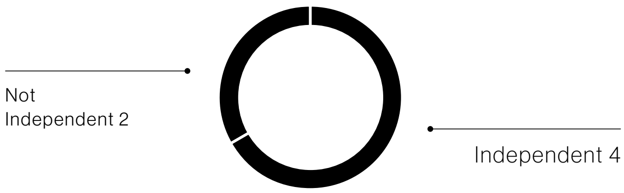
This Corporate Governance Report includes:

- Director and officer biographies (pages 62 to 63);
- Statement of compliance with the UK Corporate Governance Code (page 66);
- Governance framework (page 67);
- Board activities and discussions and how stakeholders were considered in decisions (pages 68 to 73); and
- The reports of the Nomination (page 74), Audit (page 77) and Remuneration (page 85) Committees.

Peter Sjölander
Chair, Superdry plc

31 August 2023

Board independence (excluding the Chair)



Governance at a glance

Board meeting attendance FY23 (1 May 2022 – 29 April 2023)

The Board held five scheduled meetings and several unscheduled formal meetings in FY23, as well as weekly liquidity calls during Q4 FY23. The attendance of Board and Committee members is set out in the table below. The Chair ensures that regular meetings are also held between Non-Executive Directors only, without the presence of the Executive Directors.

Board/Committee member	**Member since**	**Board** No. of scheduled meetings attended	**Audit Committee** No. of scheduled meetings attended	**Nomination Committee** No. of scheduled meetings attended	**Remuneration Committee** No. of scheduled meetings attended	**Technology Committee**** No. of scheduled meetings attended
Peter Sjölander	29 April 2021	5/5	N/A	4/4	N/A	1/1
Julian Dunkerton	2 April 2019	5/5	N/A	N/A	N/A	1/1
Shaun Wills	26 April 2021	5/5	N/A	N/A	N/A	1/1
Faisal Galaria*	29 July 2019	2/2	N/A	2/2	1/2	1/1
Georgina Harvey	29 July 2019	5/5	8/8	4/4	4/4	N/A
Alastair Miller	11 July 2019	5/5	8/8	4/4	4/4	N/A
Helen Weir	11 July 2019	5/5	8/8	4/4	4/4	1/1

* Faisal Galaria stepped down from the Board on 30 October 2022.
** The Technology Committee was disbanded in May 2022.

Board diversity information

Reporting table on gender identity of the Board as at 29 April 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive management	Percentage of executive management
Men	4	67%	3	2	33%
Women	2	33%	1	0	0%
Not specified/prefer not to say	0	0	0	0	0%

Reporting table on ethnic background of the Board as at 29 April 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive management	Percentage of executive management
White British or other White (including minority-white groups)	6	100%	4	2	33%
Mixed/Multiple ethnic groups	0	0%	0	0	0%
Asian/Asian British	0	0%	0	0	0%
Black/African/Caribbean/Black British	0	0%	0	0	0%
Other ethnic group, including Arab	0	0%	0	0	0%
Not specified/prefer not to say	0	0%	0	0	0%

Directors' skills matrix

Board/Committee member	**International experience** 4	**Strategy and transformation** 1, 4	**Technology/ Digital/ Ecommerce** 2, 4	**Retail/ Consumer/ Commercial** 1, 2, 4	**Brand** 1, 2, 3, 4	**Financial/ Accounting** 1, 2, 3, 4	**Regulatory environment/ Listed/ Governance** 1, 2, 3, 4	**Supply chain/ Logistics** 3, 4	**Sustainability** 1, 3	**HR/ People** 4	**Risk management** 1, 2, 3, 4
Peter Sjölander	●	●	●	●	●	●	●	●	●	●	
Julian Dunkerton	●	●		●	●				●		
Shaun Wills	●	●	●	●		●	●				●
Lysa Hardy	●	●	●	●			●				
Georgina Harvey		●	●	●			●		●	●	
Alastair Miller		●		●		●	●	●			●
Helen Weir	●	●	●	●		●	●	●			●

Key – Link to strategic objectives:
1. Inspire through product and style
2. Engage through social
3. Lead through sustainability
4. Make it happen

UK Corporate Governance Code

The UK Corporate Governance Code 2018 (Code) is applicable to Superdry as a premium listed company. The Board recognises the value of good corporate governance to long-term sustainable success, and to demonstrate the effectiveness of the Company's governance frameworks to our stakeholders.

For the year ended 29 April 2023, the Board believes that it complied with the principles of the Code in full, and the provisions of the Code with the following exceptions:

- Provisions 12, 21, 22 and 23(b): an externally-facilitated independent Board and Committee review was completed at the start of FY23 and reported in our FY22 Annual Report and Accounts (see page 90 of that report). An internal review of Board, Committee and individual directors' performance, including the Chair, was scheduled for March 2023; however, given the focus of the business and the Board on steering the Company out of its liquidity challenges and the temporary absence of the Company Secretary, this was not completed. The annual review of the Chair's performance was conducted post-year end and annual reviews of the performance of other directors, the Board and Committees will resume from FY24. Progress against the Board objectives set last year, are outlined in this report on pages 72 to 73, and further actions will be taken during FY24 to achieve these in full.
- Provision 13: this provision was partially complied with during the year; however, the performance of management and individual Executive Directors was reviewed by the Non-Executive Directors post year end.
- Provision 25e: this provision was partially complied with since the audit tender process was not conducted in full compliance with the provisions of the Companies Act 2006. Please see the Audit Committee report on page 77 for further information.

This Report, together with the reports of the Audit, Nomination and Remuneration Committees and the other statutory disclosures, provides information about our governance structures and Code compliance. The table below sets out where in this report you can find further information about our application of the Code provisions. Our full statement of compliance with the Code can be found at corporate.superdry.com. The Code can be found on the Financial Reporting Council's website at frc.org.uk.

Compliance with the Code

1	**Board leadership and company purpose**	**Page(s)**
A	Promoting the long-term sustainable success of the Company	2-61
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C	Resources and controls necessary to meet objectives and measure performance	2-61
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Our governance framework

Our governance framework is structured to enable the effective operation and governance of the Group. A description of this framework and the division of responsibilities within it, are detailed below.

Board

The Board is collectively responsible for promoting the long-term sustainable success of the Group for all stakeholders. It comprises the Chair, CEO, CFO, Senior Independent Director (SID) and three further NEDs. The schedule of matters reserved for the Board can be found at corporate.superdry.com.

Board Committees

The Board delegates specific responsibilities to each of its Committees, documented in terms of reference which are reviewed and approved by the Board annually. These can be found at corporate.superdry.com. Each Committee is chaired by a different independent NED, who each provide verbal updates on committee activities and key decisions at each scheduled Board meeting.

CEO

Key responsibilities include:

- Day-to-day management of the business;
- Proposing the Group's strategy and objectives;
- Ensuring the implementation of Board decisions; and
- Providing regular updates to the Board on the discharge of his responsibilities.

Chair

Key responsibilities include:

- Ensuring the effectiveness of the Board;
- Promoting high standards of corporate governance;
- Ensuring Board agendas are strategically focused; and
- Promoting objective and constructive challenge to management.

Senior Independent Director

Key responsibilities include:

- Providing a sounding board for the Chair;
- To lead the Chair's performance review; and
- Serving as an intermediary for other NEDs and shareholders.

Non-Executive Directors

Key responsibilities include:

- Providing objective and constructive challenge to management;
- Scrutinise the performance of management in achieving strategic objectives; and
- Providing independent insight and experience to the Board.

Company Secretary

Key responsibilities include:

- Providing advice and support to the Chair and Board on corporate governance matters;
- Ensuring the Board has sufficient information, time and resource to make effective decisions; and
- Facilitates internal Board performance reviews and inductions for new NEDs.

Executive Committee

Responsibility for the day-to-day running of the Group is delegated to the CEO, who in turn delegates certain responsibilities to Executive Committee members relevant to their respective areas of responsibility. Details of our Executive Committee can be found at corporate.superdry.com. The Executive Committee is collectively responsible for: developing and implementing the agreed strategy and objectives; developing, implementing, and monitoring budgets; reviewing the performance of the senior management team, as well as talent development of and succession for the wider workforce; regularly reviewing the organisational structure; monitoring and reviewing Group risk; and identifying new business opportunities. The CEO reports formally to the Board at each scheduled meeting and seeks Board approvals where necessary, in line with the Delegation of Authority (DoA).

Audit Committee

Chair: Alastair Miller

The Committee monitors the integrity of Superdry's financial statements and significant financial reporting judgements in formal announcements. It also reviews the external audit process, internal and external audit activity, and the effectiveness of internal financial controls and the risk management processes, including in relation to climate-related matters.

Full details of the composition, responsibilities and activities of the Audit Committee can be found on pages 77 to 84.

Nomination Committee

Chair: Helen Weir

The Committee leads on Board and Executive Team recruitment. It oversees diversity and inclusion policies and practices across the business to ensure the development of a diverse pipeline for succession. It considers Board and Executive Team performance and composition to ensure they remain appropriate for the needs of the business.

Full details of the composition, responsibilities and activities of the Nomination Committee can be found on pages 74 to 76.

Remuneration Committee

Chair: Georgina Harvey

The Committee determines the remuneration policy for Directors, and sets remuneration for the Chair, Executive Directors, and senior management. It reviews the design of employee share schemes and approves the granting of awards to Executive Directors and the Executive Team. It also reviews remuneration and related policies for the wider workforce.

Full details of the composition, responsibilities and activities of the Remuneration Committee can be found on pages 85 to 88.

Other key operational committees include:

- The Risk Committee – responsible for the effective management of the Group's risk management framework and processes;
- The Health and Safety Committee – responsible for the effective management of the Group's global health and safety culture, and supporting management processes;
- The Incident Management Team (IMT) – responsible for the management of incidents that could cause significant and adverse interruption to the business; and
- The Cash Committee – established during FY23 as a mechanism for improving cash flow decision-making, including prioritising payments and identifying cash preservation measures.

Each of these are attended by key Executive Committee members, as well as relevant senior leadership group members. Our DoA sets out the authorities given to individuals in the business, ensuring that decisions are taken at the right level and to reduce business and operational risk. It is regularly reviewed to ensure it remains relevant to our structure and activities, with ongoing training and support to ensure it is embedded across the organisation.

Board activities in FY23

The majority of the Board's discussions and decisions take place at regular, scheduled Board meetings. Board meeting agendas are discussed and agreed by the Chair, CEO and CFO with the Company Secretary several weeks in advance of each meeting. The agendas contain standing items to ensure that reporting is balanced and consistent including Committee updates, CEO report, CFO report (covering management accounts, capital expenditure plans and investor relations updates), Legal and Governance, and Health and Safety. Board papers are circulated five working days in advance of meetings to allow adequate time for review and preparation. The table below outlines key discussions and activities of the Board throughout the financial year.

Strategy

- Regular progress updates on the key priorities to deliver operational transformation and efficiencies (the 'Vital few');
- Two dedicated strategy sessions were held with the Board and Executive Committee to consider how reflective the current strategy was in a changing environment and increased liquidity pressures and to consider current financial performance to inform strategic priorities; and
- Approved the proposal to appoint Interpath Advisory (Interpath) to work with the Board and Executive on liquidity challenges, validation of cost-saving initiatives and long-term sustainable improvements.

Operational and financial performance

- Reports from the CEO at each meeting providing updates on business performance, technology, merchandising, supply inventory, sustainability, property, wholesale, stores, ecommerce, design, logistics, sourcing, procurement and people;
- Weekly trading updates outlining trading performance;
- Reports from the CFO at each meeting providing updates on trading, progress against KPIs, investor relations, key financial systems and management accounts;
- Reviewed and approved the full and half-year results statements and trading updates to the market; and
- Reviewed and approved the FY23 and FY24 budget.

Executive updates

- Reviewed a 'deep dive' on stock and inventory management, to better understand the drivers behind high stock volumes and actions to reduce them;
- Reviewed a 'deep dive' on Ecommerce to better understand the drivers of online performance and actions to improve it;
- Reviewed plans to 'reset' the wholesale function to improve performance in this area;
- Received an update on progress against the Sourcing Strategy; and
- Received updates on progress of the implementation of a new merchandising management system, Oracle.

Governance

- Reviewed and monitored the development of improved processes, controls and accountability through internal audit reports;
- Towards the end of FY23, weekly calls were scheduled between the Board and management to monitor the liquidity position of the Company;
- Approved updates to the Board Committees' terms of reference; and
- Approved the proposal to appoint RSM UK Audit LLP (RSM) as the Company's new statutory auditor.

Stakeholders

- Engaged with shareholders and received feedback from investor roadshows held throughout the year;
- The Chair met with key shareholders during the year to discuss the Company's performance and strategic direction, as well as significant matters such as the equity raise and Class 1 transaction, which both completed in Q1 FY24. Their views were fed back to and reviewed by the Board.
- Received and considered a presentation on ESG investors from one of our key brokers;
- Received updates from colleagues who had volunteered as Diversity and Inclusion Champions;
- Received updates from representatives of the SD Voice and the designated NED for colleague engagement on key focuses for 2023; and
- Held a 'Demystifying the Board' session with the Board and Superdry colleagues at head office, including a Q&A.

Key decisions and s172 stakeholder considerations in FY23

The following key decisions of the Board have significant long-term implications for the Group and its stakeholders. At scheduled Board meetings, agenda items that are likely to have a long-term impact on stakeholders are highlighted. Templates for Board papers include a stakeholder section to highlight any likely impacts for both internal and external stakeholder groups to ensure that all stakeholders are considered as part of the Board decision-making process. Such templates also include require key risks and opportunities of all decisions to be made, together with an outline of how such decisions are linked to strategic initiatives and priorities. Please refer to page 27 for our s172 Statement which sets out our key stakeholders.

New financing facility

Decision: In anticipation of the existing finance facility expiring at the end of January 2023, the Board approved a new facility of up to £80m.

Background: As reported last year, the Group had an asset-backed lending facility of up to £70m which was due to expire at the end of January 2023. The seasonal stock buy for retail and wholesale meant that, despite projections at that time showing that the business would be cash positive during much of FY23 and FY24, a facility would be required during the peak working capital cycle, from August to early September 2023. The Company was pleased to announce in December 2022, that it had secured a new facility with Bantry Bay.

Link to strategic priorities:

- Inspire through product and style;
- Engage through social;
- Lead through sustainability; and
- Make it happen.

Stakeholder considerations:

The Board considered that this decision would promote the long-term sustainable success of the Company and would, therefore, impact all our stakeholders.

The facility was required to fund working capital requirements during FY23 and FY24, ensuring the Company remained able to deliver its strategic and operational objectives.

APAC IP asset disposal/ Class 1

Decision: To approve the sale of certain IP assets in the APAC region.

Background: Superdry had previously announced its exit from the Chinese market after material losses were incurred and had no plans to re-enter the market in the foreseeable future as significant further investment would be needed to do this and there was a high risk it would not be successful. This was not considered a viable investment by the Board.

As part of its strategic planning process, the Board and management had committed to exploring opportunities to ease the Company's liquidity pressures and create long-term sustainable success. A business case was presented to the Board by management for an opportunity to partner with a third party, involving the permanent transfer of the relevant IP assets to that partner, and later, a manufacturing and supply arrangement. The third-party partner was successfully operating in the region and the Board considered that the partnership would create brand value. After careful consideration of the impact on all stakeholders and extensive legal and broker advice, the Board approved the proposal. The Board considered that this decision would help to strengthen the Company's balance sheet, fund its ongoing working capital requirements, and provide a valuable opportunity to increase brand presence and value in the APAC region, for the longer-term.

Link to strategic priorities:

- Inspire through product and style; and
- Make it happen.

Stakeholder considerations:

The Board considered that the impact of the sale of such IP assets would primarily impact customers, shareholders, colleagues, and suppliers. The impact on these stakeholders would be the potential creation of brand value in a region previously unsuccessful for the Company, and the opportunity to improve liquidity.

Equity raise	**Decision:** To issue new ordinary shares of 5p each in the capital of the Company through a placing and retail offer. **Background:** In April 2023, the Company withdrew its previous profit guidance of 'broadly breakeven' for FY23 as a result of continued Wholesale underperformance, and slower than expected Retail sales. In addition to a suite of initiatives being pursued by the Company to strengthen its balance sheet, the Board considered the possibility of an equity raise through a placing and retail offer. Whilst cost savings of over £35m had been identified by the Company, these would not be fully realised until the end of FY24. With the increasing liquidity challenges of the Company, the Board agreed to issue new shares via a placing and retail offer. Further details can be found on page 186. **Link to strategic priorities:** • Inspire through product and style; • Engage through social; • Lead through sustainability; and • Make it happen.	**Stakeholder considerations:** The Board considered that the equity raise was a necessary step for the Company to take, in order to tackle immediate liquidity issues. Whilst it provided an opportunity for existing shareholders to increase their holdings, the Board recognised the potential dilutive impact on their holdings. The impact of this decision on other stakeholders, was also considered by the Board. On balance, it considered that since the equity raise would boost liquidity, this would ensure the Company could meet its short-term liabilities.

NED independence and time commitments

Our Board consists of four independent NEDs (Georgina Harvey, Lysa Hardy, Alastair Miller and Helen Weir), two Executive Directors (Julian Dunkerton and Shaun Wills) and Chair Peter Sjölander, who was considered by the Board to be independent on his appointment on 29 April 2021. The independence of the NEDs is reviewed on an annual basis. The time commitments and performance of the NEDs are also reviewed as part of that process; service contracts clearly set out the anticipated time commitments of their roles. Further terms ensure that the Chair and NEDs continue to meet the requirements of the Code. No NED has exceeded the maximum nine-year term of service noted in the Code. The Board considers that each of its NEDs continues to dedicate sufficient time to their roles and is independent. Due to the liquidity challenges faced by the Company during the latter part of the financial year, the NEDs dedicated significant additional time to their Board duties during FY23.

Board effectiveness

An external Board evaluation was completed in early FY23 – further details can be found on pages 90 to 91 of our FY22 Annual Report. The following pages outline the progress made against the objectives set last year. As referred to on page 66, an internal review was due in March 2023; however, given the focus of the business and the Board on steering the Company out of its liquidity challenges, and the temporary absence of the Company Secretary, this was not completed.

Review of progress and achievements of Board objectives set last year

Topic	Objective	Results
Shifting mindset and culture	**1.** Focus Board time on the most important strategic matters. **2.** Continuing to build Board and Executive Committee relationships. **3.** Broadening the scope of diversity and inclusion initiatives to engage with wider communities.	Strategy sessions were held with the Board and Executive Committee throughout the year to identify and monitor progress against key strategic deliverables. Due to the liquidity challenges the Company has faced throughout Q4 FY23, the Board and Executive Committee have re-focused the strategy to improve liquidity to ensure long-term sustainable success. The Board has dedicated time together outside of formal Board meetings, and Board and Executive only dinners are held periodically throughout the year. During FY23, the Board reviewed the diversity, equality and inclusion roadmap for the year. Activities included those that would increase engagement and dialogue with a range of diverse communities. Further information can be found in our People Report on page 44.
Building the Executive Committee as a team and clarifying the expectations of the Board	**1.** Create an Executive Committee development programme which should include setting a behavioural code of conduct. **2.** The Executive Committee should also consider how it interfaces with and gets the best value from the Board. This discussion should include: **a.** Feeding back to the Executive Committee the outcome of the Board review. **b.** Hosting a discussion about what the Executive Committee wants from and can expect from the Board. **c.** Making clear on every agenda item the purpose and desired outcome. **3.** The Non-Executive Directors should consider their role in helping the team to develop.	Informal events with Executive Committee members took place to build relationships and discuss key topics to deliver strategic objectives. These were paused temporarily during Q4 FY23 to enable management to focus on the liquidity challenges but will resume in FY24. The Company Secretary, CFO and CEO discussed the outcome of the FY22 external Board review with the Executive Committee and a dedicated session with Board and Executive Committee members will take place in early FY24 to discuss building on their relationships going forwards. All agenda items clearly outline the purpose and cover sheets are required to be provided for all Board papers, outlining the desired outcome of requests. NEDs have regular engagement with Executive Committee members providing advice and guidance on their particular areas of responsibility.
Gaining strategic clarity	**1.** Collate a full set of outstanding strategic questions. **2.** Fully define the strategic imperatives. **3.** Decide the rhythm and regularity with which each strategic imperative should be brought back to the Board. **4.** Embed regular checks and reflections to ensure the Board is using its time on the most important strategic matters.	The strategic priorities of the Company shifted during FY23 due to declining performance and the associated liquidity challenges described throughout this annual report. A strategy session was held in early FY24 to reset the strategic priorities, and a plan for Board 'deep dives' into different strategic topics, is being developed.
Board composition and diversity	**1.** Consider increasing the size of the Board by one or two more Non-Executives. **2.** The Nomination Committee should complete a review of the skills matrix of the Board in light of the business strategy. Particular areas for consideration should be international experience, brand and Ecommerce. **3.** Targets for Board diversity should be considered in the light of best practice, particularly for gender, age, ethnicity and LGBT.	The Nomination Committee determined that the size of the Board was appropriate for the size of the Company at present. The Nomination Committee increased the scope of the skills matrix, as can be seen on page 65. As outlined on pages 75 to 76 of the Nomination Committee Report, Board diversity targets are aligned with the requirements of the Financial Conduct Authority (FCA). Whilst targets for age, LGBT and other diverse characteristics have not been set, recruitment processes are designed so as to encompass a broader range of such characteristics when seeking candidates.

Effectiveness of the Nomination Committee	The Nomination Committee needs to consider Board composition/succession and Executive Committee succession. This should deliver both plans for key person risk as well as longer-term plans for Executive succession.	Board and Executive Committee composition and succession was reviewed by the Nomination Committee during the year. Please see page 75 for further details.
Effectiveness of the Company Secretary	Ensure the Company Secretary has a role which is increasingly educational and facilitative of the Executive and Board needs, as well as administrative.	This will be progressed during FY24 once a formal internal Board and Committee review has taken place, and any training and development needs are identified.
Effectiveness of controls	The Audit Committee should ensure significant progress is made in FY23 with the Group's finance transformation project to establish a robust control environment.	The Audit Committee has continued to monitor progress of the finance transformation project. However, the liquidity challenges of the Company unavoidably diverted some focus away from the transformation programme. An update on the progress made and focus for FY24, can be found in the Audit Committee Report on page 77.

Diversity and inclusion

The Board has oversight of diversity and inclusion matters but delegates authority to the Nomination Committee to consider these. In July 2022, the Nomination Committee approved a revised Board Diversity and Inclusion Policy, to include enhanced diversity targets introduced by the FCA in April 2022. Please see the Nomination Committee Report at page 74 for further details.

Risk management and internal control

The Board confirms that there are processes for identifying and mitigating risks and a system of internal financial and non-financial controls. For a description of our systems for risk management, please see How We Manage Our Risks on page 47. For further information on our internal control framework and the ongoing work to ensure it is robust, please see the Audit Committee Report on page 77.

Directors' conflicts

The Directors are required to avoid a situation in which they have, or could have, a direct or indirect conflict with the interests of the Company. The Board has established a procedure whereby the Directors are required to notify the Chair and the General Counsel and Company Secretary of all potential new outside interests and actual or perceived conflicts of interest that may affect them in their roles as Directors of Superdry. All potential conflicts of interest are authorised by the Board and changes to the register of Directors' interests are reviewed by the Board at scheduled Board meetings.

Directors' indemnity insurance

The Company maintains Directors' and Officers' Liability Insurance which provides appropriate cover for any legal action brought against our Directors and/or officers. In accordance with section 236 of the Companies Act 2006, qualifying third-party indemnity provisions are in place for all Directors of Group companies, in respect of liabilities incurred as a result of their office, as far as is permitted by the law.

Election and re-election of Directors and AGM

At the annual general meeting (AGM) Directors will offer themselves for election or re-election. We consider the Directors offering themselves for election or re-election to be effective, committed to their roles and to have sufficient time available to perform their duties. For biographical details of our Directors, please refer to pages 62 to 63.

Our AGM will take place on Thursday 5 October 2023. The notice of the meeting is being sent to shareholders and is available at corporate.superdry.com. The Directors consider that each of the proposed resolutions in that notice are in the best interests of the Group and shareholders. The resolutions are put to a poll, rather than a show of hands, to ensure that the votes of all shareholders are counted, even if they cannot attend in person. Proxy forms allow for three-way voting. All Board members attend the AGM each year save for exceptional circumstances where one or more Directors may attend by video conference. Directors are available to answer questions during the meeting or to discuss matters more informally following the meeting.

Jennifer Richardson
Company Secretary

31 August 2023

Nomination Committee Report

Helen Weir
Chair, Nomination Committee

Dear Shareholders

I am pleased to present the Nomination Committee's report for the financial year ended 29 April 2023. A key focus of the Committee was to recruit a new independent NED to replace Faisal Galaria, who stepped down from the Board on 30 October 2022. I am delighted that we were able to appoint Lysa Hardy on 1 May 2023 following a rigorous recruitment process. Further details about the recruitment and appointment process followed, can be found on page 75 of this report. Lysa brings with her a wealth of marketing and digital experience and is also our new designated NED for colleague engagement. I thoroughly enjoyed my time in this role, and I am confident that Lysa will find her time with the SD Voice invaluable.

During FY23, the Committee reviewed the Executive structure to ensure it was appropriate for the priorities identified for the year ahead. Given the changing needs of the business, a number of changes in responsibility were identified which are set out in more detail below. The Committee also focused on Executive succession planning – please refer to page 75 of this report for further details.

Towards the end of FY23, Ruth Daniels, our General Counsel and Company Secretary, indicated that she would like to step down from her role, and she left the business on 30 June 2023. I would like to take this opportunity to thank her for her outstanding support to the Board and Committees during her time with Superdry.

Nomination Committee Members

Helen Weir (Chair)
Faisal Galaria (stepped down 30 October 2022)
Lysa Hardy (appointed 1 May 2023)
Georgina Harvey
Alastair Miller
Peter Sjölander

The Committee is comprised of independent NEDs, and the Chair of the Board. For full details please refer to Board biographies on pages 62 and 63.

Nomination Committee meetings and attendance

There were five scheduled meetings during FY23, and all Committee members attended each meeting, except for Lysa Hardy who was appointed to the Committee post year end. Please refer to the Board and Committee meetings attendance table on page 65 for full details.

Regular attendees, by invitation, included the CEO, Global People Director, the Group General Counsel and Company Secretary, Deputy Company Secretary and Assistant Company Secretary. The role of secretary was performed by the Company Secretary or their nominee. A report of the Committee's activities is given to the Board at each of its scheduled meetings.

We were delighted to make the internal appointment of Jennifer Richardson, previously Head of Legal – Commercial, as Ruth's replacement from 1 July 2023, and very much look forward to working with her.

The following pages of this report outline the key activities of the Committee during year.

Helen Weir
Chair, Nomination Committee
31 August 2023

Principal responsibilities

- Lead on the process for Board and Executive Committee appointments, ensuring appointees have the requisite skills and experience identified;
- Regularly review the composition of the Board and Executive Committee;
- Review and monitor diversity and inclusion, including the diversity of the Board and its Committees on an annual basis, as part of the annual Board evaluation;
- Keep under review the succession needs of the Board, Executive Committee and senior leadership team;
- Ensure that appropriate procedures are in place to enable the nomination, induction, training and evaluation of directors and members of the senior leadership team; and
- Review the time commitments and independence of potential and existing NEDs to ensure that they have sufficient time to fully discharge their duties.

The Committee's full terms of reference can be found at corporate.superdry.com. For further information on the skills, experience and tenure of Board members, please refer to the biographies on pages 62 to 63 in the Corporate Governance Report.

Board appointments

During the year, the Committee led the recruitment and appointment process for a new independent NED, with marketing and digital experience. A formal and robust process was followed with support from independent executive search agency, The Up Group. They provided a diverse pool of applicants from which the Committee could draw candidates with the skillset and experience required. Interviews were conducted by the Committee Chair, who is also the Senior Independent Director, and the Chair of the Board. Suitable candidates were shortlisted for longer, in-depth interviews with the CEO, the General Counsel and Company Secretary and the Global People Director.

Preferred candidates were then considered by the Committee for recommendation for appointment. The Committee carefully considered the skills, experience, independence, and time commitments of such candidates to ensure they would have sufficient time to fully discharge their duties and could provide value in the pursuit of achieving the Group's strategic objectives. The skills, experience, independence and time commitments of each NED is reviewed by the Committee on an ongoing basis to ensure the composition of the Board remains effective. The Board was delighted to appoint Lysa Hardy who has already made a valuable contribution to the Board in the short period since she joined.

The Up Group was the only executive search firm used during FY23 and has signed up to the Voluntary Code of Conduct for Executive Search Firms. There is no connection between the agency and the Group, or with any of the directors of Superdry plc or any of its subsidiary companies.

Executive Committee composition

During the year, the Committee also reviewed the composition of the Executive Committee. This resulted in some changes to the roles and responsibilities, with the CFO taking on responsibility for strategy, and the Chief Technology Officer reporting directly to the CEO. Later in the year, with the departure of the Chief Operating Officer, responsibility for the Wholesale business passed to the Retail Director who took on a new role as Commercial Director; responsibility for merchandising passed to the Sourcing and Sustainability Director, and responsibility for Logistics and fulfilment passed to the Chief Technology Officer.

The Committee also reviewed the Executive Committee succession pipeline, which included a review of the Executive and senior leadership structures, skills and development opportunities. Potential successors for each Executive Committee member were reviewed, and development actions agreed to ensure sufficient contingency in case of 'emergency' succession, right through to three years into the future. The succession plan will continue to be a focus of the Committee during FY24 and beyond.

Additionally, the Committee considered the effectiveness of the Executive Committee performance review process and agreed a new approach for FY24. During FY24, the Committee will continue to review the organisational structure of the Company to ensure it remains effective and appropriate for the business' needs.

Board diversity and Inclusion

The Board believes that it is vital to have a fully diverse and inclusive Board, comprising Directors with a mix of skills, knowledge, experience, backgrounds, genders, ages, ethnicities and other characteristics. It is the Board's strong belief that a diverse Board with different perspectives, insights and viewpoints, promotes improved decision-making and ultimately benefits Superdry's stakeholders through a long-term sustainable business.

The Board understands that supporting our workforce in a culture of trust and respect is essential to the success of Superdry, where colleagues feel valued and rewarded for the work they do. The tone for diversity and inclusion across the organisation is set from the top and the Board believes that having a diverse leadership team and an open and inclusive culture form part of Superdry's core values. We believe there is strength in difference.

All appointments to the Board are made on merit against a set of objective criteria, in the context of the skills, experience, independence and knowledge that the Board requires to be effective. Where prospective candidates are of equal merit, the Committee will advocate the selection of candidates that will increase diversity at Superdry. Our gender and ethnicity targets for the Executive Committee and senior leadership are set out in the People report on page 44. Our commitments on diversity and inclusion are driven by the Board's Diversity and Inclusion Policy (see below), which supports a diverse pipeline of candidates for Board, Executive and senior leadership positions. However, we recognise that there is more to be done to improve the diversity at Superdry and this will remain on the Committee's agenda throughout FY24.

As reported last year, the Committee approved a revised Board Diversity and Inclusion Policy to align with the FCA's new listing rule, and which also supports our strategic objectives, to 'Lead through sustainability' and 'Make it happen'. We are pleased to report that we have met two of the three diversity targets for Boards of listed companies:

- **a.** at least 40% of the Board are women – three of our seven Board members are women. This target has been achieved with the recent appointment of Lysa Hardy; and
- **b.** at least one senior Board position is held by a woman – Helen Weir is our Senior Independent Director.

However, the third target – that at least one Board member is from a minority ethnic background – has not been met. Whilst the Board advocates a fully diverse and inclusive Board, and during the recruitment process for a new NED the Committee sought to appoint a candidate from a minority ethnic background, unfortunately we were not able to attract a candidate with the skills and experience the Board required. The Board considered the possibility of appointing an additional NED and expanding the skills requirement in order to increase the opportunity to attract candidates from a more ethnically diverse talent pool, but given the Company's financial position and size, felt that this would not be appropriate. The Committee will continue to review its composition and candidates from ethnic minority backgrounds who possess the required skillset, will be prioritised in any future Board recruitment.

Full details of our Executive Committee and senior leadership team ethnicity and gender diversity targets and results can be found in our People report on page 44.

Please also refer to our Gender Pay Gap reporting on page 103 and on our website at corporate.superdry.com.

Board and Committee performance

An externally facilitated independent Committee performance review was completed at the start of FY23 and was reported in our FY22 Annual Report and Accounts (see page 90 of that report). As outlined in the Corporate Governance Report on page 71, an internal review of Board and Committee performance was scheduled for March 2023; however, given the focus of the business and the Board on steering the Company out of its liquidity challenges and the temporary absence of the Company Secretary, this was not completed. Annual reviews of the performance of the Board and Committees will resume from FY24.

Audit Committee Report

Alastair Miller
Chair, Audit Committee

Audit Committee Members

Alastair Miller (Chair)
Faisal Galaria (stepped down 10 June 2022)
Lysa Hardy (appointed 1 May 2023)
Georgina Harvey
Helen Weir

The Committee is comprised of independent NEDs with at least two members considered by the Board to have competence in accounting (Alastair Miller and Helen Weir), and all members have recent and relevant financial experience, alongside significant retail sector expertise. For full details please refer to Board biographies on pages 62 and 63.

Audit Committee meetings and attendance

There were eight scheduled meetings during FY23, and all Committee members attended each meeting, except for Lysa Hardy who was appointed to the Committee post year end. Please refer to the Board and Committee meetings attendance table on page 65 for full details.

Regular attendees, by invitation, included the Chair, CEO, CFO, Group Financial Controller, Head of Internal Audit and Risk, Senior Internal Audit Manager, Group General Counsel and Company Secretary, the Deputy Company Secretary and the Assistant Company Secretary. The role of secretary was performed by the Company Secretary or their nominee. A report of the Committee's activities was provided to the Board at each of its scheduled meetings.

Representatives of the external auditor also attended each scheduled meeting.

Dear Shareholders

I am pleased to present the Audit Committee's report for the financial year ended 29 April 2023. The Committee continued to contribute to the Board's oversight, monitoring and challenge of the Group's financial reporting, risk management, internal audit, internal controls, tax and treasury functions and procedures. This report outlines the activities of the Committee in FY23 and how it has discharged its responsibilities. The complete terms of reference for the Audit Committee were revised and updated by the Committee during FY23 and can be found at corporate.superdry.com.

As widely reported, the economic environment remained challenging during FY23 and a key priority for the Committee was to continue to monitor cash flows and ensure that the liquidity requirements of the Group were adequately provided for. We were, therefore, pleased to secure a revised asset-backed lending facility with Bantry Bay Capital Limited (Bantry Bay) in December 2022.

Whilst we saw an improvement in Retail and Ecommerce sales during Autumn/Winter 2022, the trading environment became much more challenging during early 2023. As referenced earlier in this report, the resulting impact on sales, coupled with the underperformance in our Wholesale business, resulted in the Company facing significant liquidity challenges towards the end of the financial year. The Board agreed to several cash-generating initiatives (please see page 24 for more information) which unavoidably diverted some focus away from the transformation programme established during FY22 to improve internal financial controls (see page 83 of our FY22 Annual Report and Accounts). Nonetheless, thanks to the dedication of our colleagues, progress has been made during FY23 as detailed in the 'Review of the Effectiveness of Internal Controls' section on pages 82 to 83. The improvement in internal controls is now tangible and has unearthed some historic issues, mainly around the recoverability of third-party Ecommerce debtors which has been overstated in previous years, and has led to a prior-year adjustment as detailed on page 21 and in Note 37 of the Financial Statements. There are still further improvements to controls and processes being implemented across the Company and this programme will remain a key priority throughout FY24.

Further analysis of the financial performance and cash-generating activities of the business can be found in the CFO Review on pages 18 to 25. The impact of the Company's liquidity issues is described in How We Manage Our Risks, on pages 47 to 61.

The Audit Committee was also tasked with completing an external auditor tender process, due to the resignation of Deloitte on 11 October 2022. We were pleased to recommend that the Board appoint RSM as external auditor, which was approved on 21 November 2022, under the casual vacancy provisions of the Companies Act (s489(3)(c)). Further details on the tender process and external audit appointment can be found on page 84 of this report.

Finally, I would like to take this opportunity to thank my fellow Committee members and Superdry colleagues for their hard work and commitment to completing this year's audit, against a backdrop of other time-consuming activities that coincided with the end-of-year process.

Alastair Miller
Chair, Audit Committee
31 August 2023

Role and responsibilities

The Audit Committee:

- Monitors the integrity of the Group's annual financial statements, the half-year report and any formal announcements relating to the Group's financial performance, including reviewing significant financial reporting judgements. The Committee receives regular reports from the Group's external auditor;
- Reviews and challenges significant accounting policies, whether the Group has followed appropriate accounting standards and the clarity and completeness of financial disclosures;
- Reviews information in the financial statements relating to risk management and audit and keeps under review the effectiveness of the internal audit function, the systems of internal controls and the frameworks for risk management. The Committee provides oversight of the Group's Risk Committee. The Committee ensures that the Group's internal audit function is adequately resourced;
- Provides advice, when requested by the Board, on whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's financial position and performance, business model and strategy;
- Conducts the external audit tender process and makes recommendations to the Board about appointment, re-appointment or removal of the external auditor, and approves their remuneration and terms of engagement;
- Reviews and monitors the independence of the external auditor and the objectivity and effectiveness of the external audit process and the audit plan. The Committee ensures that the provision of non-audit services by the external auditor does not impair its independence or objectivity. The Committee recommends the appointment of the external auditor to the Board;
- Reviews the Group's whistleblowing arrangements on an annual basis; and
- Reports to the Board on how it has discharged its responsibilities.

The Committee's full terms of reference can be found at corporate.superdry.com.

Committee areas of focus during FY23

Financial reporting

During the year, the Audit Committee met with management and the external auditor as part of the annual and half-yearly reporting approval process. The Committee reviewed and evaluated the appropriateness of the full-year and half-year financial statements with management and considered relevant supporting papers. The full-year financial results were reviewed with the external auditor. The half-year results were reviewed by RSM under an Agreed-Upon Procedures engagement at the Committee's request.

At the request of the Board, the Committee considered whether the Annual Report and Accounts, taken as a whole, were fair, balanced and understandable and whether they provided the information necessary for shareholders to assess the Group's financial position and performance, business model and strategy. The Committee concluded that the Annual Report and Accounts, taken as a whole, were fair, balanced and understandable and provided the information necessary for shareholders to assess the Group's financial position and performance, business model and strategy.

The Committee reviewed the critical accounting policies, assumptions and estimates, including information presented by management on key accounting judgements, concluding that those estimates, assumptions and judgements were reasonable based on the information available. The Committee considered the presentation and disclosure of material judgements to ensure adequacy, clarity and completeness. The Committee also reviewed the going concern, including the material uncertainty, and viability of the Group over the longer term, as part of its assessment of the Group's risk.

Further improvements in the internal controls and period-end closure processes have unearthed a historical issue around the way that we have accounted for the trading relationship with our third-party Ecommerce partners, resulting in certain charges not being recognised correctly and a subsequent overstatement of the recoverability of these debtors. A full investigation has been undertaken and the Committee, in consultation with our external auditor, has agreed that a prior year adjustment is the appropriate way of dealing with this misstatement. Please see Note 37 of the Financial Statements for further detail.

Key judgements and estimates

Fixed asset impairment

Following impairment to the Group's property, plant and equipment (PPE) and right-of-use assets of the store cash generating units (CGUs) in preceding financial years, a further impairment review is performed on an annual basis in order to determine the recoverable amount of each store CGU. The carrying value of the store CGUs is adjusted to the recoverable amount accordingly. The impairment review is based upon the Group's medium-term financial plan which is prepared on a 'top down' basis and is then attributed to individual stores based on their historic performance relative to the rest of the store estate. The Committee considered management's approach to the impairment review, the medium-term financial plan and the overall methodology, and challenged the projected cash flows, long-term growth rates, and discount rates used. The Committee considered the wider trading environment, including the impact of inflation on both input costs and the squeeze on consumer spending, as well as the slower than expected recovery of footfall following the Covid-19 pandemic. The Committee was satisfied that the medium-term financial plan appropriately reflected the external challenges currently faced by Superdry.

Inventory

The inventory balance is recognised net of an overall provision of £3.8m (FY22: £6.1m). The inventory provision consists of £2.1m (FY22: £2.2m) for aged and faulty stock and a £1.7m (FY22: £3.9m) provision for specific excess inventory related to the Spring/Summer and Autumn/Winter 2020 seasons that primarily resulted from the Covid-19 pandemic.

This additional specific provision for Spring/Summer and Autumn/Winter 20 stock mainly relates to slow-moving product that is forecast to be sold at a loss through various clearance channels. Additionally, £0.3m (FY22: £2.1m) is recognised in relation to high-end Autumn/Winter 20 concept product, which initially experienced very low sell-through rates. The reduction in the specific provision versus FY22 reflects better than expected sell through in FY23, particularly of the high-end Autumn/Winter concept product. We continue to hold the provision due to the ageing nature of the stock and expected declining sell-through.

The Committee reviewed the methodology and assumptions used by management to determine the total stock provisions required at the end of FY23.

The inventory balance comprises inventory stated at standard purchase cost, adjusted for actual cost variances. All cost variances are released to the profit and loss account in line with the sales profile of the stock sold. The Committee reviewed the methodology and assumptions used by management to determine the variances charged to profit and loss for FY23 and the remaining variances included in FY23 year-end stock values.

Debtors and bad debt provisioning

The bad debt provision of £6.0m (2022: £4.7m) includes both a specific provision and an expected credit loss (ECL) provision, calculated in accordance with IFRS 9. The specific provision of £4.2m (2022: £3.2m) is calculated by conducting an individual assessment of all debtor balances. As per IFRS 9, the individual circumstances of each debtor are subject to consideration. The ECL provision of £1.8m (2022: £1.5m) is calculated for the aggregated remaining debtors profiled by country and based on the Group's historic loss experience, together with forward looking information. The Committee reviewed the debtor summary, ageing profiles and the provisions for bad debts to ensure they remained appropriate, taking account of performance in the year against last year's provision and cash collections post year end. The specific provision was made for balances assessed as being uncollectable on a customer-by-customer basis, having regard to available credit insurance and any security held by the Group. The Committee was satisfied with the level of provision, given both the profile of the year-end debtor book, the Group's historic loss experience and the future economic outlook.

IFRS 16 – Leases

The calculations required for IFRS 16 – Leases require certain key assumptions for leases that fall within the scope of the standard. The Committee reviewed the key assumptions made by the Company, which included: the assessment of the lease term commitment for leases with potential break clauses; the treatment of any lease modification from extension agreements; and the use of the portfolio approach by country or region to determine the appropriate incremental borrowing rate (IBR). Using these assumptions for lease modifications and renegotiations, the Group recognised a credit of £11.1m in other gains (2022: £16.8m).

The Group has continued to adopt the practical expedient for Covid-19 related rent concessions for any rent modifications or renegotiations meeting the recognition criteria, which allowed the Group to recognise rent concessions within profit or loss rather than treat them as a lease modification. This relief ceased at the end of June 2022, with the related credit to profit or loss in FY23 of £0.7m (2022: £3.7m).

The Group also continues to recognise an onerous contract liability for the service charges element of the rental contracts, which is outside the scope of the standard.

Deferred taxation methodology

Based on the updated Financial Reporting Council's (FRC) guidance on recognition of deferred tax under IAS 12, we have revised downward the forecast period for taxable profits against which measure our deferred tax assets. Deferred tax assets are now only recognised to the extent that there are deferred tax liabilities against which they may be offset.

Going concern and viability

The Committee reviewed and challenged management's review of going concern and viability for the Group, with focus on the Budget and medium-term plan for the Group. The Committee challenged the key assumptions made within the plans, including the impact of the cost-of-living crisis, the ability to deliver the required brand reset and drive the revenue targets, as well as deliver the initiatives to realise the embedded cost saving. The Committee reviewed the cash flows for the medium-term plan against the existing funding facilities and assessed management's proposed funding across the plan. As a result of the market uncertainties and the significant activity required to deliver the medium-term plan cash flows, the Committee confirmed management's conclusion that there exists material uncertainty related to the ability of the Group to operate within existing committed facilities throughout the medium-term plan.

Onerous property-related contract provisions

An onerous property related contracts provision is recognised when the Group believes that the unavoidable costs of meeting or exiting a property related obligation exceeds the benefits expected to be received under the lease. The calculation of the net present value of future cash flows is based on key assumptions for growth rates, expected changes to future cash flows and discount rates. The Committee reviewed the basis for the key judgements used in the calculations.

Superdry plc's investment in subsidiaries

The Committee considered the recoverability of the intercompany receivables and carrying value of investments in its subsidiaries. The key assumptions reviewed relate to the calculation of net present values of the cash flows for each of the Group's subsidiaries, which include the medium-term plan, the allocation of cash flows by entity, long-term growth rates used and discount rates. The Committee considered the sensitivity impact of changes in assumptions and potential additional impairment if performance is adverse to forecast.

Net investment in foreign operations

Foreign exchange gains and losses on intra-group balances are recognised in profit and loss, except were the intra-group balance forms part of the net investment in a foreign operation. During the year, Superdry management have redesignated the intercompany loan balances between the UK entities and US entities as a net investment in foreign operations, due to the change in the scale of the operations in the US. The Committee reviewed the likelihood that the loans will be repaid in the foreseeable future and agreed with management's decision to redesignate the balances as a net investment.

Adjusting items

Adjusted operating profit and margin are measures which seek to reflect the performance of the Group that will contribute to long-term sustainable profitable growth. The Directors focus on the trends in adjusted operating profit and margins and they are key internal management metrics in assessing the Group's performance. The Committee reviewed the items classified as adjusting items in the Group financial statements and agreed the proposed presentation.

Other matters

Prior year adjustment

As part of management's ongoing balance sheet control improvements, a number of material adjustments were identified which impact both this year and prior years. In respect of the prior financial year, the Company presented an adjustment to write-down the balance recoverable from our debtors and also established a required adjustment to the impairment provision and associated release, primarily on disposal of stores. The Committee reviewed the proposed prior year adjustments and assessed the associated disclosures within the Annual Report for clarity.

Five-year plan

The Committee reviewed the updated medium-term planning assumptions used in the going concern and viability considerations as well as in the calculations for impairment and assessments of recoverability of deferred tax assets. Although there remains a high level of uncertainty as a result of the current macroeconomic outlook and business performance, the Committee's analysis supports the plan adopted.

Internal controls framework review

A control deficiency remediation project continued during the year. Whilst some progress has been made over the last two years, other priorities for the Finance team have meant that progress has been slower than desired. The exercise has also identified further weaknesses, specifically legacy issues associated with our stock and accounting systems which have been fully investigated and are in the process of being resolved.

The Committee continues to be regularly updated on the progress of the remediation project and recognises that there are still improvements to be made going forward. It remains a top priority for both the Committee and management team to deliver further significant progress through FY24, and this matter is discussed further in the 'Review of the effectiveness of internal controls'.

Asset-backed lending agreement

The previous asset-backed lending (ABL) facility with banking partners HSBC and BNPP, expired at the end of January 2023. A new ABL facility has been agreed with Bantry Bay, with a lending limit of £80m, subject to restrictions. A further secondary lending facility of up to £25m has subsequently been agreed with Hilco Capital Limited to enable the Group to access the full initial £80m for its working capital cycle. The Committee has reviewed the governance and controls surrounding the operation of the ABL facilities, concluding that those arrangements were working to the standards required and provide the required liquidity for the Group.

Monitoring cash and liquidity

Since the new lending agreement was secured, the Committee has closely monitored the Group's liquidity position. Weekly Board calls were introduced in the second half of the financial year to review cash flow forecasts, weekly spend patterns and other cash-generating initiatives such as the sale of Intellectual Property assets in much of the APAC region, the completion of an equity raise and the commencement of a significant cost-cutting programme. These were performed in conjunction with external experts who advised the Board throughout the process.

Oversight of system implementations and month-end process

The Audit Committee closely monitored actions taken by management to improve the month-end close, including the implementation of software to assist the 'procure to pay' process (SoftCo) and enhance month end balance sheet reconciliations (Blackline). The Committee continues to review regular updates on the adoption of these systems and the impact on the balance sheet of the Group at each month end.

Principal activities of the Committee

The Committee has an annual calendar of business which is designed to ensure it discharges its responsibilities over the course of each reporting year. The table below shows the business considered by the Committee during FY23 and early FY24.

Financial reporting

- Regularly assessed areas of significant judgement and estimates in relation to the consolidated financial statements;
- Reviewed this Annual Report and FY23 interim financial statements;
- Considered the appropriateness of management's assessment of going concern and the viability statement;
- Reviewed the Treasury Policy and treasury arrangements; and
- Reviewed the tax strategy.

External audit

- Conducted an external auditor tender process and recommended an external auditor for appointment by the Board;
- Reviewed timetables and plans for the external audit process;
- Assessed auditor effectiveness and independence;
- Reviewed audit findings and challenged management on the actions to address these; and
- Approved the Non-Audit Services Policy and fees.

Internal control, risk management and internal audit

- Reviewed the effectiveness of risk management across the business and conducted an annual review of the Risk Management Policy;
- Reviewed the principal risks and uncertainties;
- Received risk management updates and Risk Committee minutes;
- Approved the internal audit plan and reviewed internal audit reports;
- Received progress updates in relation to the strengthening of internal financial controls (please see pages 82 to 83 to read more about this);
- Received progress updates relating to internal audits and outstanding actions;
- Considered the potential for fraud;
- Received updates on changes to the audit, reporting and corporate governance reform; and
- Carried out an annual assessment of fraud-related risk.

Other matters

- Reviewed progress on refinancing options for the business;
- Reviewed whistleblowing line arrangements and the analysis of calls made to Safecall (independent whistleblowing line) and reviewed the Whistleblowing Policy;
- Received ethical audit compliance updates in relation to supplier factories;
- Reviewed the Modern Slavery Statement for recommendation to the Board;
- Reviewed anti-bribery and corruption arrangements including the Anti-Bribery and Corruption Policy and the gifts and hospitality register;
- Received updates on the finance transformation programme and monitored progress; and
- Reviewed the Committee's terms of reference.

Committee performance

An externally facilitated independent Committee performance review was completed at the start of FY23 and was reported in our FY22 Annual Report and Accounts (see page 90 of that report). As outlined in the Corporate Governance Report on page 71, an internal review of Board and Committee performance was scheduled for March 2023; however, given the focus of the business and the Board on steering the Company out of its liquidity challenges and also the temporary absence of the Company Secretary, this was not completed. Annual reviews of the performance of the Board and Committees will resume from FY24.

Committee areas of focus for FY24

The Committee's main areas of focus for FY24 will be to monitor cash flows and to ensure that the Group's liquidity needs can be met in light of the ongoing uncertain global trading environment. The Committee will also continue to focus on the improvement of internal financial controls as we move towards the forthcoming corporate governance and audit reform. Embedding of enhanced period-end close processes and an improvement in the year-end audit process with our new auditor will also be a priority. The execution of the FY24 Internal Audit plan, approved on 20 March 2023, will also be an area of focus for the Committee. The Committee will also continue to oversee the embedding and enhancement of Superdry's TCFD reporting.

The Audit Committee will be regularly updated on the progress made in FY24. Particular areas of focus for the Audit Committee will include:

- Ensuring that a robust period-end close process is maintained;
- Regularly reviewing the strength and depth of the finance team, given the resourcing issues faced in FY23;
- Oversight of the system implementation as part of the ongoing finance transformation plan;
- Actions taken to address the control observations raised by internal and external audit; and
- Progress with being able to comply with the forthcoming corporate governance and audit reforms and management's response to the results of the quarterly ICQ questionnaire.

Internal Audit

The Group's internal audit plan is developed by the Head of Internal Audit and Risk supported by a Senior Internal Audit Manager. The plan is agreed with the Audit Committee for each financial year.

During FY23, internal audits have been carried out in the following areas: stock variance accounts, Task Force on Climate-related Financial Disclosures (TCFD), delegation of authority and Blackline – the newly implemented reconciliation system for balance sheet accounts. An independent review was also conducted to assess the business' ability to respond to a significant cyber-attack against its website during peak trading. Internal Audit also performed investigations into the root cause of issues relating to erroneous refunds and the availability of our till systems in several of our EU stores.

Detailed reports containing the findings and recommendations of internal audits are presented to the Executive Committee and Audit Committee along with remediation plans, where necessary. Remediation actions are communicated to business owners and are monitored and actively followed up by the Internal Audit team through to completion within agreed timescales. Where appropriate, members of the Executive Committee have been asked to attend Audit Committee meetings to provide updates on the implementation of remediation plans. The Audit Committee believes the Internal Audit function to have been effective during FY23.

The Internal Audit function has also played a significant role in preparing the Group for the forthcoming audit and corporate governance reform.

The internal audit plan is subject to ongoing review during the year, so that it is sufficiently agile to adapt to changing risk profiles of the business and to react to events where necessary.

The internal audit plan for FY24 will include auditing the implementation of changes to the control environment as part of the ongoing finance transformation project. In light of the underperformance of the Group's Wholesale channel, controls associated with the commercial arrangements with our partners will be assessed. Focus will also be given to auditing key components of the internal control framework prior to the forthcoming audit and corporate governance reforms becoming effective.

Review of the effectiveness of internal controls

Background

During FY20, a number of accounting and control issues were identified by both internal audit and the previous external auditor (Deloitte), including matters relating to management review controls, balance sheet reconciliations, transactional processing controls and deficiencies in general IT controls. Despite a remediation plan being implemented in FY21, areas for improvement continued to be identified during auditing processes in FY21 and FY22. During FY22, significant control issues were identified in the accounts payable and inventory business processes (specifically inventory cost variance accounting). These issues have been exacerbated by high employee turnover within the Finance team resulting in the loss of knowledge of the Group's processes in these areas which, in lieu of effective systems, is essential for the adequate maintenance of controls. As a consequence, further work was required, including additional detailed transactional testing and delayed results announcements to ensure there was sufficient time for both management and the external auditor to complete the required work.

Current position – effectiveness of the Group's controls in FY23

During the year, specific activities have been undertaken to improve and assess the internal control framework, which has enabled the evaluation of the effectiveness of the Group's internal controls across all material controls.

In addition to the full year end external audit, an interim audit for period 9 was undertaken. This provided an early opportunity to fully review and reconcile the Group balance sheet highlighting any issues ahead of year end. This has been facilitated by system implementation and enhancement, and provided the new auditor with an opportunity to assess control improvements as part of the ongoing financial transformation plan.

A number of new systems have been implemented to aid improvements in reporting and control. Blackline, a widely-used reconciliation tool, was implemented to provide automation, visibility, standardisation and improved control of the balance sheet accounts within the general ledger. SoftCo, a new AP automation system, introduced a purchase order process into the business for the first time, designed to comply with the Group's Delegation of Authority policy. SoftCo has dramatically improved internal controls around the purchase of goods, including a 'No PO, No Pay' policy for many non-stock suppliers. Further to these new systems, the Group's existing accounting system, CODA, has been upgraded to provide improved interfaces and security, particularly to support the faster and more effective closing of ledgers at month end.

Given the issues previously identified with inventory, a project team with Executive sponsorship sought to investigate and resolve legacy interface issues between the core stock systems and the accounting system. Whilst significant progress has been made in resolving these interface issues, there is still work ongoing and will remain a key focus for both Finance and IT teams during the course of FY24.

Other non-systemic actions taken to improve the control environment in finance include:

- The recruitment of additional resource to address the key issues previously identified and to ensure successful systems implementation;
- The development of process notes to ensure the consistent application of controls across Finance that will aid new colleagues to maintain standards immediately; and
- The development of additional policies to underpin the new systems implementations. Existing policies for existing key accounting areas are also being reviewed.

During the year, Internal Audit assessed the above systems implementations as well as reviewing other initiatives including the Delegation of Authority policy.

The Group's Internal Control Framework (ICF) has been developed to identify and assess key areas of financial, operational and compliance risk and amend documented controls, where necessary, to reflect evolving business operations, system implementation and reporting processes such as quarterly results against the budget for each of the Group's companies, to facilitate the production of the consolidated financial statements. Workshops have been held with key stakeholders to review and amend documented controls to reflect evolving business operations and system implementation. As part of the quarterly self-assessment of internal controls, control owners are required to submit evidence to support their conclusions. Internal control dashboards are now reviewed with members of the Executive on a quarterly basis to discuss completion rates, level of evidence submitted, and areas of non-compliance, with a consolidated summary presented to Audit Committee. Results show that there remain control deficiencies that need to be addressed.

Finance Transformation Plan and future actions

Based on the evaluation above, the Board has concluded that further work is needed to improve the effectiveness of the Group's internal controls. The ongoing finance transformation plan (the 'Plan') continues to be implemented in order to address control deficiencies, with a framework for the improvements required across the Group, focusing on the four pillars of people, processes, policies and systems. The Group plans to continue with further system enhancements and in particular, will continue to embed and enhance the operational effectiveness of systems implemented during FY23. Enduring solutions to address the legacy interface issues between our core stock systems and the accounting systems is also a priority.

The Group is preparing for the forthcoming UK Corporate governance and audit reform. As part of this, the scope of the current internal control framework is being extended with additional levels of assurance to be provided.

Whistleblowing arrangements

The Group has a Whistleblowing Policy and an independent, externally facilitated whistleblowing line is in operation (Safecall). The Committee reviewed Superdry's whistleblowing arrangements in July 2022 and July 2023 and found them to be operating in accordance with expectations. The Whistleblowing Policy is reviewed on an annual basis by the Committee. The Committee is satisfied that colleagues continue to have the opportunity to raise concerns in confidence about possible fraudulent activity or unethical behaviour. The Committee is also satisfied that arrangements are in place for the full investigation and escalation of matters reported to the whistleblowing line. The Committee received a detailed analysis of the calls received by the whistleblowing line in FY23 and there were no instances of reported fraud.

Anti-bribery and corruption

Controls are in place to ensure ongoing compliance with the Bribery Act 2010. The Committee reviews, on an annual basis, a report of the Group's corporate gift and hospitality register, which includes gifts and hospitality given and received by colleagues from external business relationships, above an agreed threshold. The Group's Anti-Bribery and Corruption Policy was reviewed in July 2022 and 2023.

External auditor

The Committee oversees the external auditor by reviewing, challenging and approving the audit plan and ensuring that it is consistent with the scope of the audit engagement. The Committee also meets regularly with the external auditor, both with and without management present.

During FY23, the Committee became aware of Deloitte LLP's (Deloitte) intention to step down as the Company's external auditor and oversaw a tender process to appoint a new external auditor. RSM UK Audit LLP (RSM) was appointed by the Board as the Company's external auditor on 21 November 2022 under s489(3)(c) of the Companies Act 2006 (to fill a casual vacancy).

However, the Company was unable to complete a tender process that fully complied with s489A(5) of the Companies Act 2006. Whilst a number of audit firms were invited to participate in the process, some were unable to due to exceeding the threshold for the provision of non-audit services to the Group and others withdrew part-way through due to resourcing issues. Therefore, in order to protect shareholders' interests and the timely completion of the FY23 audit, the Board appointed RSM, on the recommendation of the Audit Committee, and has been pleased with their work on the year-end audit. We are currently liaising with Companies House to seek a deferral of requirement to complete another tender process and will be seeking shareholder approval to re-appoint RSM as the Company's external auditor at the 2023 AGM.

Audit effectiveness

The effectiveness of the FY22 external auditor, was undertaken on an ongoing basis during the year by Committee members, the CFO, and the internal Finance team. Such review considered Deloitte's audit plan, and the appropriateness of the proposed scope, areas of focus for the audit, and their assessment of key risks, as well as the Committee's own interactions with the external auditor during private sessions after each Committee meeting. Committee members also considered feedback from the CFO and key members of the internal Finance team as to the professional scepticism and challenge on significant areas of the audit, such as inventory and internal controls. The review concluded that Deloitte had effectively executed the audit.

This approach has been followed during the course of the FY23 audit in relation to RSM, and will continue until completion of the audit. The Committee will then undertake a more formal review of effectiveness of the audit as whole.

Supervision and scope of external audit

The Committee oversees the external auditor by reviewing, challenging and approving the audit plan and ensuring that it is consistent with the scope of the audit engagement. The Committee meets regularly with the external auditors, both with and without management present. During the review of the audit plan, the Committee discussed and agreed those financial statement risk areas identified by the auditor that required additional audit emphasis, such as going concern and viability, inventory provision, impairment of store assets and onerous lease contracts, impairment of investment in subsidiaries and expected credit losses on intercompany loans, and deferred tax asset recoverability. The Independent Auditor's report on pages 109 to 124 provides a full explanation of the scope of the audit, concept of materiality and key accounting and reporting judgements.

Independence and objectivity

Auditor independence is assessed by the Committee which considers the external auditor's confirmation of their independence and monitors the nature and value of non-audit services provided in line with the Group's Non-Audit Services Policy. This policy reflects the recommendations set out in the Financial Reporting Council's (FRC) Guidance on Audit Committees (2016) and the requirements of the FRC's Revised Ethical Standard (2019) (Ethical Standard); that an external audit firm is only appointed to perform a service when doing so would be consistent with both the requirements and the principles of the Ethical Standard, and when its skills and experience make it the most suitable supplier. In addition, the Ethical Standard requires an assessment of whether it is probable that an objective, reasonable and informed third party would conclude that independence is not compromised.

At times, it is in the Group's and shareholders' interests to engage the external audit firm to deliver services. For permitted non-audit services that are clearly trivial, the Audit Committee has pre-approved the use of the external auditor subject to the limits set out in the Non-Audit Services Policy. The level of non-audit fees is monitored to ensure that they do not exceed 40% of the average annual statutory audit fees payable over the last three financial years.

There were no non-audit services performed by the external auditor in FY23 (other than agreed-upon procedures in relation to the interim financial statements)(FY22: nil).

The Committee will also ensure that employees of the external auditor who have worked on the audit in the past two years are not appointed to senior financial positions within the Group without prior approval of the Committee. The lead audit partner will also rotate every five years.

The Committee assessed the independence of the external auditor and concluded that they were independent and that there were no non-audit services provided by RSM in the year under review.

Audit fees

The Committee was satisfied that the level of audit fees payable in respect of the audit services provided by RSM UK Audit LLP of £2,750,000 was appropriate (not inclusive of services provided to overseas subsidiaries) (FY22: £3,340,000 payable to Deloitte LLP).

Directors' Remuneration Report

Part 1: Annual Statement

Georgina Harvey
Chair, Remuneration Committee

Dear Shareholders

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 29 April 2023.

This financial year, we have been impacted by prevailing market conditions, creating a challenging trading environment. The Executive team has continued to implement our reset strategies through the reduction of business complexity and inefficiencies whilst maintaining our continued aim of being the #1 Premium Sustainable Style Destination. The Committee's activities during FY23 have:

- Continued to centre around granting Restricted Share Awards (RSAs) following shareholder approval at the 2021 AGM; and
- Supported the Executive Team and the Group by carefully balancing the incentivisation and motivation of Superdry's workforce with prudent financial management.

'During FY23, the Remuneration Committee has continued to operate the Remuneration Policy which was approved by shareholders at the 2021 AGM. As a result of the current Policy reaching the end of its three-year life in 2024, the Committee, in conjunction with our major shareholders, will review the Policy in advance of the 2024 AGM to ensure it continues to support the Group's strategy and promotes the long-term success of the Group for all stakeholders.'

Georgina Harvey
Chair, Remuneration Committee

Remuneration Committee Members

Georgina Harvey (Chair)
Faisal Galaria (Stepped down 31 October 2022)
Alastair Miller
Helen Weir
Lysa Hardy (appointed 1 May 2023)

Attendance

There were four scheduled meetings during FY23, and all Committee members attended each meeting with the exception of Faisal Galaria who attended one out of four meetings (see the Board and Committee meetings attendance table on page 65 for details). Regular attendees at meetings by invitation included the Chief Executive Officer, the Chief Financial Officer, the Global People Director, the Group Company Secretary and General Counsel, the Deputy Company Secretary and the International Reward Manager. The Group's independent remuneration consultants also attended meetings by invitation. The role of secretary was performed by the Deputy Company Secretary or their nominee. A report of the Committee's activities is given to the Board at each of its scheduled meetings.

Preparation of this report and compliance

This report has been prepared in accordance with the Large and Medium-Sized Companies and Group (Accounts and Reports) Regulations 2013, as amended, the UK Code of Corporate Governance 2018 (Code) and the Listing Rules. The report is split into three sections: the annual statement which summarises remuneration outcomes for FY23 and how our policy will operate for FY24; the report on the Remuneration Policy (as approved by shareholders at the 2021 AGM); and the Annual Report on Remuneration, which sets out how the policy was implemented for FY23 and how it will be implemented for FY24. The Directors' Remuneration Report (excluding the Remuneration Policy) will be subject to an advisory vote at the 2023 Annual General Meeting (AGM).

Committee activities during FY23

The key activities undertaken during the year were as follows:

- Reviewing the remuneration of Superdry's senior executives and other senior managers (including salary, benefits and pensions and any bonus schemes if applicable);
- Reviewing and approving the FY23 Restricted Share Awards proposal and grant;
- Reviewing the FY23 annual bonus scheme and determining the award level;
- Reviewing Group-wide share plans in light of the Group's evolving strategy and prevailing economic conditions and business performance;
- Reviewing the principles of Group annual pay and benefits encompassing all employees globally;
- Reviewing and approving the annual gender pay gap report;
- Reviewing and approving the CEO pay ratio;
- Reviewing and approving updated Remuneration Committee terms of reference;
- Reviewing the FY22 Directors' Remuneration Report and Group-wide remuneration policies;
- Considering and approving the remuneration of senior new hires; and
- Considering any termination arrangements for departing senior executive colleagues.

In addition, when determining the Policy and practices, the Committee has addressed the following aspects (as per Provision 40 of the Code):

Clarity – our Policy is simple and understood by our senior team, wider colleagues (including the SD Voice, our colleague engagement forum) and by investors, who participated in our FY21 consultation.

Simplicity – the Committee uses plain language to explain the Policy to colleagues, investors and wider stakeholders. Our remuneration structures are not complex.

Risk – our Policy is based on (i) a combination of both short and long-term plans based on financial and non-financial targets; (ii) a combination of cash and equity; and (iii) a number of shareholder protections (e.g., post-vesting holding periods, shareholding guidelines and malus and clawback provisions) which have been designed to reduce the likelihood of inappropriate risk-taking.

Predictability – our incentive plans are subject to individual caps, and our share plans have also been made subject to dilution limits. The scenario charts in the Remuneration Policy illustrate how the rewards potentially receivable by our Executive Directors vary based on performance and share price growth.

Proportionality – there is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the structure of our annual bonus and RSAs, together with the structure of the Executive Directors' service contracts, ensures that poor performance is not rewarded.

Alignment to culture – Superdry's culture and strategy is fully supported through the annual bonus, which measures performance against the KPIs that underpin the delivery of our strategy and use of RSAs which creates both internal and shareholder alignment.

Throughout FY23, Superdry colleagues have been consulted on various topics of remuneration and how Executive remuneration aligns with the wider Company pay policy. Specifically, the SD Voice, has been consulted on the approach to the grant of RSAs, the Group pay review, job levelling and recognition practices. These sessions were used to inform decision-making at the Remuneration Committee and receive feedback as to whether the remuneration practices were in line with the Code and Policy specified.

Principal roles and responsibilities of the Committee

- Determines the framework and policy for the remuneration of the Chair, Chief Executive Officer, Executive Directors, General Counsel and Company Secretary and other Executive Committee members;
- Advises on and agrees the total individual remuneration of each Executive Committee member, giving due regard to any legal requirements, the Code and the Listing Rules;
- Approves the design of the annual bonus scheme (and targets) and share awards operated for Executive Committee members, the total annual payments made under such schemes and provides oversight and guidance in relation to other Group-wide incentives/share award proposals, to ensure that these are aligned to performance, Superdry's culture and the Board's risk appetite;
- Oversees and advises on the Remuneration Policy and benefits structures throughout the Group to ensure that they are aligned with the Group's strategy, culture and values while promoting its long-term success and enabling the attraction, retention and motivation of all colleagues to deliver the Group's strategy; and
- Oversees the wider workforce remuneration strategy along with total reward initiatives to ensure that both the Executive and wider workforce are aligned.

Remuneration framework

The Board is committed to ensuring that the remuneration framework supports the strategy and that those individuals tasked with leading Superdry are motivated to drive the business objectives and priorities that need to be successfully delivered. To align the interests of our leaders with those of shareholders, a significant proportion of performance-related remuneration is in the form of RSAs, designed to encourage a long-term, sustainable mindset. The Remuneration Policy for leaders at Superdry is based on the principles below.

Recruit and retain high calibre talent	Embeds our unique values	Drives share ownership	Delivers long-term sustainable growth	Aligned to the business objectives	Simple and fair
↓	↓	↓	↓	↓	↓
Building a team of talented people	Reinforces our unique family culture	Aligning shareholder and colleague interests	Encourage behaviours delivering long-term sustainable brand growth	Delivering the strategic plan	Easily understood by others and balanced against the wider workforce

Implementation of Directors' Remuneration Policy for FY23

- **Base salary:** A base salary increase of 2% was awarded to Executive Directors from 1 May 2022. The CEO's base salary increased to £612,000 p.a. and the CFO's salary increased to £382,500. These increases were below the workforce average increase in the year.
- **Benefits in kind and pension:** No changes were made to benefits or the workforce-aligned pension provision.
- **Annual bonus:** Notwithstanding performance against the inventory reduction and sustainable product mix targets, no bonus was payable as a result of performance against the profit target.
- **Long-term incentives:** Although no Performance Share Plan (PSP) awards were held by the current Executive Directors, the 2019 PSP lapsed in full in September 2022. RSAs were granted to Executive Directors in October 2022 at 50% of salary, below the 75% of salary maximum.

No changes were made to Non-Executive Director fees in FY23.

Use of discretion

Other than the reduction applied to the October 2022 RSAs which were granted at 50% of salary rather than the 75% of salary policy maximum to ensure that the total remuneration packages for the CEO and CFO appropriately reflect the broader stakeholder experience in respect of the year under review. No other use of discretion was applied in respect of FY23.

Implementation of Directors' Policy for FY24

The Committee intends to operate the Directors' Remuneration Policy for the CEO and CFO for FY24 as follows:

- **Base salary:** Executive Director base salaries were not increased from 1 May 2023.
- **Benefits in kind and pension:** No changes will be made to benefits or the workforce-aligned pension provision.
- **Annual bonus:** To ensure that the business is focused on the appropriate activities to drive short to medium-term value and ensure the continued motivation and retention of employees, an annual bonus will be operated for FY24; however, reflecting the current focus of the business, bonus potential will be capped at 50% of salary (rather than 150% of salary as per the Policy maximum) and performance metrics will be based on the delivery of cost to gross profit ratio improvement.
- **Restricted Share Awards:** RSAs to be granted in FY24 will:
  - Vest three years from the grant date, subject to continued employment, satisfactory individual performance and a positive assessment of performance against the underpin. No shares can be sold until at least five years from grant, other than those required to settle any taxes; and
  - Be set at a maximum of 75% of salary, albeit the Remuneration Committee will consider the prevailing share price at the time of grant.

No changes are expected to be made to Non-Executive Director fees in FY24.

Consideration of remuneration elsewhere in the Company

At the Committee meeting in March 2023, the results of a comprehensive Group-wide pay review were considered by the Committee. Whilst the recruitment and retention of talented people is central to Superdry's success, along with the creation of an amazing employee experience as a key initiative in our strategy, no pay increase was awarded other than legal requirements in the countries we operate and to maintain a degree of pay differential between roles in UK Retail. This will be kept under review.

In September 2022 the Committee approved RSAs which remained extended to junior management and experienced professionals for the third time at Superdry, honouring a commitment by the Committee to encourage and facilitate share ownership throughout the workforce at Superdry. The Committee also reviewed the operation of the FY23 bonus scheme and approved the FY24 bonus scheme.

Board changes in FY23

Faisal Galaria stepped down from the Board as a Non-Executive Director on 31 October 2022, and Lysa Hardy was appointed to the Board as a Non-Executive Director on 1 May 2023.

Conclusion

I would like to take this opportunity to thank my fellow Remuneration Committee members for their dedication during FY23 and to thank Cathryn Petchey, Global People Director, who has worked extensively with the Committee to support our work.

I trust that shareholders will continue to support Superdry's Remuneration Policy and that you will support this Directors' Remuneration Report at the 2023 AGM.

Georgina Harvey
Chair, Remuneration Committee

31 August 2023

Part 2: Directors' Remuneration Policy (unaudited)

The following section of this report sets out a summary of the Directors' Remuneration Policy which was approved by shareholders at the 2021 AGM. The full Policy as approved by shareholders is set out in the 2021 Annual Report.

Policy scope

The Policy applies to the Chair, Executive Directors and Non-Executive Directors.

Policy duration

Following shareholder approval at the 2021 AGM, the Policy will apply from that date for a maximum of three years. Consideration will be given to a new policy in advance of the 2024 AGM.

Remuneration Policy overview

We aim to provide a remuneration structure and approach that helps align the interests of Executives and shareholders, and enables the attraction, retention and motivation of high-calibre people with the capability to drive continued growth of the business. Where the Committee has discretion in implementing the Remuneration Policy, that discretion will be exercised diligently and in a manner aligned with shareholder interests. Discretion will only be exercised within the boundaries and limits set out in the Remuneration Policy.

Remuneration Policy overview

Element: **Base salary**

Purpose and link to strategy

Set at levels to attract and retain talented Executive Directors of the high calibre required to develop and deliver our ambitious growth strategy. Base salary will reflect each Executive Director's individual skill, experience and role within the Group. Any changes to salary will take account of average increases across the Group.

Maximum opportunity

Salary increases will typically be in line with the general level of increase awarded to other employees in the Group and/or the Executive Director's country of employment.

In exceptional circumstances (e.g., where there is an increase in scale, scope and/or responsibility, to reflect the development and success of the individual within the role, and/or to take account of relevant levels/market movements) a higher increase may be awarded.

There is no prescribed maximum base salary level or maximum annual increase.

Current salaries are detailed in the Annual Report on Remuneration.

Operation

When determining base salary the Committee typically takes into account:

- Salary levels for comparable roles at companies of a similar size, industry, global scope and complexity;
- Business and individual performance;
- Changes to the scale and complexity of the role; and
- Salaries paid to other employees across the Group.

Base salary is normally paid on a monthly basis in cash. The base salary for each Executive Director is normally reviewed annually in May by the Committee although an out-of-cycle review may be conducted if the Committee determines this is necessary. A salary review will not necessarily lead to an increase in salary.

Performance measures

Individual and business performance are taken into consideration when deciding salary levels.

Element: **Pension**

Purpose and link to strategy

To provide retirement benefits which are market competitive and to enable us to attract and retain Executive Directors of the right calibre.

Maximum opportunity

In line with the general workforce contribution rate (as a % of salary).

Operation

Executive Directors can choose to participate in the personal pension plan relevant to the country where they are employed, and/or to receive a cash allowance, or a combination of the two. Our Group personal pension plan is a defined contribution plan.

Element: **Other benefits**

Purpose and link to strategy

To ensure Superdry is broadly competitive on benefits with broader market practice.

To support personal health and wellbeing.

Maximum opportunity

There is no maximum level of benefits provided to an individual Executive Director.

Participation by Executive Directors in the SAYE scheme, and any other all-employee share plan operated in the future, is limited to the maximum award levels permitted by HM Revenue & Customs.

Operation

Benefit provision is set at an appropriate market level taking into account market practice in the Executive Director's home jurisdiction, the jurisdiction where they are based, and benefits for similar roles at similar companies and the level/type of benefits provided elsewhere in the Group.

The benefits to which Executive Directors are entitled include (but are not limited to) private medical insurance (for the individual and their family), company sick pay, holiday pay, life assurance, car allowance and staff discount on Superdry products. Other benefits may be provided where appropriate.

In-country and global relocation support may also be provided where appropriate.

Executive Directors are eligible to participate, on the same basis as other employees, in our SAYE and BAYE schemes. They may also be granted eligibility to participate on the same terms in any new benefit plans, including all-employee share incentives, set up for the wider employee group.

Element: **Annual performance bonus**

Purpose and link to strategy	Maximum opportunity
To encourage and reward the achievement of challenging financial and strategic performance targets during a financial year. The performance measures set each year align to our strategy and shareholder value creation.	Up to 150% of base salary.

Operation	Performance measures
Bonus payments up to 100% of salary are normally awarded in cash and are not pensionable. An individual Executive Director may choose to defer bonus awarded into our Group personal pension plan. Bonus deferral: To the extent that bonus potential is restored to the 150% of salary Policy maximum during the Policy period, one third of any bonus will be deferred into shares for three years.	Performance is normally assessed over one financial year. The annual performance bonus may be based on financial metrics (e.g., revenue and/or profit) and personal and/or strategic business objectives. The majority of the bonus will be determined by Group financial performance. Metrics and targets will be relevant to the particular performance year and are aimed at securing a sustainable long-term business model. The performance criteria and performance targets are determined by the Committee each year and include threshold levels for minimum award (below which no bonus will be awarded), on-target award and maximum award. The Committee will set demanding performance targets to encourage stretch performance. These targets are considered to be commercially confidential and will therefore be disclosed in due course after the performance period has ended. A straight-line sliding scale between threshold (no more than 25% of opportunity), target (50% of opportunity) and maximum (100% of opportunity) is used to determine the level of award. Malus and clawback provisions apply as described below.

Element: Restricted Share Awards

Purpose and link to strategy

Drives sustained long-term performance, aids retention and aligns the interests of Executive Directors with shareholders.

Maximum opportunity

Up to 75% of base salary.

Operation

Restricted Share Awards are granted on a discretionary basis and are subject to continued employment at the end of a three-year performance period with a two-year post-vesting holding period. Awards may be structured as conditional awards or nil or nominal cost options.

Executive Directors may benefit, in the form of cash or shares, from the value of any dividend paid between the date of grant and the date of vesting (or post-vesting holding period if later) to the extent that awards vest.

Performance measures

Although no formal performance measures apply to RSAs, the Committee will retain discretion to reduce the vesting level (including to zero) after key strategic measures over the vesting period have been considered (including but not limited to revenue, % of full-price sales, cash flow, PBTand margin) and being satisfied that there have been no environmental, social or governance issues resulting in material reputational damage.

Malus and clawback provisions will apply as described below.

Element: Share ownership guidelines

Purpose and link to strategy

To help further strengthen the alignment between management and shareholders.

Minimum holding

Minimum of 200% of base salary.

Operation

In employment: Executive Directors not holding shares worth at least 200% of their base salary will be expected to retain 50% of any share award which vests (net of tax) until such time as that level of holding is met.

Post cessation: Executive Directors will need to retain shares equal to 100% of the in-post shareholding guideline up until the second anniversary of employment cessation (or actual shareholding if lower).

Any shares purchased by an Executive Director, shares acquired in respect of the IPO, shares acquired through buyout awards and share awards granted prior to the 2020 AGM will be excluded from this post-cessation guideline.

Selection of performance measures

Profit is normally the primary financial measure for the annual bonus plan. At the sole discretion of the Remuneration Committee, adjusting items may be removed where the inclusion of such items would be inconsistent with fair measurement, and actual tax may be adjusted to normalised rates if considered unsustainable.

Performance targets relating to the annual bonus plan are normally set from the Group's annual budget, which is reviewed and signed off by the Board prior to the start of each financial year. Targets are based on a number of internal and external reference points. Targets are set to be stretching but achievable, with regard to the particular strategic priorities and economic environment in a given year. Strategic targets for the annual bonus may be set each year based on the Company's prevailing strategic objectives at that time. Targets will be set on a measurable, quantifiable basis where possible, but due to the nature of the objective may require some subjective assessment.

In respect of the RSAs granted to Executive Directors, the Committee must be satisfied with Superdry's performance and delivery against performance measures (including revenue, % of full-price sales, cash flow, PBT and margin) and be satisfied that there have been no environmental, social or governance issues resulting in material reputational damage.

The Committee retains the discretion to alter the weighting, substitute or use new performance measures for future incentive awards, if they are believed to better support the strategy of the business at that time.

Malus and clawback provisions

The Committee has discretion to cancel, reduce or clawback individual or all annual bonus awards in certain circumstances including:

- A misstatement of results that resulted in an award being paid at too high a level;
- A material failure of risk management or health and safety;
- Serious reputational damage to Superdry, and/or personal misconduct; and
- Corporate failure or insolvency.

The Committee may at any time before the vesting of share awards reduce the number of shares in certain circumstances, including if:

- A material misstatement of financial results has resulted in the award having been granted over a higher number of shares than would otherwise have been the case; and
- The number of shares awarded was based on any other kind of error or basis of information or assumption that turns out to be inaccurate and resulted in the award having been granted a higher number of shares than would otherwise have been the case.

For three years after any PSP or RSA award vests, the Committee may decide that the individual is subject to clawback if:

- There has been a material misstatement of results that resulted in an award being paid at too high a level;
- There has been an error in assessing any performance condition or there were inaccurate or misleading information or assumptions that resulted in the award vesting at a higher level than otherwise would have been the case;
- There has been serious reputational damage to Superdry; and/or personal misconduct; or
- There is a corporate failure or insolvency.

Legacy arrangements

The Company will honour any commitments entered into prior to the approval and implementation of the current Remuneration Policy, and Executive Directors will be eligible to receive payment from any historical awards made.

Scenario chart

The charts below show potential payout under the current Directors' Remuneration Policy using the following assumptions:

Minimum

- Consists of base salary, benefits and pension:
- Base salary from 1 May 2023;
- Benefits are based on estimated values for 2023/24;
- Pension of 4% of salary; and
- RSA of 75% of salary (noting that actual awards may be lower).

	Base salary	Benefits	Pension	RSA	Total minimum
Julian Dunkerton	£612,000	£16,000	£24,480	£459,000	£1,111,480
Shaun Wills	£382,500	£12,000	£15,300	£286,880	£696,675

Target

- As per the minimum scenario plus an on-target annual bonus of 50% of the maximum potential.

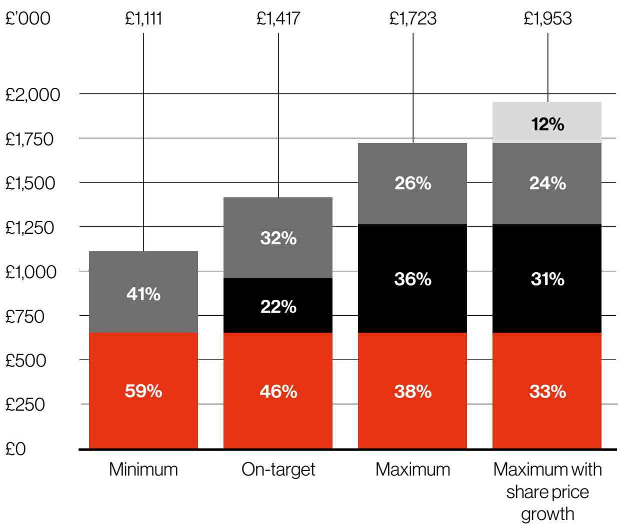
Maximum

- As per the minimum scenario plus a maximum annual bonus based on 100% of salary (the normal maximum, noting the policy maximum is set at 150% of salary), noting that potential awards may be lower (the potential for FY24 will be set at 50% of salary).

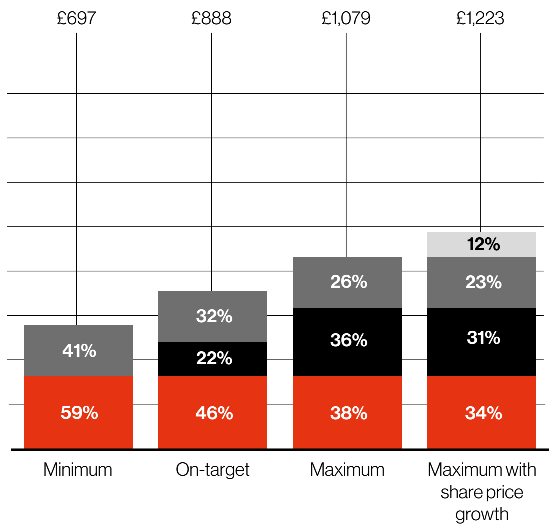
Maximum with 50% share price growth

- As the maximum scenario plus the value resulting from a share price growth of 50% from the RSA award.

Julian Dunkerton
Chief Executive Officer



Shaun Wills
Chief Financial Officer



■ Fixed pay (salary, benefits, pension) ■ Annual bonus ■ RSA □ Share price growth

Remuneration arrangements across Superdry

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

- **Salaries and benefits** – a range of factors are considered including business performance, individual capability and performance, the pay of other employees and external market data;
- **Annual performance bonus** – consistent with the Remuneration Policy for Executive Directors, annual bonuses are typically linked to business performance with a focus on profit, although the business retains the right to void a bonus award in circumstances where we deem an individual has not performed to an acceptable level or has acted inappropriately during the performance period;
- **Share awards** – selected below-Board employees may be invited to receive RSAs on the same or similar terms to those granted to Executive Directors;
- **All-employee share schemes** – in the UK the Group operates SAYE and BAYE share schemes which are open to all eligible employees. Under the SAYE scheme employees can elect to save up to £500 each month for a fixed period of three years. At the end of the savings period, individuals may use their savings to buy Superdry ordinary shares at a discount capped at up to 20% of the market price set at the launch of the scheme. The BAYE scheme gives employees the opportunity to buy shares up to the value of £1,800 per year using pre-tax earnings. For every 10 shares purchased through this scheme the Group offers one free matching share; and
- **Retirement benefits** – in line with local country practices, we encourage all employees to contribute appropriate savings toward their retirement. In the UK, we operate pension arrangements within the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010.

Executive Directors' service agreements

The following table sets out a description of any obligations on Superdry, contained in the current Executive Directors' contracts, which could give rise to, or impact, remuneration payments or payments for loss of office.

Element	Terms
Notice period	Julian Dunkerton – 12 months by Superdry and 12 months by the Executive Director. Shaun Wills – 6 months by Superdry and 6 months by the Executive Director.
Contract date	Julian Dunkerton – 2 April 2019 (interim appointment), 16 December 2020 (permanent appointment) Shaun Wills – 26 April 2021
Base salary	As per contracts
Pension contributions	Employer pension contribution
Contractual benefits	Contractual entitlement to: • Private medical insurance; • Company sick pay; • Life assurance; • Holiday pay; • Car allowance; and • Discount on Superdry products.
Annual bonus	Participation is subject to the Committee's discretion
Long-term incentive plan	Participation is subject to the Committee's discretion

The service contract for any new Executive Director is likely to include provisions for a notice period of up to six months by either party, an annual salary review and participation in the Company's annual bonus scheme and RSA.

All Executive Director service contracts are available for inspection at our registered office during normal hours of business, and at our AGM.

Discretions retained by the Committee

The Committee will operate the annual bonus plan and share plans according to their respective rules (or relevant documents), in line with the applicable approved Remuneration Policy and in accordance with the Listing Rules where relevant. The Committee retains certain discretions, consistent with market practice, with regard to the operation and administration of these plans. These include, but are not limited to, the following in relation to RSAs: the participants; the timing of grant of an award; the size of an award; within Policy limits the determination of vesting; the discretion that may be required if dealing with a change of control or restructuring of the Group; determination of the treatment of leavers; adjustments required in certain circumstances (e.g., rights issues, corporate restructuring events and special dividends); and reviewing performance underpins from one cycle to the next.

In relation to the annual bonus plan, the Committee retains discretion over: the participants; the timing of grant of a payment; the determination of the bonus payment; dealing with a change of control; determination of the treatment of leavers based on the rules of the plan and the appropriate treatment chosen; the annual review of performance measures and weighting; and targets for the annual bonus plan from year to year.

In relation to the annual bonus plan, the Committee also retains the ability to adjust the targets and/or set different measures if events occur (e.g., material acquisition and/or divestment of a business) which cause it to determine that the conditions are no longer appropriate and that an adjustment is required so that the conditions achieve their original purpose and are not materially more or less difficult to satisfy.

Any use of the above discretions would, where relevant, be explained in the Annual Report on Remuneration and may, as appropriate, be the subject of consultation with our major shareholders.

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

Approach to the recruitment and retention of Executive Directors

When hiring a new Executive Director or promoting to the Board from within Superdry, the Committee will offer a package that is sufficient to attract, retain and motivate the right talent, while at all times aiming to pay no more than is necessary. In determining an appropriate remuneration package, the Committee will take into consideration all relevant factors including but not limited to the impact on other existing remuneration arrangements, the candidate's location and experience, external market influences and internal pay relativities.

The remuneration package for a new Executive Director would be set in accordance with the terms of our prevailing approved Remuneration Policy at the time of appointment and would take into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

Salary would be provided at such a level as required to attract the most appropriate candidate and may be set initially at a below mid-market level on the basis that it may progress towards the mid-market level once expertise and performance have been proven and sustained. The annual bonus potential would be limited to 150% of salary and RSAs would be limited to 75% of salary.

Pension provision will be workforce-aligned and other benefits will be offered in line with local market practices dependent on where an Executive Director is located.

In addition, the Committee may offer additional cash and/or share-based elements to replace deferred or incentive pay forfeited by an Executive Director leaving a previous employer. It would seek to ensure, where possible, that these awards would be consistent with awards forfeited in terms of vesting periods, expected value and performance conditions. For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms. In addition, any other ongoing remuneration obligations existing prior to appointment may continue. For external and internal appointments, the Committee may agree that certain relocation and/or incidental expenses (as appropriate) will be met.

Policy on payment for loss of office

We are committed to ensuring a consistent approach and to not paying more than is necessary in the circumstances of loss of office. In the event of an early termination of a contract, the policy is to seek to minimise any liability. When managing such situations, the Committee takes a range of factors into account, including contractual obligations, shareholder interests, organisational stability and the need to ensure an effective handover. Executive Directors may be entitled to a payment in lieu of notice (PILON) if notice is served by us. In the normal course of events, the Executive Director would work their notice period. In the event of termination for cause (e.g., gross misconduct or negligence), neither notice nor PILON would be given and the Executive Director would cease to perform services immediately.

In the event of termination for reasons other than cause (for example, resignation), where the individual is requested by us to cease working before the end of the notice period, PILON may be payable. If a portion of the notice period is served, the PILON will be reduced on a pro-rata basis. Payments may be made on a phased basis. Alternatively, rather than making a PILON, we may place an Executive Director on garden leave for the duration of some or all of their notice period.

Where an Executive Director leaves during a financial year, the annual bonus will not be payable with respect to the period of the financial year worked, in line with the Group's annual bonus scheme rules.

Any share-based entitlements granted to an Executive Director under our share plans will be determined based on the relevant plan rules. The default treatment for RSAs is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death, ill health, injury, disability, retirement, sale of the employing company or business outside the Group or any other circumstances at the discretion of the Committee, 'good leaver' status may be applied. For good leavers, awards will normally vest on their normal vesting date, subject to the satisfaction of the relevant performance underpin at that time, and will be reduced pro-rata to reflect the proportion of the performance period actually served.

However, in the event of the death of an Executive Director, the Committee has discretion to determine that awards vest at cessation, subject to performance underpin, with no service pro-rata reduction.

Payment may also be made in respect of accrued benefits, including untaken holiday entitlement, in line with the treatment of other employees.

In addition, as is consistent with market practice, we may pay a contribution towards an Executive Director's legal fees for entering into a settlement agreement and may pay a contribution towards fees for outplacement services as part of a negotiated settlement.

There is no provision for additional compensation on termination following a change of control, nor liquidated damages of any kind.

Consideration of conditions elsewhere in Superdry

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

The Committee does not consider it appropriate to consult directly with employees when formulating Executive Director reward policy. However, it does take into account employee feedback on remuneration from employee surveys, as provided to the Committee by the Group People Director.

Consideration of shareholder views – consultation on Remuneration Policy

The Committee consulted with Superdry's top 15 investors and the main proxy advisory agencies (the Investment Association (IA), ISS and Glass Lewis) in FY22 in respect of seeking shareholder approval to changes to the Remuneration Policy at the 2021 AGM. After reviewing feedback received, the Committee adopted a more conventional approach to post-employment cessation shareholding guidelines as promoted by the IA (i.e.,100% of the in-employment shareholding guideline for two years post cessation) and this change was incorporated into the new Remuneration Policy. Consistent with good practice, a wrap-up letter was sent to those consulted at the end of the consultation exercise which set out the feedback received, and the Committee's response. The Committee was encouraged by the positive feedback and was grateful for the support received from the vast majority of investors consulted.

Summary of the Non-Executive Director Remuneration Policy

The Board aims to recruit high-calibre Non-Executive Directors with broad commercial, digital or other relevant experience. The Remuneration Policy for Non-Executive Directors is as follows:

Element	Fees
Purpose and link to strategy	Fees are set at an appropriate level to attract and retain high-calibre Non-Executive Directors and reflect the time commitment and responsibilities of each role and fees paid in other companies of a similar size, industry, global scope and complexity.
Operation	Fees are normally reviewed annually and are normally paid in cash. Each Non-Executive Director is paid a basic fee for undertaking Non-Executive Director and Board duties. A higher fee is paid to the Chair of the Board and the Senior Independent Director. Additional fees may also be payable for taking on Committee responsibilities and other Board duties. Non-Executive Directors also receive a staff discount on Superdry products. Non-Executive Directors do not receive any other benefits other than reasonable expenses. Travel and other appropriate expenses (including fees incurred in obtaining professional advice in the furtherance of their duties) incurred in the course of performing their duties are reimbursed to Non-Executive Directors along with any associated taxes. Non-Executive Directors are covered by the Directors' and Officers' insurance and indemnification.
Maximum opportunity	As is the case for the Executive Directors, there is no prescribed maximum fee or maximum fee increase. The aggregate fees payable to all Non-Executive Directors combined are capped as set out in Superdry's Articles of Association.
Performance measures	No performance measures apply. Fees are set at an appropriate level to attract and retain high-calibre Non-Executive Directors.

When recruiting a new Non-Executive Director, the remuneration arrangements offered will be consistent with the policy presented above. Non-Executive Directors are appointed for an initial period of three years (subject to election at the Company's AGM) and then continue to serve subject to annual re-election at the Company's AGM. Appointments may be terminated by either the Company or the Non-Executive Director giving three months' written notice. Save in respect of retirement by rotation, a Non-Executive Director being removed from office will be entitled to compensation equal to the fee during any remaining notice period.

Name	Date of appointment
Peter Sjölander	29 April 2021
Helen Weir	11 July 2019
Alastair Miller	11 July 2019
Faisal Galaria	29 July 2019
Georgina Harvey	29 July 2019
Lysa Hardy	1 May 2023

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

Part 3: Annual Report on Remuneration

The following part of the Directors' Remuneration Report, together with the Annual Statement, will be subject to an advisory vote at the 2023 Annual General Meeting and sets out both how the Remuneration Policy will be implemented in FY24, and how it was implemented in FY23.

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

Implementation of the Remuneration Policy for financial year 2024

Base salary (unaudited)

Executive Directors' base salaries are normally reviewed annually on 1 May, taking into account: business and individual performance: salary levels at companies of a similar size, industry, global scope, growth and complexity; and the salaries paid to other employees across Superdry. Current annual base salary levels, which were not increased from 1 May 2023, are as follows:

		From 1 May 2023	From 1 May 2022	Increase
Julian Dunkerton	Chief Executive Officer	**£612,000**	£612,000	0%
Shaun Wills	Chief Financial Officer	**£382,500**	£382,500	0%

Benefits in kind and pension (unaudited)

No changes will be made to benefit provision. Executive Director pension provision will continue to be set at 4% of salary (paid into the Group's personal pension plan and/or in the form of a salary supplement).

Annual bonus (unaudited)

To ensure that the business is focused on the appropriate activities to drive short to medium-term value and ensure the continued motivation and retention of employees, an annual bonus will be operated for FY24, however, reflecting the current focus of the business, bonus potential will be capped at 50% of salary (rather than 150% of salary policy maximum) and performance metrics will be based on the delivery of cost to gross profit ratio improvement. Due to commercial sensitivity of the information, bonus targets will be disclosed, together with the actual performance and payout, in next year's Directors' Remuneration Report.

Long-term share awards (unaudited)

As per the FY23 awards, RSAs to be granted in FY24 will:

- Vest three years after the grant date, subject to continued employment, satisfactory individual performance and a positive assessment of performance against the underpin. No shares can be sold until at least five years from grant, other than those required to settle any taxes; and
- Be set at a maximum of 75% of salary for the CEO and CFO, albeit the Remuneration Committee will consider the prevailing share price at the time of grant. The actual grant levels, which may be lower than 75% of salary, will not be agreed until closer to the date of grant.

Non-Executive Directors (unaudited)

No changes were made to the annual fees for Non-Executive Directors from 1 May 2023. Annual fee levels for FY24, as determined by the Board are therefore as follows:

Role	From 1 May 2023	From 1 May 2022	Increase
Chair	**£200,000**	£200,000	0%
Base fee for Non-Executive Directors	**£55,000**	£55,000	0%
Senior Independent Director increment	**£17,500**	£17,500	0%
Audit/Remuneration Committee Chair increment	**£12,500**	£12,500	0%

Single figure remuneration (audited)

		Base salary/ fees	Taxable benefits	Pension contributions[1]	Annual bonus	LTIP/RSA	Other payments	Total pay	Total fixed pay	Total variable pay
Non-Executive Chair										
Peter Sjolander	FY23	**198,338**	**3,212[2]**	**–**	**–**	**–**	**–**	**201,550**	**201,550**	**–**
	FY22	201,111	2,530[2]	–	–	–	–	203,641	203,641	–
Executive directors										
Julian Dunkerton	FY23	**612,000**	**11,211[3]**	**24,480**	**–**	**–**	**–**	**647,691**	**647,691**	**–**
	FY22	600,000	11,211[3]	24,000	–	–	–	635,211	635,211	–
Shaun Wills	FY23	**382,500**	**11,211[3]**	**15,300**	**–**	**–**		**409,011**	**409,011**	**–**
	FY22	375,000	13,834[3]	15,000	–	–	–	403,834	403,834	–
Non-Executive Directors										
Helen Weir	FY23	**72,500**	**377[2]**	**–**	**–**	**–**	**–**	**72,877**	**72,877**	**–**
	FY22	72,500	896[2]	–	–	–	–	73,396	73,396	–
Alastair Miller	FY23	**67,500**	**1,573[2]**	**–**	**–**	**–**	**–**	**69,073**	**69,073**	**–**
	FY22	67,500	938[2]	–	–	–	–	68,438	68,438	–
Georgina Harvey	FY23	**67,500**	**55[2]**	**–**	**–**	**–**	**–**	**67,555**	**67,555**	**–**
	FY22	67,500	1,172[2]	–	–	–	–	68,672	68,672	–
Former Non-Executive Directors										
Faisal Galaria	FY23	**27,500[4]**	**92[2]**	**–**	**–**	**–**	**–**	**27,592**	**27,592**	**–**
	FY22	55,000	172[2]	–	–	–	–	55,172	55,172	–

1. Julian Dunkerton receives a 4% pension contribution, which is paid in the form of a cash allowance. Shaun Wills receives a 4% of salary pension contribution.
2. Benefits for Non-Executive Directors comprise of expenses in relation to the performance of duties.
3. Benefits for Executive Directors comprise of a car allowance, medical insurance, and expenses in relation to the performance of duties.
4. Faisal Galaria stepped down from the Board effective 31 October 2022.

Annual bonus for the year ended 29 April 2023 (audited)

	Weighting (% of salary)	Threshold	Maximum	Actual	Payout (% of max)
EBITDA	70%	£18.3m	£28.5m	below threshold	0%
Inventory reduction* Goods on hand (units)	15%	12.3m	12m	9.3m	15%
Sustainable product mix* Volume of sustainable product sold	15%	50%	55%	64%	15%
Total	100%				0%

* Not payable unless the threshold EBITDA target was achieved. Inventory units reflect stock on hand in physical locations.

Notwithstanding performance against the inventory reduction and sustainable product mix target, no bonus was payable as a result of performance against the profit target.

Vesting of share awards (audited)

No share awards held by Executive Directors vested in respect of the three financial years ended 2022/23.

Share awards granted in the year (audited)

RSAs (structured as nil cost options) granted to the Executive Directors in FY23 were as follows:

	Date of grant	Basis (% of salary)	Number of shares under award	Face value of shares awarded*	Vesting Date
Julian Dunkerton	26 October 2022	50%	257,143	£306,000	26 October 2025
Shaun Wills	26 October 2022	50%	160,714	£191,250	26 October 2025

* Based on the 26 October 2022 closing share price of 119 pence.

Reflecting the prevailing share price, RSA levels were granted below the normal 75% of salary maximum.

RSAs will normally vest after three years from grant subject to:

1. Continued employment;
2. Satisfactory personal performance during the vesting period; and
3. A positive assessment of performance against the underpin; and once vested, the resulting shares may not be sold until at least five years from the grant date (other than to pay relevant taxes).

Underpin: While the default position is that RSAs granted to Executive Directors ultimately vest, the Committee will retain discretion to reduce the vesting level (including to zero) after considering a number of performance measures over the vesting period aligned to the business strategy including but not limited to revenue, % of full-price sales, cash flow, PBT and margin, and being satisfied that there have been no environmental, social or governance issues resulting in material reputational damage. In addition, and irrespective of performance against the underpin, the Committee will retain discretion to reduce the vesting level in exceptional circumstances.

Directors' interests in share awards and share ownership (audited)

The beneficial and non-beneficial interests of the Directors in the share capital of Superdry at 29 April 2023 are set out below:

Interests in shares

	28 April 2023 Ordinary Shares	30 April 2022 Ordinary Shares	Shareholding guideline	% Against salary[2]	Guideline met?	RSA[1]	Deferred shares	Saye	Baye	Total
Julian Dunkerton	20,338,921	17,023,707	200%	2,861%	Yes	400,569				20,739,490
Shaun Wills	6,065	4,634	200%	1.4%	No	221,371				227,436
Non-Executive Chair										
Peter Sjölander	150,000	150,000								150,000
Non-Executive Directors										
Helen Weir	10,000	10,000								10,000
Alastair Miller	30,000	30,000								30,000
Georgina Harvey										
Former Directors										0
Faisal Galaria										

1. In respect of RSAs no awards have been exercised by Executive Directors in the year ended 29 April 2023. Vesting conditions for unvested awards are consistent with those set out above in respect of the October 2022 RSAs.
2. Calculation based on the share price as of 28 April 2023 86 pence.

Payments to past Directors (audited)

No payments were made to past Directors in FY23 or FY22.

Payments for loss of office (audited)

No payments for loss of office were made in FY23 or FY22. Faisal Galaria was paid his fee up to the point of cessation. No other payments were paid or are payable.

The following sections of the Annual Report and Accounts are unaudited.

Relative importance of spend on pay (unaudited)

The following table sets out the percentage change in distributions to shareholders and employee remuneration costs.

	FY23	FY22	Change
Employee remuneration costs (£m)	**99.0**	95.5	3.7%
Ordinary dividends (£m)	**0**	0	0%
Special dividends (£m)	**0**	0	0%

CEO pay ratio (unaudited)

Under disclosure legislation, we are required to calculate and publish our CEO pay ratio on an annual basis. The table below shows how the CEO's single figure remuneration for FY23 compares to equivalent single figure remuneration for full-time equivalent (FTE) UK employees, ranked at the 25th, 50th and 75th percentiles on total remuneration.

For the calculation method, the disclosure legislation's Option A was chosen (based on data as at 29 April 2023) as this was considered to be the most robust approach to calculating the ratios. Option A involves calculating the actual FTE remuneration for all relevant employees for the fiscal year in question. These values are then listed in order from lowest to highest and the values at the three percentile points are identified.

Total Remuneration

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020	Option A	44:1	38:1	28:1
2021	Option A*	36:1	34:1	23:1
2022	Option A	34:1	31:1	24:1
2023	**Option A**	**32:1**	**32:1**	**24:1**

* CEO salary includes a 25% reduction in salary as at 30 April 2022.

The underlying data for salary and total remuneration is as follows:

	Salary			Total remuneration		
Year	25th percentile	Median	75th percentile	25th percentile	Median	75th percentile
2020	£15,015	£16,770	£22,252	£15,015	£17,261	£23,077
2021	£16,302	£17,374	£24,999	£16,302	£17,491	£25,996
2022	£18,525	£20,377	£25,565	£18,525	£20,377	£26,520
2023	**£20,319**	**£20,378**	**£26,949**	**£20,319**	**£20,378**	**£27,512**

The Superdry Remuneration Committee believes in Executive reward packages that are competitive and balanced against the wider workforce and aligned to our principles. The CEO, Julian Dunkerton, is the Superdry employee with the highest level of pay because he has the highest level of responsibility. Julian is eligible to be awarded RSAs and Group annual bonus, meaning that the ratio may increase in future years.

The Committee considers that Executive Director remuneration is appropriate, with the median CEO pay ratio being representative of the UK employee base. Executive Directors salaries increased by 2% from 1 May 2022 with an average UK increase of 3.5% being awarded to the wider workforce.

Whilst there is a marginal change at median for FY23 compared to FY22, the 25th percentile ratio has reduced. This is largely driven by the removal of age-related pay bands for colleagues in our retail stores during 2022. Previously, colleagues under 23 received a lower rate compared to colleagues aged 23 or over. By removing age-related pay bands and paying all colleagues at least the National Living Wage rate for employees who are 23 years and over, we increased c,1,000 colleagues pay by an average of 13.6%, reducing the gap between entry level and CEO.

Percentage change in remuneration (unaudited)

The table below shows the percentage change in salary or fees, benefits and annual bonus earned between (i) FY21 and FY22; and (ii) FY22 and FY23 for the Board, compared to the average earnings of all of the Group's employees. Where Directors served part financial years, their fees have been annualised.

	Financial year	Base Salary/fee	Benefits	Annual bonus
Chair				
Peter Sjölander	**2023**	**0%**	**N/A**	**N/A**
	2022	0%	N/A	N/A
	2021	N/A	N/A	N/A
Executive Directors				
Julian Dunkerton	**2023**	**+2%[1]**	**0%**	**N/A**
	2022	+11.6%[2]	0%	N/A
	2021	-10.4%[3]	0%	N/A
Shaun Wills	**2023**	**+2%[1]**	**0%**	**N/A**
	2022	0%	0%	N/A
	2021	N/A	0%	N/A
Non-Executive Directors				
Helen Weir	**2023**	**0%**	**N/A**	**N/A**
	2022	+11.6%[2]	N/A	N/A
	2021	-10.4%[3]	N/A	N/A
Alastair Miller	**2023**	**0%**	**N/A**	**N/A**
	2022	+11.6%[2]	N/A	N/A
	2021	-10.4%[3]	N/A	N/A
Georgina Harvey	**2023**	**0%**	**N/A**	**N/A**
	2022	+11.6%[2]	N/A	N/A
	2021	-10.4%[3]	N/A	N/A
Former Non-Executive Directors				
Faisal Galaria	**2023**	**0%**	**N/A**	**N/A**
	2022	+11.6%[2]	N/A	N/A
	2021	-10.4%[3]	N/A	N/A
Employee population	**2023**	**4.40%[4]**	**N/A**	**N/A**
	2022	+1.69%[5]	N/A	+100%[4]
	2021	+0.26%[6]	N/A	N/A

1. An increase of 2% was applied to Executive Directors as part of the annual pay review.
2. During FY22, salaries for Executive Directors and Non-Executive Directors were reinstated to full levels. Given the salary and fee reductions for a split year in FY21, this resulted in an 11.6% increase.
3. 25% reduction to salary for five months during the period May 2020 – September 2020, resulting in an overall reduction of 10.4%.
4. A standard increase of 3.5% was applied to the majority of the wider workforce, a small number of employees received a higher increase through market alignment.
5. A standard increase of 1.5% was applied to the majority of the wider workforce, while a small number of employees received a higher increase through market alignment. The annual bonus change relates to no bonus paid for FY21 and bonus outturn of between threshold and maximum for FY22.
6. There was no official annual pay review conducted by Superdry in FY21 and this number refers to a small number of exceptional pay changes affecting employees in head office.

Workforce engagement

The Committee continues to be informed of any proposed pay changes below Board level and ensures that the Executive Directors' reward packages align to the Company strategy. During FY23, Superdry continued to engage the workforce through the employee feedback forum, SD Voice. The meetings were attended by Helen Weir, Non-Executive Director, Cathryn Petchey, Global People Director, and employee elected representatives. The purpose of SD Voice is to engage and obtain honest feedback on topics such as pay principles and strategy, share plans and additional benefit offerings. This year Helen and Cathryn also presented the role of the Remuneration Committee and how Executive Director pay is determined against the wider workforce. This was to deepen knowledge and understanding among SD Voice members of why we have a Remuneration Committee and how the Committee influence Superdry's decision-making in all areas of remuneration.

Gender pay gap report (unaudited)

The actions agreed and discussed by the Committee to reduce our gender pay gap have been effective; this year at Superdry Group level we have a 0% median pay gap, which is down by 2.73% on the previous year, and a mean pay gap of 18%, which is down 5.18% on the previous year.

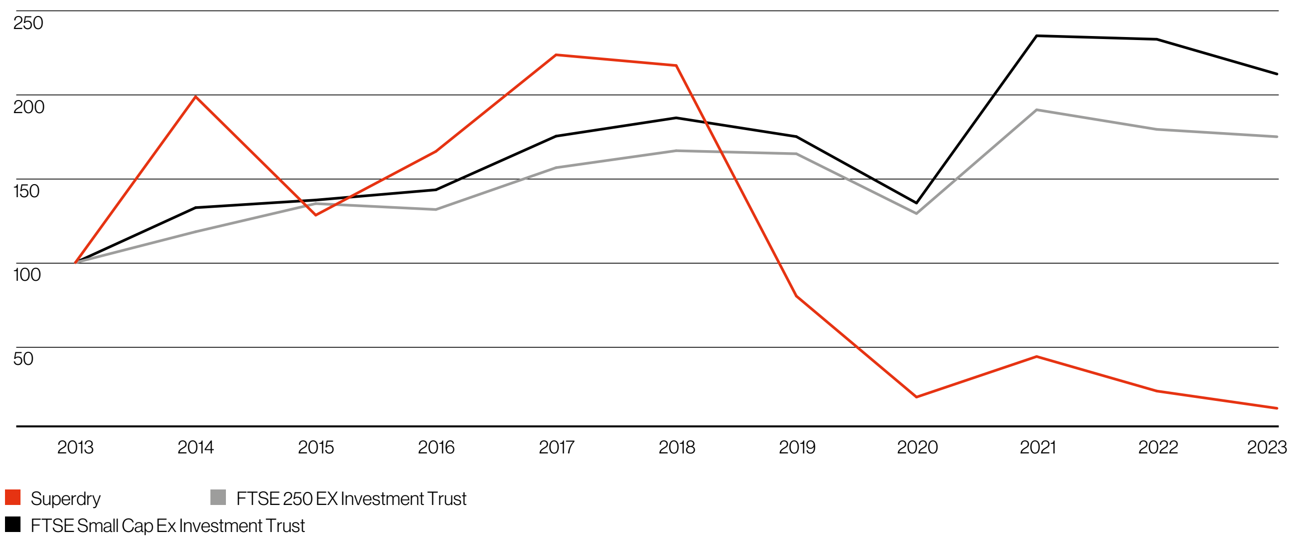
The Committee is pleased that the gender pay gap is closing but is committed to ensuring that it continues to reduce further. We have a robust and transparent action plan which is detailed further in our full gender pay gap report available at corporate.superdry.com.

Performance graph (unaudited)

The graph below shows the total shareholder return (TSR) for the Group compared with the TSR of the FTSE 250 (excluding Investment Trusts) and FTSE SmallCap (excluding Investment Trusts) over the 10 years to 29 April 2023. The FTSE 250 and SmallCap indices were selected as Superdry was a constituent of one or the other for the period shown.

Total shareholder return

Source: Datastream (a Refinitiv product)



Historic single figure table (unaudited)

The table below sets out the Chief Executive Officer's single figure remuneration over the past 10 years.

Year ended	Chief Executive Officer	Total remuneration	Annual bonus (% of max)	Long-term incentives (% of max)
2023	**Julian Dunkerton**	**£647,691**	**0%**	**n/a**
2022	Julian Dunkerton	£635,211	0%	n/a
2021	Julian Dunkerton*	£594,448	0%	n/a
2020	Julian Dunkerton*	£651,477	0%	n/a
2019	Julian Dunkerton*	£50,246	n/a	n/a
2019	Euan Sutherland†	£809,196	0%	0%
2018	Euan Sutherland†	£2,662,526	65.5%	100%
2017	Euan Sutherland†	£4,000,708	96.1%	58.2%
2016	Euan Sutherland†	£1,677,125	85.0%	n/a
2015	Euan Sutherland†	£602,862	33.3%	n/a
2015	Julian Dunkerton*	£419,180	–	n/a
2014	Julian Dunkerton*	£419,412	–	n/a

* Julian Dunkerton was appointed as Interim Chief Executive Officer on 2 April 2019 and assumed the title of Chief Executive Officer on a permanent basis from 16 December 2020. He previously held the role of Chief Executive Officer from 2012 to 22 October 2014 when he switched to the role of Product and Brand Director.

† Euan Sutherland was appointed as Group Chief Executive Officer on 22 October 2014 and stepped down on 2 April 2019.

Advisers to the Committee (unaudited)

FIT Remuneration Consultants LLP was retained as the Committee's independent remuneration adviser for FY23. Fees charged by FIT on the basis of time and materials for remuneration advice amounted to £43,080 (excluding VAT) compared to £37,941 (excluding VAT) for FY22. No other services were provided by FIT to the Group during the year. The Committee is satisfied that the advice provided was independent and has no connection within the Company or individual Directors. FIT is a member of the Remuneration Consultants Group and complies with its code of conduct.

Dilution (unaudited)

The current dilution against the 10% in 10 years share plan limit for employee and Executive share programmes is 3.52%.

Statement of shareholder voting (unaudited)

Shareholder voting in respect of the Directors' Remuneration Policy (last approved at the 2021 AGM) and last year's Directors Remuneration Report (excluding the Policy) received the following votes from shareholders:

		For	Against	Votes withheld
Directors' Remuneration Policy (2021 AGM)	Total number of votes	49,549,604	1,542,688	436,379
	% of votes cast	96.98	3.02	
Directors' Remuneration Report (2022 AGM)	Total number of votes	35,614,314	541,710	19,226
	% of votes cast	98.50	1.50	

The Annual Statement and Directors' Remuneration Report, excluding the Directors' Remuneration Policy, will be subject to an advisory vote at the 2023 AGM.

Georgina Harvey
Chair, Remuneration Committee
31 August 2023

Directors' Report

The Directors' Report for the year ended 29 April 2023 comprises pages 62 to 108 of this Annual Report, including any sections incorporated by reference. As permitted by section 414C(11) of the Companies Act 2006, certain disclosures required for inclusion in the Directors' Report have instead been included in the Strategic Report on pages 2 to 61, as follows:

- Information relating to future business developments – throughout the Strategic Report;
- A description of financial risk management objectives and policies – pages 176 to 180;
- Information on how the Directors have had regard for the Company's stakeholders and the effect of that regard – pages 27 to 29;
- The going concern and long-term viability statements – pages 23 to 25 of the CFO Report;
- Global greenhouse gas emissions during FY23 – pages 40 to 42 of the Sustainability Report; and
- Disclosures based on the principals of TCFD and energy consumption – pages 30 to 35.

This Directors' Report and the Strategic Report on pages 2 to 108 comprise the 'Management Report' for the purposes of the Disclosure and Transparency Rules (DTR 4.1.8R).

Subsidiaries and branches

Superdry plc is UK domiciled but has a number of overseas subsidiaries as well as branches in Austria, Italy, Norway, Portugal and Switzerland.

Results and dividends

Our financial statements for FY23 are on pages 125 to 188. No interim dividends were paid to shareholders during the period.

Given the uncertain macroeconomic outlook and the need to maintain liquidity, the Board continues to believe it is not prudent to recommend dividends in the near term and, therefore, do not recommend the payment of a final dividend in respect of FY23 (FY22: £nil). In addition, under the terms of our recent loan facility, the Company is restricted from declaring, making or paying dividends to shareholders without prior permission from Bantry Bay (lender), which cannot be unreasonably withheld.

Significant events since the end of the financial year

Details of significant events since the balance sheet date are contained in Note 38 to the financial statements.

Share capital, control and restrictions on voting rights

Details of our issued share capital are shown in Note 34 to the financial statements on page 181.

We have one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings. The ordinary shares are listed on the Official List and traded on the London Stock Exchange.

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

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

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

Authority for the Company to purchase its own shares

At the 2022 AGM, shareholders approved resolutions authorising the Company to repurchase up to 10% of its issued share capital, up to a maximum of 8,216,346 shares. The Board will propose a resolution to renew this authority at this year's AGM.

Authority to allot shares

Specific powers relating to the allotment and issuance of ordinary shares and the ability of the Company to purchase its own securities are included within the Company's Articles of Association and such authorities are submitted for approval by the shareholders at the AGM each year. The Directors have the authority to allot shares or grant rights to subscribe for or to convert any security into shares in the Company.

At the 2022 AGM, shareholders approved resolutions authorising the Company to:

- Allot shares up to an aggregate nominal value of £1,369,391 (representing one third of our issued share capital as at 30 September 2022);
- Disapply pre-emption rights for cash issues of ordinary shares with a nominal value of £205,409 (representing approximately 5% of our issued share capital as at 30 September 2022); and
- In accordance with the Pre-Emption Group's Statement of Principles, disapply pre-emption rights for cash issues in respect of up to an additional 5% of our issued share capital, provided that allotment was used only for the purposes of financing a transaction which the Board determined to be an acquisition or other capital investment (within the meaning of The Pre-Emption Group's Statement of Principles).

Resolutions will be proposed at this year's AGM to renew these authorities. Further details are set out in the Notice of AGM.

Notifiable interests in issued share capital

The following table shows the interests disclosed to the Company in accordance with DTR 5 as at 29 April 2023. Between 29 April 2023 and 23 August 2023 (being the latest practicable date before publication of this Annual Report), Julian Dunkerton's shareholding increased to 26.3%.

These holdings may have changed since the Company was notified: notification of any change is not required until a further notifiable threshold is crossed.

Shareholder	No of voting rights at date of notification	% of voting rights at date of notification	Nature of holding (direct/indirect)	Date of notification
Schroders Plc	3,968,350	4.8	Indirect	13 October 2022
Canaccord Genuity Group Inc on behalf of discretionary clients	4,152,500	5.1	Indirect	16 November 2022
Julian Dunkerton	19,998,135	24.3	Direct	6 February 2023

Share schemes

The Group presently operates three employee share schemes: Restricted Share Awards (RSAs), Save As You Earn (SAYE) and Buy As You Earn (BAYE). All shares allotted under these share schemes have the same rights as those already issued.

Under the BAYE share scheme, employees are entitled to acquire shares. These shares are held in trust by Computershare Trustees (Trustees). Voting rights are exercised by the Trustees on receipt of a participant's instructions. If a participant does not submit an instruction to the Trustees, no vote is registered. In addition, the Trustees do not vote on any unawarded shares held under the BAYE scheme as surplus assets. The Trustees have also elected to waive dividends on any unawarded shares held under trust relating to dividends payable during the year. As at 29 April 2023, the Trustees held 54,042 unawarded shares in trust.

Superdry's Employee Benefit Trust has also waived all dividends payable in respect of the ordinary shares held by it.

Founder Share Plan

The Founder Share Plan (FSP), established on 12 September 2017 by Julian Dunkerton and James Holder, did not vest, as the market value of the Company's shares on the maturity date of 30 September 2020 did not achieve the value stipulated in the FSP agreement. No shares will be granted and the scheme expired on 30 September 2022.

Employees with disabilities

We are committed to giving full and fair consideration to candidates with disabilities, having regard to their aptitudes and abilities, and endeavour to provide reasonable adjustments for candidates throughout our recruitment and interview processes. Wherever possible, we seek to retain employees who become disabled during employment, and support them through their rehabilitation in the workplace. Our training and development programmes seek to be inclusive, offering both face-to-face and online options to ensure all employees are able to access the same opportunities.

Directors – appointment, election and re-election

The appointment and replacement of the Directors is governed by our Articles, the UK Corporate Governance Code, the Companies Act 2006 and related legislation. Any specific rules regarding the election and re-election of Directors are referred to in the Corporate Governance Report on pages 64 to 73. Biographical details of our Board members can be found on pages 62 to 63.

Directors and Directors' interests

Details of the Board Directors can be found on pages 62 to 63, including changes during the year.

The interests of the Directors and their closely associated persons in the shares of the Company as at 29 April 2023, along with the details of Directors' share awards, are contained in the Directors' Remuneration Report on pages 85 to 104.

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

Details of Director indemnity provisions can be found in the Corporate Governance Report on page 73.

Related party transactions

Details of related party transactions can be found in Note 21 on pages 163 and 164 of the financial statements. For details of Directors' service contracts please refer to page 95 in the Directors' Remuneration Report.

Significant agreements – change of control

The Company and certain subsidiaries of the Group have the benefit of a £80,000,000 revolving credit facility pursuant to a senior facility agreement dated 22 December 2022. The Senior Facility Agreement contains provisions that, on the occurrence of a change of control in respect of the Company, the original lender shall have 30 days to access an individual right to (a) require payment in full for all outstanding amounts and unpaid liabilities under the Senior Facility Agreement, and (b) to require cash cover in respect of any outstanding obligations assumed by the original lender under the Senior Facility Agreement. The majority lenders at such time under the Senior Facility Agreement may also notify the agent following such change of control that the facility provided pursuant to the Senior Facility Agreement shall be cancelled in full.

Articles of Association

Any changes to the Articles of Association (Articles) must be approved by our shareholders by special resolution. Updated Articles were approved by our shareholders at our General Meeting on 31 May 2023.

Political donations

No political donations or political expenditure have been made by the Group during this financial year.

Non-financial and sustainability information statement

In accordance with Companies Act 2006 sections 414CA and 414CB, a non-financial and sustainability information statement can be found in the Strategic Report on page 26.

Other disclosures

The table below sets out the location of disclosures that have been incorporated into the Directors' Report by reference, including those required by LR 9.8.4:

Disclosure	Page
Annual General Meeting	73
Business relationships with suppliers, customers and others	2-61
Corporate Governance Report	64-73
Diversity and Inclusion Policy	75-76
Employee participation in share schemes	106
Employee engagement and communication	45-46
Environment	30-43
Financial instruments and financial risk management	176-180
Long-term incentive schemes	149-150
Risk management and internal control	77-84
Significant agreements	107

Statement on disclosure of information to auditor

The Directors confirm that, so far as each is aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors has taken all the steps he or she should have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of Companies Act 2006.

This Directors' Report was approved by the Board of Directors on 31 August 2023 and signed on its behalf.

By order of the Board

Jennifer Richardson
Company Secretary
31 August 2023

Directors' Responsibility Statement

The Directors are responsible for preparing the Strategic Report and the Directors' Report, the Directors' Remuneration Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The Directors have elected under company law and are required under the Listing Rules of the Financial Conduct Authority to prepare the group financial statements in accordance with UK-adopted International Accounting Standards. The Directors have elected under company law to prepare the Company financial statements in accordance with UK-adopted International Accounting Standards.

The Group and Company financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position of the Group and the Company, and performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company, and of the profit or loss of the Group for that period.

In preparing the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted International Accounting Standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the directors, whose names and functions are listed in the Corporate Governance Report confirm that, to the best of each person's knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Superdry website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Jennifer Richardson
Company Secretary

31 August 2023

Registered office:
Unit 60, The Runnings, Cheltenham,
Gloucestershire GL51 9NW

Registered in England and Wales,
registered number 07063562

Independent Auditor's Report to the members of Superdry Plc

1. Opinion

We have audited the financial statements of Superdry plc (the 'Parent Company') and its subsidiaries (the 'Group') for the 52 week period ended 29 April 2023 which comprise the Group Statement of Comprehensive Income; the Group and Parent Company Balance Sheets; the Group and Parent Company Cash Flow Statements; the Group and Parent Company Statements of Changes in Equity; and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and UK-adopted International Accounting Standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 29 April 2023 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the Parent Company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our opinion is consistent with our reporting to the Audit Committee.

3. Material uncertainty relating to going concern

We draw attention to note 1b to the financial statements and the detailed information on pages 130 to 131, which indicates that a material uncertainty exists that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern.

The Group made a post-tax loss of £148.1m for the period.

The Group has an asset-based lending facility ('ABL') of up to £80m, including a term loan of £30m. These facilities expire in December 2025. The maximum amount that can be drawn on the ABL facility is limited to 75% of group inventory and receivables balances that meet the criteria for lending against. At any point in time this could be significantly less than £80m. At the period end, £48m of the ABL facility had been drawn down with the Group's net debt position at £25.6m.

Post period end the Group has agreed a second charge ABL financing facility of up to £25m and has successfully completed an equity raise generating net proceeds of £11.5m and received settlement of the net proceeds from the sale of certain intellectual property of £34m.

However, the macro-economic conditions within the retail sector and the economy as a whole remain challenging and in response the Group has sought to implement a number of operational and cost saving measures as set out in note 1b to the financial statements.

Against this background, the Group's medium-term plan has been used as a basis for the going concern assessment which covers the 12-month period from the date of approval of these financial statements. The medium-term plan assumes that the Group will be successful in increasing gross margins and reducing costs across the business. However, given the current uncertainty in the retail sector and adverse economic pressure brought about by high inflation and the cost-of-living crisis there remains uncertainty in relation to the key judgements and assumptions that underpin the Group's financial forecasts.

The Audit Committee has considered the adoption of the going concern basis of accounting as a key judgement and estimate on page 79 and notes that there is a high level of uncertainty as a result of the current economic outlook and business performance.

These factors along with the other matters as set forth in note 1b to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing agreements and correspondence relating to the availability of financing arrangements
- Obtaining an understanding of the relevant controls around going concern models
- Gaining an understanding of management's going concern models and the financing facilities available to the Group, including repayment terms and covenants.
- Obtaining evidence that the budgets and forecasts have been authorised by the Board.
- Checking the mathematical accuracy of management's cashflow models and agreeing opening balances to 29 April 2023 actual figures.
- Reviewing the structure, integrity and accuracy of the underlying financial models
- Critically challenging whether the assumptions in management's base model appear realistic, achievable and consistent with other internal and external evidence, including market and industry data. This included assessing the likelihood of achievement of management's future plans and cost saving measures to improve its cash flow position. In performing this assessment, we assessed which are the riskiest assumptions in management's forecasts to perform further testing and sensitivities on
- Assessing whether the assumptions applied in management's forecasts are consistent with those applied elsewhere in the financial statements, such as in relation to the assessment of property related provisions and deferred tax recognition
- Comparing forecast sales with recent historical information to consider the accuracy of forecasting and consider post period-end sales patterns to assess whether they are consistent with those assumed in the base model
- Assessing the forecast monthly cash headroom in management's forecasts and considering the impact of this on the appropriateness of the sensitivities performed
- Testing management's sensitivity analysis and reverse stress test and performing our own analysis based on further sensitising of the models to take account of reasonably possible scenarios that could arise from the risks identified
- Assessing the consistency, adequacy, and specificity of disclosures in the Viability statement and elsewhere in the financial statements and
- Challenging the appropriateness of the Group and Parent Company's disclosures over the going concern basis and the material uncertainty arising with reference to our knowledge and understanding of the assumptions taken by the Directors and recent FRC guidance.

Given the significance of the going concern basis to the Group and Parent Company's financial statements we consider this to be a key audit matter.

As a key observation, we draw attention to note 1b to the financial statements which sets out details of the reverse stress test performed by management as part of their assessment of viability and going concern. This indicates that the reverse stress test scenario shows that, without any mitigating factors or contingency, a reasonably feasible downside scenario in sales and missing the cost savings would require funding in excess of the Group's available facility at certain points in the period. In fact, management's reverse stress test scenario indicates that a 2.6% (£14m) reduction in forecast revenues and a 2.6% miss on the forecast cost base would result in a breach of available facilities in July 2024 without mitigating actions.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to:

- the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting; and
- the Directors' identification in the financial statements of the material uncertainty related to the Group's and Parent Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

4. Summary of our audit approach

Key audit matters	**Group** • Going concern and viability (see section 3 above) • Impact of control deficiencies • Inventory cost variances – system alignment • Impairment of store assets and onerous lease contracts • Recoverability of deferred tax asset • Inventory provision • Expected credit losses in relation to wholesale receivables **Parent Company** • Impairment of investment in subsidiaries and expected credit losses on intercompany loans
Materiality	**Group** • Overall materiality: £3.11m • Performance materiality: £1.56m **Parent Company** • Overall materiality: £0.57m • Performance materiality: £0.28m
Scope	Our audit procedures covered 90% of revenue, 86% of total assets and 89% of loss before tax.

5. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group and Parent Company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Group and Parent Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

In addition to the matter described in the Material uncertainty related to going concern section discussed above we have determined the matters described below to be the key audit matters to be communicated in our report.

Impact of control deficiencies

Key audit matter description	The Group's control environment continues to require significant improvement. Whilst management have started to implement a controls improvement and finance transformation project, progress has been hampered during the period as a result of a focus on issues related to liquidity and refinancing. Whilst some progress has been made, including the partial implementation during the period of Blackline (a reconciliation tool) and SoftCo (an accounts payable automation system), control weaknesses remain particularly around management review controls, balance sheet reconciliations, inventory, the operation of system interfaces and general IT control deficiencies relating to access and change management controls. During the period management have made progress resolving previously reported issues relating to accounts payable and an increased focus on balance sheet reconciliations identified a number of material adjustments which impacted both FY 23 and prior periods. These adjustments primarily related to the correction of overstated receivable balances and an error in the accounting treatment of disposed impaired assets and are set out in note 37 to the financial statements. Previously identified issues with controls over inventory costing and accounting for price and quantity variances have only been partially resolved and, as noted below, there remains an unresolved issue relating to the inventory system alignment account which captures interface differences between the Group's various inventory systems and the general ledger. The misstatements identified are indicative of the ongoing control issues within the Group as highlighted above. Due to the pervasiveness of the control deficiencies and their potential impact on the financial statements, we consider this to be a key audit matter. The control environment will continue to be a significant area of focus for the Audit Committee in the forthcoming period as discussed in their Report on page 83.

Impact of control deficiencies continued

How the matter was addressed in the audit	We adopted an almost fully substantive audit approach, with no reliance on internal controls, other than for payroll. We planned and performed our audit in order to respond to the pervasive risks arising from the deficiencies in the control environment. In response to the assessed risks we: • Performed agreed upon procedures prior to the period end to review progress in addressing balance sheet reconciliations and in order to identify any additional risks. • Applied a lower performance materiality (being 50% of overall materiality) than would be ordinarily used if the control environment had been deemed effective. This increased the volume of substantive testing completed. • Tested a number of transactional balances (including accounts payable, trade debtors, cash and inventory) at an elevated risk level and applying an increased level of sample testing. • Performed additional procedures to identify and address fraud risks, including holding discussions with a forensic specialist and performed targeted procedures in relation to specific fraud risks, including the risk of management override of controls. Where key audit matters include a risk of fraud, the risks identified, and procedures performed are detailed within the key audit matters set out below. • Discussed progress made in addressing control improvements with Internal Audit and key members of the Finance Transformation Team and considered the implications for our audit. • Utilised senior members of the audit team to perform audit testing directly in the more complex areas of accounting, including inventory variance accounting, IFRS 16, store impairments, going concern, and the audit of the Group's consolidation. • Applied data analytics in our testing, particularly with regards to revenue and inventory where there are large volumes of transactional data and to the testing of journals. • Interrogated spreadsheets to detect formula errors and other anomalies including in relation to management's excel going concern and impairment models. Given the complexity in this area, this work has been performed by more senior members of the audit team.
Key observations	There is still considerable work to be done by management to address deficiencies within the control environment and the finance transformation project is less advanced than planned, partially due to a refocus on issues of liquidity.

Inventory cost variances – system alignment

Key audit matter description	The Group maintains a system alignment account within its trial balance, which historically has captured timing differences between its underlying stock systems and the general ledger. During FY23, it was identified that the amounts within this account had accumulated significantly and that the reasons for this accumulation were unknown. These balances continued to accumulate to a peak of £8.6m during the period. Management undertook a review, as part of a reconciliation process, which identified a number of compensating issues, primarily arising from system and process errors affecting interfaces and reports. Whilst several adjustments were identified by management, the most significant element related to freight costs which were not being interfaced correctly between systems. As a result of their investigations, management released £7.8m of this balance to the income statement and the remaining £0.9m still remains under investigation by management and is held on the balance sheet at 29 April 2023.
How the matter was addressed in the audit	We obtained an understanding of how management performed their review of the differences arising within the system alignment account and their approach to assessing the completeness of adjustments identified. We challenged the assertions made by management in their account reconciliation through: • Obtaining and reviewing management's paper outlining the reasons for the accumulation of the balance within the system alignment account. • Corroborating the explanations given by management in their paper to supporting data and reconciliations prepared by management. • Testing a sample of lines from within the system alignment account and confirming these related to inventory balances as at the period end, or if not, were corrected accordingly, and therefore inventory is appropriately stated as at the period end. • Testing, on a sample basis, the freight cost recorded in stock systems within the period. • Re-performing a reconciliation between the underlying inventory systems and the amounts recorded within the general ledger. • Performing substantive tests on the underlying inventory systems to corroborate base figures within management's reconciliation. • Challenging the completeness of adjustments recorded by management.
Key observations	Our procedures did not identify any unresolved material differences.

Impairment of store assets and onerous lease contracts

Key audit matter description	As a result of the macro-economic factors, reduction in consumer disposable income and changing patterns of retail consumer behaviour, particularly in relation to physical stores, the Group identified that there were indications of impairment in relation to store assets and IFRS 16 right of use assets and related PPE ("property related assets") and provisions in respect of onerous lease contracts. As required by IAS 36 (Impairment of Assets) the Group has performed an impairment review of all such assets. As a result of this review, a total net impairment charge of £43.3m (2022:£16.8m) has been recognised in the financial statements of which £3.4m relates to store assets (2022: £2.4m) and £37.6m relates to right of use assets (2022:£14.4m). An onerous lease charge of £2.3m, (2022) £1.5m has also been recognised in these financial statements. As described in note 2 to the financial statements, the impairment review involves management judgements and estimates in relation to the value in use of the property related assets (being the net present value of the forecast related cashflows. The values derived are then compared to the book value of the related assets to determine whether impairment is required. In making this assessment management determined each property or store to be a cash generating unit (CGU). The store asset impairment review process involves management making several estimates to determine the value in use of the stores, which is determined based on the forecast future trading performance in the Group's 5-year plan (5YP). There continues to be uncertainty and, as a result, significant judgement arises in assessing the Group's future performance including the determination of an appropriate discount rate and an assessment of the likely impact of high inflation and reduced consumer disposable income. Furthermore, the impairment and onerous property related contract model is complex and is prepared using Excel spreadsheets which increases the scope for error. This exercise involves a high level of management judgement and is therefore, given the carrying value of store assets and onerous property contract provisions, deemed to be a significant risk with a high degree of estimation uncertainty. Due to the factors explained above, we have identified valuation and disclosure of property related assets as one of the most significant matters in the Group audit and it is therefore considered to be a key audit matter.
How the matter was addressed in the audit	We obtained an understanding of how management performed their impairment testing of property related assets and their approach to valuation. We challenged the significant assumptions within management's models through: • Critically challenging whether the assumptions in management's forecasts appear realistic, achievable, and consistent with other internal and external evidence, including market and industry data. • Assessing whether management's calculations, including the methodology upon which they are based, have been made in accordance with IAS 36 'Impairment of Assets' for any impairment recognition or reversal of impairment and IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. • Testing whether the assumptions applied in management's forecasts were consistent with those applied elsewhere in the financial statements, such as for going concern and deferred tax asset recognition and consistent with those used in management's 5-year plan. • Comparing forecast sales with recent historical information to consider the accuracy of forecasting and post period end sales patterns to assess whether they are consistent with those assumed in management's forecasts. • Engaging our modelling experts to assess the validity and integrity of management's model. • Comparing the discount rate used with that independently calculated by our internal valuation expert. • Challenging management's allocation of central costs within their forecast models. • Challenging management's sensitivity analysis and performing our own analysis based on further sensitising of the models to take account of reasonably possible scenarios that could arise from the risks identified. • Critically evaluating the appropriateness of the disclosures made, including in respect of the key source of estimation uncertainty and sensitivity analysis. We assessed whether the disclosures within the financial statements comply with the requirements of IAS 36.

Impairment of store assets and onerous lease contracts continued

Key observations	Our audit work in relation to property related assets concluded that the Group's impairment models had been prepared in accordance with IAS 36. However, the impairment models and the Group's 5-year plan on which they are based are subject to significant management judgement as to the future performance of the Group, the ability to manage costs and a return to profitability. Given that store impairment and onerous contract provision is a critical accounting estimate, and the uncertainties involved in forecasting the Group's future trading performance the disclosures in note 2 to the financial statements regarding the key judgements and sensitivities underlying the 5-year plan provide important information in relation to the impact of a reasonably possible change in key assumptions.

Recoverability of deferred tax asset

Key audit matter description	Deferred tax assets should only be recognised in jurisdictions for which the Group has a strong track record of cumulative historical profitability, for which financial forecasts show suitable taxable profits or future reversals of existing taxable temporary differences and for which local legislation allows the carry forward of tax losses and deductible temporary differences either indefinitely or over the forecast period. As set out in note 22 to the financial statements, at 30 April 2022 the deferred tax asset recognised largely related to the UK (£53.3m) and Germany (£9.7m), with the £36.0m of unrecognised deferred tax assets largely relating to the US. At 29 April 2023 there are deferred tax assets related to carry forward losses of £125.3m (2022 £34.6m) and it is necessary to apply judgement as to whether these assets should be recognised in the Group balance sheet. Under IAS 12 'Income Taxes', a deferred tax asset is recognised for deductible temporary differences and unused tax losses (tax credits) carried forward, to the extent that it is probable that future taxable profits will be available. Management must prepare forecasts which are reasonable, realistic, and achievable to be able to demonstrate this. Given the judgement and estimation applied in the preparation of forecasts and the uncertainty in the Group's economic environment, we have identified this as one of the most significant matters in the Group audit and therefore determined it to be a key audit matter.
How the matter was addressed in the audit	In responding to the risk, we:- • Obtained an understanding of the relevant controls around the calculations of deferred tax assets and the recognition in the financial statements. • Examined management's paper prepared to demonstrate the recognition of deferred tax assets. • Challenged whether the assumptions applied in management's forecasts which support management's assessment are consistent with those applied elsewhere in the financial statements, such as in relation to the assessment of going concern and property related provisions. • Challenged the appropriateness of the period applied in management's assessment and whether management can demonstrate whether it is probable that future taxable profits will be available to relieve against the losses recognised. • Assessed, with the assistance of our internal tax specialists, whether the qualifying taxable temporary differences identified are appropriate. • Evaluated the appropriateness of the disclosures made, including in respect of whether this constitutes key source of estimation uncertainty and also whether the observations raised in respect of the FRC's Thematic review on Deferred tax assets have been addressed. • Challenged whether it was appropriate to recognise deferred tax assets given the material uncertainty relating to going concern.
Key observations	As a result of our challenges management have fully derecognised deferred tax assets related to carry forward losses except to the extent they can be utilised through temporary taxable differences of £6.6m which will reverse in the short term.

Inventory provision

Key audit matter description	As at 29 April 2023, the Group held £112.5m of inventory (FY22: £132.7m). The inventory provision was £3.8m (FY22: £6.1m), representing 3.3% (FY22: 5%) of the balance (see note 23 to the financial statements). The Group accounting policy for providing for slow moving inventory is based upon the ageing of inventory by season, with a percentage provision applied which reflects the actual historical rate of losses made. In addition, specific provisions are made for known product ranges which management considers are unlikely to be sold at a margin through regular clearance channels. The valuation of inventory involves management judgement in recording provisions for slow moving or obsolete inventory, and excess inventory held as a result of reduced trading previously caused by global coronavirus restrictions and unsold Autumn/Winter 2020 concept inventory which didn't achieve expected levels of sell through. Inventory is material to the Group accounts, and provisioning against balances is subject to management judgement. In particular, provisioning not linked to ageing (the obsolescence provisioning is formulaic, and the methodology is unchanged from prior period) is subject to judgement as it involves assessment of future performance of stock lines through different sales channels. Based on the trading within the period and challenges in selling through older inventory, there is a risk that the provision against inventory balances in insufficient and accordingly we have identified this as one of the most significant matters in the Group audit and therefore determined this to be a key audit matter.
How the matter was addressed in the audit	In responding to the risk, we: • Obtained an understanding of the relevant controls that the Group has established regarding the inventory provision. • Compared the methodology applied in calculating the slow-moving inventory obsolescence provision to the Group's policy and recalculated the provision, with reference to the policy. • Used data analytics on transactional activity to obtain a listing of slow moving, obsolete or damaged inventory and evaluated whether appropriate provisions had been made for these items and challenged management over any items not provided for. • Applied data analytics to identify inventory that had been sold for below cost in the period and considered the implications for the provisioning model. • Reviewed the elements of the provisioning model driven by seasonality data and recalculated the provision in line with management's methodology. • Determined the accuracy of the data used in the inventory provision calculation by testing the season ageing of a sample of inventory items back to supplier invoice. • Challenged management on the appropriateness of specific provisions in the light of the latest available evidence. • Tested the sell through of inventory by category including reviewing the terms of any bulk selling arrangements including management's planned disposal for disposal of surplus inventory. • Evaluated the appropriateness of management's assumptions by benchmarking against other retailers, reviewing post period-end sales data and reviewing historical trends.
Key observations	From the work performed above, we concluded that the level of inventory provision is appropriate.

Expected credit losses in relation to wholesale receivables

Key audit matter description	Wholesale receivables as at 29 April 2023 were £49.8m (2022: £60.7m) with a provision for expected credit losses of £6m (2022 £4.7m) (see note 24 to the financial statements) Under IFRS 9, management is required to consider all expected credit losses based on historic, current, and forward-looking information. In addition to recording a specific provision against individual receivable balances, management recognises a provision for expected credit losses under the simplified approach permitted by IFRS 9, by modelling an estimate of future lifetime expected credit losses for the entire receivables book. Due to the cost-of-living crisis and ongoing challenges within the global economy, there continues to be a heightened risk around the recoverability of wholesale receivables. Wholesale trade receivable balances are material to the accounts, moreover, the assessment of their recoverability involves significant judgment by management. Accordingly, we have considered expected credit losses in relation to wholesale receivables to be one of the most significant matters in the Group audit and therefore determined this to be a key audit matter.
How the matter was addressed in the audit	In responding to the risk, we: • Obtained an understanding of the relevant controls regarding management's provisioning policy and the assessment of expected credit losses. • Agreed a sample of wholesale receivables to supporting documentation, including external confirmations, where returned, and to subsequent payments. • Assessed subsequent cash receipts and write offs with reference to the provision recognised by management. • Assessed management's provisioning policy. This work included considering compliance with the requirements of IFRS 9, checking the mechanical accuracy of the model, considering expected credit losses by country and validating country specific risk factors to external reports in light of the current macroeconomic environment. • Assessed the historical accuracy of management's provisioning through a retrospective review of the level of provision recorded in prior periods compared to the actual level of write-offs in the period. • Reviewed receivables which were past due and assessed whether an allowance should be made against any additional balances. • Evaluated consistency with information obtained through other parts of our audit, including our review of litigation, claims and disputes. • Selected a sample of the customers provided for within the specific provision, and a sample of customers not provided for within the specific provision, and challenged the level of provision against each customer.
Key observations	Following our challenge as to whether certain provisions were genuine specific provisions calculated in accordance with IFRS 9, management amended their calculation to eliminate non-specific elements. Additionally, we challenged management regarding their IFRS 9 methodology and the degree to which this took account of effective credit insurance cover and as to whether an expected credit loss provision should be recognised against a specific wholesale receivable balance that was unprovided. As a result of our challenge, management increased the specific expected credit loss provision against this balance by £0.7m and in relation to uninsured debtors by £0.4m.

Impairment of investment in subsidiaries and expected credit losses on intercompany loans – Parent Company

Key audit matter description	The carrying value of the investment in subsidiaries (note 20 to the financial statements) of £74.3m (2022: £140.6m) and the intercompany receivables (note 24 to the financial statements of £241.1m (2022: £211.4m) held on the Parent Company balance sheet have been assessed for impairment by reference to IAS 36 'Impairment of Assets' and IFRS 9 'Financial instruments' respectively. The Group's market capitalisation has declined further during the period and at period end was below the carrying value of the Parent Company's investment in subsidiaries. Judgement is therefore required as to whether the investment value should be impaired and whether the intercompany receivables are recoverable. In assessing the recoverability of the intercompany receivables, management has considered a range of possible credit loss outcomes in their model. In assessing the carrying value of the investment in subsidiaries, the Board's medium-term plan has been used to estimate the value-in-use of each of the subsidiaries held. This is the same medium-term plan used for the store impairment, onerous property related contract provision, going concern and long-term viability assessments. As discussed in our key audit matters on going concern and the store asset impairment and onerous property related contract provision, the forecast performance of the business is subject to uncertainty. An impairment charge of £67.2m (FY22: £97.7m) has been recognised in relation to the investment in subsidiaries and a loan loss allowance of £136.6m (FY22: £15.6m) has been recognised in relation to intercompany balances. Refer to note 2 for the assessment undertaken, the resulting impairment recorded, and sensitivity disclosures. Given the significance of the investment and intercompany loan balances in the Parent Company balance sheet and the judgement required in applying IAS 36 and IFRS 9 we consider accounting for these balances to be a key audit matter.
How the matter was addressed in the audit	To respond to this key audit matter, we have: • Obtained an understanding of the relevant controls in place around the models used to calculate the carrying value of the investment in subsidiaries and the recoverability of intercompany receivables. • Challenged the key assumptions within management's forecasts including assessing whether these are consistent with internal and external evidence, including actual performance in the financial period and market and industry data in the forecast period. • Tested the mechanical accuracy of management's model and testing the data used in management's calculations by verifying this to supporting documentation. • Assessed the methodology applied in reviewing the investments for impairment and assessing the recoverability of intercompany balances, with reference to the requirements of IAS 36 Impairment of Assets and IFRS 9 Financial instruments respectively. • Compared the economic value of the Group implied by the impairment model to the Group's market capitalisation over FY23 in order to challenge the tenure of the cash flows used in the impairment model. • Considered the consistency of the forecasts applied in these calculations with forecast information assessed as part of store impairments, going concern and other areas of the audit. • Considered the appropriateness of management's impairment of investment in subsidiaries and expected credit loss provision's sensitivity analysis to reasonably possible changes in their assumptions, including downsides. • Evaluated the appropriateness of the disclosures made, including in respect of the key source of estimation uncertainty and sensitivity analysis. • Evaluated management's assessment as to whether the offsetting criteria under IAS 32 has been met or not, and on this basis whether the intercompany receivables and intercompany payables are appropriately presented.
Key observations	We challenged management on a number of aspects of the impairment in the investment model and the intercompany receivable which was not initially properly prepared in accordance with IAS 36 or IFRS 9. As a result of our challenges, management reworked their models and recognised an additional impairment charge in relation to the Parent Company's investments in subsidiaries and intercompany receivables due.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole,could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent Company
Overall materiality	£3.11m (2022: £3.0m)	£0.57m (2022: £2.9m)
Basis for determining overall materiality	0.5 % of revenue (2022 0.5%)	Equivalent to 0.2% of total assets (2022 1.8% of net assets capped at 95% of Group materiality)
Rationale for benchmark applied	In our professional judgement we consider revenue to be the most appropriate benchmark to determine materiality given that it is a more stable measure than (loss)/profit before tax	In our professional judgement we consider total assets to be the appropriate measure given that the Company is primarily a holding company for the Group
Performance materiality	£1.56m (2022: £1.8m)	£0.28m (2022: £1.74m)
Basis for determining performance materiality	50% of overall Group materiality (2022: 60% of overall Group materiality)	50% of overall Parent Company materiality (2022: 60% of overall Parent Company materiality)
Reporting of misstatements to the Audit Committee	Misstatements in excess of £0.15m (2022: £0.15m) and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £0.15m (2022: £0.15m and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

In determining performance materiality, we considered the following factors:

- The fact that this was the first audit we had performed following our appointment as auditor;
- Our risk assessment, including our assessment of the Group's overall control environment in the light of the number of control deficiencies identified during the current and previous audits (as detailed within the key audit matter above); and
- The value and quantum of corrected and uncorrected misstatements reported by the previous auditor in prior periods and our expectation of the likelihood of misstatements occurring in the current period as a result of the continuing control deficiencies.

An overview of the scope of our audit

Our audit approach was based on a thorough understanding of the Group's business and is risk based, and in particular included:

- Evaluation of identified components to assess the significance of each component and to determine the planned audit response based on a measure of materiality. This included significance as a percentage of the Group's revenue, total assets and adjusted loss before tax;
- For those components that were evaluated as significant, or likely to include significant risks, either a full-scope or targeted approach was taken based on their relative materiality to the Group, and our assessment of the audit risk. For significant components requiring a full-scope approach, we evaluated controls over the financial reporting systems identified as part of our risk assessment and addressed critical accounting matters. Substantive testing was performed on significant classes of transactions and balances, and other material balances, determined during the Group scoping exercise;
- Full scope audit procedures have been performed on the financial statements of Superdry PLC, and on the financial information of the main components being DKH Retail Limited, C-Retail Limited, SuperGroup Internet Limited;
- In addition, specified audit procedures were performed on 3 components;
- Our audit work at the components was planned and performed at levels of materiality applicable to each individual component which were lower than Group materiality and ranged from £0.56m to £2.35m.

At the Group level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

All audit work for the purpose of expressing an opinion on the Group's financial statements was performed by the Group audit team as the accounting records are held centrally, with the exception of inventory counts which were performed by local country RSM audit teams under the direction of the Group audit team.

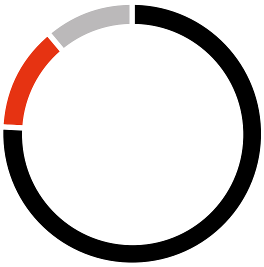
The operations that were subject to full-scope audit procedures made up 76% of consolidated revenues, 84% of total assets and 85% of loss before tax.

The operations that were subject to specified audit procedures made up 13% of consolidated revenues, 2% of total assets and 4% of loss before tax; and

The remaining operations of the Group were subject to analytical procedures over the balance sheet and income statements of the relevant entities with a focus on applicable risks identified above. This made up 11% of consolidated revenues, 14% of total assets and 11% of loss before tax.

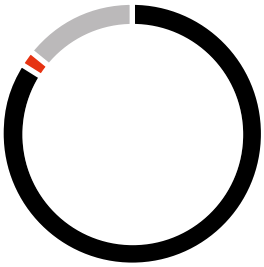
The coverage achieved by our audit procedures was:

Revenue



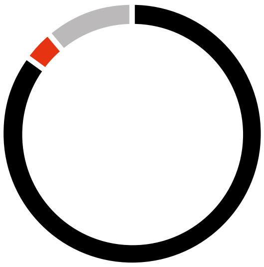
- Full scope 76%
- Specified audit procedures 13%
- Analytical procedures 11%

Total assets



- Full scope 84%
- Specified audit procedures 2%
- Analytical procedures 14%

Loss before tax



- Full scope 85%
- Specified audit procedures 4%
- Analytical procedures 11%

Analytical procedures at Group level were performed for the remaining components.

The Parent Company was subject to a full scope audit for the purposes of the Group and Parent Company financial statements.

The impact of climate change on the audit

In planning our audit, we considered the potential impact of the possible risks arising from climate change on the Group's and Parent Company's business and financial statements and obtained an understanding of how management identifies and responds to climate-related risks. Further information on the Group's commitments is provided in the Group's Task Force for Climate-Related Financial Disclosures ("TCFD") disclosures on page 30.

As part of our audit, we have performed a risk assessment, including making enquiries of management, reading board minutes and applying our knowledge of the Group and Parent Company and the sector within which they operate, to understand the extent of the potential impact of climate change on the financial statements.

Taking account of the nature of the business, our findings in respect of impairment testing and review of the director's going concern and viability assessments, and their insensitivity to changes in regulation, weather patterns and business activities, we have not assessed climate-related risk to be significant to our audit. There was also no impact on our key audit matters.

In accordance with our obligations with regards to other information, we have read the Group's TCFD statement and in doing so have considered whether those disclosures are materially inconsistent with the financial statements, or our knowledge obtained during the course of the audit, or otherwise appear to be materially misstated.

We have not been engaged to provide assurance over the accuracy of the climate-related risk disclosures set out on pages 30 to 41 within the Annual Report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate governance statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 23;
- Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on pages 23-25;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on pages 23-25;
- Directors' statement on fair, balanced and understandable set out on page 107;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 47;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 82; and,
- Section describing the work of the audit committee set out on page 78.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 108, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, and non-compliance with laws and regulations, we:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the Group and Parent Company operate in and how the Group and Parent Company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- applied analytical review procedures to identify unusual or unexpected relationships; and

- discussed within the audit engagement team about potential non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud having obtained an understanding of the effectiveness of the control environment.

As the Group is regulated, our assessment of risks involved gaining an understanding of the effectiveness of the control environment including the controls established to mitigate the risks of fraud and the procedures for complying with regulatory requirements.

As a result of these procedures, we considered the opportunities and incentives that may exist within the Group for fraud and identified the greatest potential for fraud in those areas in which management is required to exercise significant judgement. In common with all audits under ISAs (UK) we also performed specific procedures to respond to the risk of management override and the risk of fraudulent revenue recognition. These procedures included:

- testing the appropriateness of journal entries and other adjustments based on risk criteria and comparing the identified entries to supporting documentation;
- assessing whether the judgements made in making accounting estimates were indicative of potential bias;
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- testing the operating effectiveness of the manual controls in relation to the completeness, accuracy, and existence of cash sales; and
- investigating transactions posted to nominal ledger codes outside of the normal revenue cycle identified through the use of data analytics tools.

The Group is subject to laws and regulations which directly affect the material amounts and disclosures in the financial statements. The most significant laws and regulations were determined to be as follows: UK-adopted International Accounting Standards, the UK Companies Act, Financial Conduct Authority regulations, including the Listing Rules and tax legislation.

In addition, the Group is subject to other laws and regulations which do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid material penalties. We identified the following areas as those most likely to have such an effect: competition and anti-bribery laws, data protection, employment, environmental and health and safety regulations.

In response to the above, audit procedures performed by the audit engagement team included:

- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and correspondence with regulatory bodies.

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

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Audit Committee and the Board on 21 November 2022 to audit the financial statements for the period ending 29 April 2023.

The period of total uninterrupted consecutive appointments is 1 year, including the audit for the period ended 29 April 2023.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee in accordance with ISAs (UK).

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Mark Harwood (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants

25 Farringdon Street
London
EC4A 4AB

Date

Group Statement of Comprehensive Income

to the members of Superdry plc

	Note	Adjusted* 2023 £m	Adjusting items (note 6) £m	Total 2023 £m	Restated** Adjusted* 2022 £m	Adjusting items (note 6) £m	Restated** Total 2022 £m
Revenue	4	622.5	–	622.5	609.6	–	609.6
Cost of sales		(294.1)	–	(294.1)	(268.2)	–	(268.2)
Gross profit		**328.4**	**–**	**328.4**	**341.4**	**–**	**341.4**
Selling, general and administrative expenses***	5	(372.7)	(46.4)	(419.1)	(342.6)	(17.7)	(360.3)
Other gains and losses (net)***	11	32.7	(10.4)	22.3	29.0	13.7	42.7
Impairment (charge)/credit on trade receivables	24	(1.7)	–	(1.7)	1.8	–	1.8
Operating (loss)/profit	12	**(13.3)**	**(56.8)**	**(70.1)**	**29.6**	**(4.0)**	**25.6**
Finance income	13	1.8	–	1.8	–	–	–
Finance expense	13	(10.2)	–	(10.2)	(8.0)	–	(8.0)
(Loss)/Profit before tax	4	**(21.7)**	**(56.8)**	**(78.5)**	**21.6**	**(4.0)**	**17.6**
Tax (expense)/credit	14	(69.6)	–	(69.6)	7.8	(3.0)	4.8
(Loss)/Profit for the period		**(91.3)**	**(56.8)**	**(148.1)**	**29.4**	**(7.0)**	**22.4**
Attributable to:							
Owners of the Company		(91.3)	(56.8)	(148.1)	29.4	(7.0)	22.4
Other comprehensive expense/(income) net of tax:							
Items that may be subsequently reclassified to profit or loss							
Currency translation differences on translation of foreign operations		(7.0)	–	(7.0)	(8.2)	–	(8.2)
Total comprehensive (expense)/ income for the period		**(98.3)**	**(56.8)**	**(155.1)**	**21.2**	**(7.0)**	**14.2**
Attributable to:							
Owners of the Company		**(98.3)**	**(56.8)**	**(155.1)**	21.2	(7.0)	14.2
				pence per share			pence per share
Earnings per share:							
Basic	16			**(181.3)**			27.4
Diluted	16			**(181.3)**			26.4

* Adjusted and adjusting items are defined in note 35.

** The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 37.

*** During the current financial year, the Group reclassified £12.0m of realised gains/(losses) on FX contracts and unrealised gains on FX from selling, general and administrative expense to Other gains and losses (net). This reclassification more appropriately reflects selling, general and administrative expenses. Prior financial year comparatives of £12.0m have been restated to align to the current financial year approach.

2023 is for the 52 weeks ended 29 April 2023 and 2022 is for the 53 weeks ended 30 April 2022.

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 not to present the Company statement of comprehensive income.

The notes on pages 130-187 inclusive are an integral part of the Group and Company financial statements.

Balance Sheets

to the members of Superdry plc Registered number: 07063562

	Note	Group 29 April 2023 £m	Group Restated* 30 April 2022 £m	Group Restated* 24 April 2021 £m	Company 29 April 2023 £m	Company 30 April 2022 £m
ASSETS						
Non-current assets						
Property, plant and equipment	18	**16.3**	23.4	29.4	**4.0**	4.0
Right-of-use assets	30	**48.5**	80.2	91.1	**1.4**	1.3
Intangible assets	19	**42.8**	42.5	41.7	**7.2**	7.9
Investments in subsidiaries	20	**–**	–	–	**74.3**	140.6
Trade and other receivables	24	**–**	–	–	**104.5**	–
Deferred tax assets	22	**–**	66.3	53.8	**–**	8.5
Derivative financial instruments	33	**–**	0.9	0.3	**–**	–
Total non-current assets		**107.6**	**213.3**	**216.3**	**191.4**	**162.3**
Current assets						
Inventories	23	**112.5**	132.7	148.3	**1.3**	1.3
Trade and other receivables	24	**82.2**	112.6	98.9	**9.5**	204.8
Derivative financial instruments	33	**1.1**	8.9	2.4	**–**	–
Current income tax receivables		**–**	–	4.0	**–**	–
Cash and bank balances	25	**58.2**	20.5	38.9	**5.6**	–
Total current assets		**254.0**	**274.7**	**292.5**	**16.4**	**206.1**
LIABILITIES						
Current liabilities						
Borrowings	26	**83.8**	21.5	–	**2.2**	–
Trade and other payables	27	**120.8**	129.2	126.5	**239.0**	205.4
Current income tax liabilities		**3.0**	4.0	–	**–**	–
Provisions for other liabilities and charges	28	**5.4**	4.7	6.2	**1.3**	1.0
Derivative financial instruments	33	**2.2**	0.5	5.7	**–**	–
Lease liabilities	30	**60.5**	66.1	94.1	**1.3**	1.3
Total current liabilities		**275.7**	**226.0**	**232.5**	**243.8**	**207.7**
Net current (liabilities) / assets		**(21.7)**	**48.7**	**60.0**	**(227.4)**	**(1.6)**
Non-current liabilities						
Trade and other payables	27	**3.0**	2.6	1.2	**–**	–
Provisions for other liabilities and charges	28	**7.1**	7.2	10.0	**–**	0.5
Derivative financial instruments		**–**	–	1.5	**–**	–
Deferred income tax liabilities		**0.4**	–	–	**–**	
Deferred liabilities		**0.9**	0.8	1.1	**–**	–
Lease liabilities	30	**127.6**	151.2	175.5	**1.8**	2.4
Total non-current liabilities		**139.0**	**161.8**	**189.3**	**1.8**	**2.9**
Net (liabilities) / assets		**(53.1)**	**100.2**	**87.0**	**(37.8)**	**157.8**
EQUITY						
Share capital	34	**4.1**	4.1	4.1	**4.1**	4.1
Share premium		**149.3**	149.2	149.2	**149.3**	149.2
ESOP Reserve		**(0.1)**	(2.0)	–	**(0.1)**	(2.0)
Translation reserve		**(8.5)**	(1.5)	6.7	**–**	–
Merger reserve		**(302.5)**	(302.5)	(302.5)	**–**	–
Retained earnings		**104.6**	252.9	229.5	**(191.1)**	6.5
Total equity		**(53.1)**	**100.2**	**87.0**	**(37.8)**	**157.8**

* The balance sheets at 30 April 2022 and at 24 April 2021 have been restated to correct certain misstatements, see note 37.

The Company loss for the year is £197.6m (2022: loss of £55.8m). The notes on pages 130-187 inclusive are an integral part of the Group and Company financial statements. The financial statements on pages 125-187 were approved by the Board of Directors and authorised for issue on 31 August 2023 and signed on its behalf by:

Julian Dunkerton
Chief Executive Officer

Shaun Wills
Chief Financial Officer

Cash Flow Statements

to the members of Superdry plc

	Note	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Cash generated from operating activities	31	**49.4**	**47.2**	**9.2**	**13.4**
Tax (payment)/receipt		**(3.6)**	0.4	**–**	–
Net cash generated from operating activities		**45.8**	**47.6**	**9.2**	**13.4**
Cash flow from investing activities					
Purchase of property, plant and equipment	18	**(8.2)**	(10.4)	**(1.5)**	(1.1)
Purchase of intangible assets	19	**(6.4)**	(7.2)	**(2.9)**	(1.7)
Upfront payment received in relation to sale of Intellectual Property		**4.0**	–	**–**	–
Net cash used in investing activities		**(10.6)**	**(17.6)**	**(4.4)**	**(2.8)**
Cash flow from financing activities					
Lease Incentives – Landlord Contributions		**4.0**	6.3	**–**	–
Repayment of ABL facility	32	**(130.5)**	(146.3)	**–**	–
Drawdown of ABL facility	32	**160.1**	164.7	**–**	–
Interest paid	13	**(10.2)**	(8.0)	**(1.9)**	(9.6)
Interest received	13	**1.8**	–	**1.7**	–
Proceeds from issue of shares		**0.1**	–		
Purchase of treasury shares	34	**–**	(2.0)	**–**	–
Repayment of leases – principal amount	30	**(56.3)**	(66.6)	**(1.2)**	(1.9)
Net cash used in financing activities		**(31.0)**	**(51.9)**	**(1.4)**	**(11.5)**
Net increase/(decrease) in cash and cash equivalents*	32	**4.2**	**(21.9)**	**3.4**	**(0.9)**
Cash and cash equivalents at beginning of period	32	**17.4**	**38.9**	**–**	**0.9**
Exchange (losses)/gains on cash and cash equivalents		**0.8**	0.4	**–**	–
Cash and cash equivalents at end of period*	32	**22.4**	**17.4**	**3.4**	**–**

* Cash and cash equivalents includes bank overdrafts

2023 is for the 52 weeks ended 29 April 2023 and 2022 is for the 53 weeks ended 30 April 2022.

The notes on pages 130-187 inclusive are an integral part of the Group and Company financial statements.

Statements of Changes in Equity

to the members of Superdry plc

Group	Note	Share capital £m	Share premium £m	ESOP share reserve £m	Restated* Translation reserve £m	Merger reserve £m	Restated* Retained earnings £m	Total equity £m
Balance at 24 April 2021 as originally reported		**4.1**	**149.2**	**–**	**6.6**	**(302.5)**	**233.0**	**90.4**
Correction of misstatement	37	**–**	**–**	**–**	**0.1**	**–**	**(3.5)**	**(3.4)**
Restated total equity at the start of the year		**4.1**	**149.2**	**–**	**6.7**	**(302.5)**	**229.5**	**87.0**
Comprehensive (expense)/income								
Restated profit for the period		–	–	–	–	–	22.4	22.4
Other comprehensive expense		–	–	–	–	–	–	–
Currency translation differences		–	–	–	(8.2)	–	–	(8.2)
Total other comprehensive expense		**–**	**–**	**–**	**(8.2)**	**–**	**–**	**(8.2)**
Restated total comprehensive (expense)/income for the period		**–**	**–**	**–**	**(8.2)**	**–**	**22.4**	**14.2**
Transactions with owners								
ESOP shares acquired	34	–	–	(2.0)	–	–	–	(2.0)
Employee share award schemes	8,9	–	–	–	–	–	1.0	1.0
Dividend payments	17	–	–	–	–	–	–	–
Total transactions with owners		**–**	**–**	**(2.0)**	**–**	**–**	**1.0**	**(1.0)**
Balance at 30 April 2022 as originally reported		**4.1**	**149.2**	**(2.0)**	**(1.6)**	**(302.5)**	**256.7**	**103.9**
Correction of misstatement	37				**0.1**		**(3.8)**	**(3.7)**
Restated total equity at 30 April 2022		**4.1**	**149.2**	**(2.0)**	**(1.5)**	**(302.5)**	**252.9**	**100.2**
Comprehensive (expense)/income								
Loss for the period		–	–	–	–	–	(148.1)	(148.1)
Other comprehensive expense		–	–	–	–	–	–	–
Currency translation differences		–	–	–	(7.0)	–	–	(7.0)
Total other comprehensive expense		**–**	**–**	**–**	**(7.0)**	**–**	**–**	**(7.0)**
Total comprehensive expense for the period		**–**	**–**	**–**	**(7.0)**	**–**	**(148.1)**	**(155.1)**
Transactions with owners								
Shares issued		–	0.1	–	–	–	–	0.1
ESOP shares issued	34	–	–	1.9	–	–	–	1.9
Employee share award schemes	8,9	–	–	–	–	–	(0.2)	(0.2)
Dividend payments	17	–	–	–	–	–	–	–
Total transactions with owners		**–**	**0.1**	**1.9**	**–**	**–**	**(0.2)**	**1.8**
Balance at 29 April 2023		**4.1**	**149.3**	**(0.1)**	**(8.5)**	**(302.5)**	**104.6**	**(53.1)**

* The comparative periods to 30 April 2022 and to 24 April 2021 have been restated to correct certain misstatements, see note 37.

Statements of Changes in Equity

to the members of Superdry plc

Company	Note	Share capital £m	Share premium £m	ESOP Share Reserves £m	Retained earnings £m	Total equity £m
Balance at 24 April 2021		**4.1**	**149.2**	**–**	**61.3**	**214.6**
Comprehensive expense						
Loss for the period	15	–	–	–	(55.8)	(55.8)
Other comprehensive income		–	–	–	–	–
Currency translation differences		–	–	–	–	–
Total other comprehensive expense		**–**	**–**	**–**	**–**	**–**
Total comprehensive expense for the period		**–**	**–**	**–**	**(55.8)**	**(55.8)**
Transactions with owners						
Employee share award schemes	8,9	–	–	–	1.0	1.0
ESOP shares Acquired	34	–	–	(2.0)	–	(2.0)
Dividends paid	17	**–**	**–**	**–**	**–**	**–**
Total transactions with owners		**–**	**–**	**(2.0)**	**1.0**	**(1.0)**
Balance at 30 April 2022		4.1	149.2	(2.0)	6.5	157.8
Comprehensive income						
Loss for the period	15	–	–	–	(197.6)	(197.6)
Other comprehensive income		–	–	–	–	–
Currency translation differences		–	–	–	–	–
Total other comprehensive income for the period		**–**	**–**	**–**	**–**	**–**
Total comprehensive expense for the period		**–**	**–**	**–**	**(197.6)**	**(197.6)**
Transactions with owners						
Employee share award schemes	8,9	–	–	–	–	–
Shares issued		–	0.1	–	–	0.1
ESOP shares issued	34	–	–	1.9	–	1.9
Dividends paid	17	–	–	–	–	–
Total transactions with owners		**–**	**0.1**	**1.9**	**–**	**2.0**
Balance at 29 April 2023		**4.1**	**149.3**	**(0.1)**	**(191.1)**	**(37.8)**

The notes on pages 130-187 inclusive are an integral part of the Group and Company financial statements.

2023 is for the 52 weeks ended 29 April 2023 and 2022 is for the 53 weeks ended 30 April 2022.

Notes to the Group and Company Financial Statements

to the members of Superdry plc

1. Principal accounting policies

General information

The Company is a public company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The address of the Company's office is shown on page 187. The current period (2023) is for the 52 weeks ended 29 April 2023 (2022: 53 weeks ended 30 April 2022 (2022)).

a) Basis of preparation

The financial statements of Superdry plc (the Company) and Superdry plc and its subsidiary undertakings in the UK, the Republic of Ireland, Belgium, France, India, Hong Kong, Germany, the Netherlands, Spain, Turkey, Scandinavia and the United States of America and the disclosure guidance and transparency rules sourcebook of the United Kingdom's Financial Conduct Authority as detailed in note 20 (the Group) have been prepared on a going concern basis under the historical cost convention as modified by fair values, in accordance with United Kingdom adopted international accounting standards. Also, they have been prepared in accordance with the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in accordance with UK adopted International Accounting Standards requires the use of certain accounting estimates and requires management to exercise its judgement (note 2) in the process of applying the Group's accounting policies. These policies have been consistently applied to all periods for both the Group and company presented unless otherwise stated. The Group and company financial statements are presented in Sterling and all values are rounded to the nearest hundred thousand, except where indicated.

b) Going concern

The financial position of the Group, its cash flows and liquidity position are set out in the financial statements. Furthermore, the Group financial statements include the Group's objectives and policies for managing its capital, its financial risk management objectives, details of its financial instruments and exposure to credit and liquidity risk (please refer to note 33).

Background and context

Like many businesses in the retail sector, the Group has been through a period of unprecedented challenges over recent years. The global pandemic resulted in the enforced closure of stores, with many trading days lost. Despite a resurgence of store visits in many European countries following vaccination programmes and the lifting or easing of restrictions in the Group's key markets, footfall has still not recovered to pre-pandemic levels.

The Russian invasion of Ukraine occurred in the second half of FY22, and whilst the Group was not directly impacted, the lasting effects of this on supply chains, the resultant input price inflation and the consequential impact on consumer confidence has increased the uncertainty in our forecasts, particularly in the short term, and therefore further challenges our ability to achieve the brand reset and the financial objectives in our plan. On the 27 January 2023 profit guidance was reduced from £10m-£20m to broadly break even as a result of the uncertainty discussed above and underperformance of the wholesale channel. Subsequently on 14 April 2023 profit guidance was withdrawn after continued uncertainty within wholesale and lower than expected retail performance.

In response to the challenging macroeconomic conditions and to partially offset the adverse impacts above, there are several key mitigations that the Group has undertaken:

- Price rises ranging from 4%-6% across AW22 and SS23 and the introduction of delivery charges for all online orders and returns.
- Increasing the mix of core product, which has a life of more than one season, and consequently reducing the clearance and buy cycle, which remains our largest cash mitigation.
- Re-introducing targeted clearance activity in our stores.
- Identified and implementing a number of operational savings and cost efficiencies across the Group.
- Restructured our loss-making US operations, reducing the numbers of stores, closing our distribution centre and fulfilling wholesale from the UK.
- Focussed reduction of working capital, reducing stock held through lower purchases and targeted clearance, and closer management of our wholesale debtor portfolio.

Borrowing Facilities

In December 2022, the Group refinanced its existing asset backed loan ('ABL') of up to £70m with a new ABL facility of up to £80m, limited by levels of inventory and receivables held at any point in time, with specialist lender, Bantry Bay, including a term loan of £30m. This new facility will expire in December 2025.

At the year-end April 2023, £48.0m (£30m of which is the term loan element) of the ABL facility with Bantry Bay had been drawn down with the Group net debt position at £25.6m (please refer to note 26). The maximum drawdown on the ABL facility (HSBC/BNP) in FY23 was £54.3m in October 2022, in line with the peak working capital requirements of the Group.

In March 2023 the Group reached agreement with Cowell, a company listed on the South Korean stock exchange, to sell the Superdry's intellectual property in certain countries in the APAC region for $50m before fees and taxes, significantly bolstering the liquidity position. The shareholder vote on this transaction was concluded on 30 May 2023 and therefore will be reflected in the FY24 report and accounts. It was also agreed with the Group's lenders to increase the borrowing availability over the period until the funds were received on the IP sale to provide additional funding. The net proceeds (£34m) were received from the APAC deal in March and May 2023.

In May 2023 the Group successfully completed an equity raise with net proceeds totalling £11.4m.

In August 2023 a second lien ABL financing facility was agreed with Hilco Capital Limited of up to £25m.

1. Principal accounting policies continued

Base case

The Group's going concern assessment covers the 12-month period from the date of approval of the financial statements, derived from the latest FY24 and FY25 forecasts in the Group's medium term financial plan (the 'Plan'). Given the downgraded profits as mentioned above as well as the continued impact of the cost-of-living crisis which continues to impact the wider retail sector and the Group, our trading outlook has been adjusted to reflect these uncertainties which were updated and board approved in June 2023. The most significant assumptions in this revised set of projections are:

- All trading channels benefit from ongoing product improvements, operational initiatives and marketing activity to support the brand reset which began in October 2020, the full benefit of which is not yet realised, given the challenging macroeconomic environment. This benefit is offset by pressure on all trading channels as a result of the cost-of-living crisis impacting consumer spending.
- Store trading is predicted to decline year-on-year with negative like for like forecasts over the duration of FY24 and through FY25 when adjusted for the impact of COVID on comparable periods. The net number of stores is expected to reduce which will impact top-line revenues but drive greater profitability.
- Ecommerce revenues are projected to grow, driven by new 3rd party site openings, the annualization of charging for delivery and returns on our own sites and the resultant returns rate reduction.
- Wholesale revenues are projected to decline significantly into FY24 as a result of lower order book placings for autumn winter and spring summer reflecting the stock overhang from the pandemic-impacted trading of FY20-FY22. FY25 wholesale revenue is projected to be flat to FY24.
- A significant cost cutting programme across all areas of the business more than offset inflationary pressure through FY24 and FY25. Cost cutting measures include regearing of leases, payroll and marketing savings, central cost savings, logistics savings as well as the closure of the US DC.

In assessing the Group's going concern status the Directors considered the base case (with the assumptions outlined above) and a reasonably possible downside scenario involving a reduction in revenue combined with lower achieved cost savings, which includes a requirement for additional financing in line with our working capital cycle without any mitigating actions.

Reverse Stress Test

Given the base case reflects the results of the turnaround plan and due to the current macroeconomic uncertainties already discussed, there is uncertainty around the Group achieving its targets and therefore a scenario has been modelled that assumes a reduction in the sales plan and not achieving the full scope of the cost out programme. These have been modelled as a reverse stress test.

The reverse stress test models the decline in sales and the reduction in cost savings that the Group would be able to absorb before requiring additional sources of financing in excess of those that are committed.

The reverse stress test scenario shows that, without any mitigating factors or contingency, a reasonably feasible downside scenario in sales and missing the cost savings would require funding in excess of our available facility at certain points in the year. A 2.6% deterioration in trading coupled with a 2.6% increase across the entirety of the Group's cost base would result in a breach of facility limits. The facility availability is dependent on the position of receivables and inventory at each reporting month-end. However, the Group continues to manage its cash flow and is considering further options to improve liquidity along the lines of those already delivered to mitigate any potential shortfall.

This assessment is linked to a robust assessment of the principal risks facing the Group, and the reverse stress test reflects the potential impact of these risks being realised.

Summary

The financial statements continue to be prepared on the going concern basis. This conclusion is based on the Group's current forecasts, sensitivities and mitigating actions available. With the continued challenges in the macro environment, coupled with the headroom on the ABL facility, the Directors note that until key mitigations can be actioned with certainty, there exists a material uncertainty related to Going Concern. This may cast significant doubt over the Group's ability to continue as a going concern until said mitigations result in cost savings sufficient to increase headroom over the ABL facility and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The material uncertainty related to Going Concern arises due to:

- The limited headroom within the current funding facilities in the context of an uncertain macro-economic environment in lieu of any additional financing (including any future IP deal similar to agreement for APAC region);
- The ability of the Group to operate within existing committed financing facilities from the Group's forecasts, which may be affected by continued uncertainty in the macro-economic environment;
- The ability of the Group to successfully deliver the proposed cost out initiatives in the projected timeframe, given the scope and material nature of said savings.

After considering the forecasts, sensitivities and mitigating actions available to Group management and having regard to the risks and uncertainties to which the Group is exposed (including the material uncertainty referred to above), the Group directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and operate within its borrowing facilities and covenants for the period 12 months from date of signature. Accordingly, the financial statements continue to be prepared on the going concern basis.

1. Principal accounting policies continued

c) Basis of consolidation

Consolidated subsidiaries are those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and could affect those returns through its power over the entity.

The results of any subsidiaries acquired during the period are included in the Group statement of comprehensive income from the date on which control is transferred to the Group. Accounting policies of subsidiaries are changed when necessary to ensure consistency with the accounting policies adopted by the Group and subsidiaries are deconsolidated from the date that control ceases.

Under IFRS 11 'Joint Arrangements', investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

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

Intercompany transactions and balances are eliminated on consolidation.

d) Foreign currencies

The consolidated financial information is presented in Sterling, which is the Company's functional and the Group's presentational currency. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the balance sheet date. Resulting exchange gains and losses are recognised in the Group statement of comprehensive income. Upon consolidation, the assets and liabilities of the Group's foreign operations are translated at the rate of exchange ruling at the balance sheet date. Income and expense items of foreign operations are translated at the actual rate or average rate if not materially different. Differences on translation are recognised in other comprehensive income and held within the translation reserve. On the sale of a foreign operation, the associated exchange differences are recycled to profit and loss account as part of the gain or loss on disposal.

Foreign exchange gains and losses on intra-group balances are recognised in profit and loss, except where the intra-group balance forms part of the net investment in a foreign operation. An intra-group balance is only considered a net investment in foreign operations, where the settlement of the monetary item is neither planned nor likely to occur in the foreseeable future. Where intra-group balances are considered a net investment in foreign operations, the foreign exchange gains and losses are recognised in other comprehensive income.

e) Revenue recognition

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

Own store revenue – stores segment
Own store revenue from the provision of sale of goods is recognised at the point of sale of a product to the customer. Own store sales are settled in cash or by credit or payment card. It is the Group's policy to sell its products to the customer with a right to exchange or full refund within 28 days subject to discretionary extension. Provisions are made for own store returns based on the expected level of returns, which in turn is based upon the historical rate of returns. At the point of sale, a returns liability and corresponding adjustment to revenue is recognised for those products that the Group has a right to recover. The anticipated returns are recognised as an inventory asset, with a corresponding adjustment to cost of sales.

Concession revenue – stores segment
Concession revenues from the provision of sale of goods are recognised gross at the point of sale of a product to the end customer. Concession revenues are settled in cash, by the concession grantors net of commissions or other fees payable. It is the concessions' policy to sell their products with a right to exchange within 28 days and a cash refund within 14 days. Provisions are made for concession returns based on the expected level of returns, which in turn is based upon the historical rate of returns. At the point of sale, a returns liability and corresponding adjustment to revenue is recognised for those products that the Group has a right to recover. The anticipated returns are recognised as an inventory asset, with a corresponding adjustment to cost of sales.

Ecommerce revenue
Revenue from the provision of the sale of goods on the internet is recognised at the point that control of the inventory has passed to the customer, which is when the goods are received by the customer. Transactions are settled by credit card, payment card or other electronic payment providers. Customers have a right to exchange or full refund within a range of 21 to 100 days, depending on the website the purchase is made from. Provisions are made for E-commerce credit notes based on the expected level of returns, which in turn is based upon the historical rate of returns. At the point of sale, a returns liability and corresponding adjustment to revenue is recognised for those products that the Group has a right to recover. The anticipated returns are recognised as an inventory asset, with a corresponding adjustment to cost of sales.

1. Principal accounting policies continued

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

f) Other income

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

g) Finance expenses

Finance expenses comprise interest payable on interest-bearing loans, lease liabilities, short-term borrowings and lending facilities. Finance expenses are recognised in the Group statement of comprehensive income using the effective interest method.

h) Leasing and similar commitments

IFRS 16 requires entities to apply a single lease accounting model, with lessees recognising right-of-use assets and lease liabilities on the balance sheet for all applicable leases except for certain short-term and low-value leases.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. The depreciation starts at the commencement date of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Lease liabilities are subsequently measured at amortised cost, increased for interest charges and reduced for lease payments.

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less), leases of low-value assets (such as personal computers, small items of office furniture and telephones) and variable lease agreements. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease modifications
The Group recalculate the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. Differences arising between the right-of-use asset and the lease liability as part of the modification calculation are recognised in the statement of comprehensive income under other gains and losses.

Lease remeasurements
The lease payments change due to changes in an index, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate.

The Group applies the practical expedient available in respect of COVID-19 related rent concessions. Rent concessions occurring as a direct consequence of the COVID-19 pandemic are not assessed as lease modifications. Rent concessions are eligible for the practical expedient where the following criteria are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- any reduction in lease payments that affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to the other terms and conditions of the lease.

Rent concessions eligible for the practical expedient are recognised in profit and loss.

1. Principal accounting policies continued

Lease premiums

Lease premiums are only recognised on leases that do not fall under the scope of IFRS 16. Lease premiums paid to landlords are initially recognised as an intangible asset in the balance sheet at the point the recognition criteria in the lease are met, and charged to selling, general and administrative expenses in the Group statement of comprehensive income on a straight-line basis over the term of the lease commencing from the opening date.

i) Property, plant and equipment

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

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

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

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

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

j) Impairment of non-financial assets

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

The recoverable amount of a non-financial asset is the higher of its fair value less costs to sell, and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or CGU. An impairment loss is recognised in the Group statement of comprehensive income whenever the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment reversals are recognised in the Group statement of comprehensive income if there has been a change to the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. Where an impairment loss on other non-financial assets subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of the recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or CGU) in prior years. Impairment loss in a subsidiary consolidated under predecessor accounting (note 1ac) is recognised as a movement in the merger reserve and retained earnings in addition to recognising a loss on the Group statement of comprehensive income. Impairment losses on goodwill are not reversed. Further information on how impairments have been calculated can be found in note 2.

k) Intangible assets

Intangible assets acquired separately from a business are recognised initially at cost. An intangible asset acquired as part of a business combination is recognised outside of goodwill if the asset is separable or arises from contractual of other legal rights and its fair value can be measured reliably. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses. Intangible assets with a finite life have no residual value and are amortised on a straight-line basis over their expected useful lives as follows:

Trademarks	10 years
Website and software	5 years
Lease premiums	Over the life of the lease on a straight-line basis
Distribution agreements	6 – 23 years

Trademarks comprise the external cost of registration and associated legal costs. Website and software costs consist of externally incurred development costs, as well as internal payroll-related costs directly associated with the project which are eligible for capitalisation under IAS 38.

1. Principal accounting policies continued

Lease premiums comprise the amount paid to the previous tenant to acquire the lease.

Distribution agreements comprise the fair value, at the date of acquisition, of distribution agreements acquired as part of a business combination.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but is tested annually for impairment and carried at cost less accumulated impairment losses.

Licence agreements to use cloud software are treated as service contracts and expensed in the Group income statement, unless the Group has both a contractual right to take possession of the software at any time without significant penalty, and the ability to run the software independently of the host vendor. In such cases the licence agreement is capitalised as software within intangible assets. Costs to configure or customise a cloud software licence are expensed alongside the related service contract in the Group income statement, unless they create a separately identifiable resource controlled by the Group, in which case they are capitalised.

l) Investments

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

Dividends received from a subsidiary are deducted direct from the cost of the investment where the dividend received represents a return of capital. Otherwise, dividends received are recognised in profit and loss by the parent company when the right to receive the dividend is established.

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Interests in joint ventures are accounted for using the equity method of accounting after initially being recognised at cost in the consolidated balance sheet.

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

m) Financial instruments

Derivative financial instruments and hedging activities
Derivative financial instruments are recognised initially at their fair value and remeasured at fair value at each period end. Derivative financial instruments are categorised as held at fair value through the profit and loss account. The gain or loss on remeasurement to fair value is recognised immediately in the Group statement of comprehensive income. The Group has not applied hedge accounting. Foreign forward exchange derivative gains and losses are recognised in other gains and losses (net).

Financial assets
Financial assets are measured initially at fair value, adjusted for transaction costs (where applicable). The Group's financial assets comprise of Trade and other receivables, derivative financial instruments and cash and bank balances. The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss.

Financial Liabilities
The Group's financial liabilities comprise Trade and other payables, borrowings, lease liabilities and derivative financial instruments. Financial liabilities are initially measured at fair value, and where applicable, adjusted for transaction costs unless the Group designated a financial instrument at FVTPL. Subsequently, financial liabilities are measured at amortised costs using the effective interest rate, except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains and losses recognised in profit and loss.

n) Inventories

Inventories are valued at the lower of cost or net realisable value. Cost comprises costs associated with the purchase and bringing of inventories to the distribution centres and is based on the weighted average principle. Provisions are made for obsolescence, mark-downs, and shrinkage. The cost formula used for measuring inventory is moving average cost.

1. Principal accounting policies continued

Sample stock is expensed through the Group statement of comprehensive income when incurred.

o) Trade receivables

Trade receivables are initially recognised at transaction price and subsequently measured at amortised cost, less a loss allowance. The loss allowance is measured at an amount equal to lifetime expected credit losses through the simplified model using a provision matrix. See note 1ah for further details.

p) Assets classified as held for sale

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

q) Cash and bank balances

Cash and bank balances comprise cash at bank and in hand and short-term deposits with an original maturity date of three months or less. Bank overdrafts are offset against cash when a legal right of offset exists and where the Group can demonstrate the intention to net settle. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and short-term deposits, less overdrafts, which are repayable on demand. Amounts received in respect of assets, against which amounts have been borrowed under the ABL facility, are disclosed as restricted cash until approval is received from the lender.

r) Provisions

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

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

s) Employee benefit obligations

Wages, salaries, payroll tax, paid annual leave, sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

The Group operates a defined contribution pension scheme for the benefit of its employees. The Group pays contributions into an independently administered fund via a salary sacrifice arrangement. The costs to the Group of providing these benefits are recognised in the Group statement of comprehensive income and comprise the number of contributions payable to the scheme in the year.

t) Share-based payments – Group operated schemes

The Group operates several equity settled share-based compensation plans. The fair value of the shares under such plans is recognised as an expense in the Group statement of comprehensive income. Where relevant, fair value is determined using the Black–Scholes option pricing model. The amount to be expensed over the vesting period is determined by reference to the fair value of share incentives excluding the impact of any non-market vesting conditions. Non-market vesting conditions are considered as part of the assumptions about the number of share incentives that are expected to vest. At each balance sheet date, the Group revises its estimate of the number of share incentives that are expected to vest. The impact of the revision on original estimates, if any, is recognised in the Group statement of comprehensive income, with a corresponding adjustment to equity over the remaining vesting period. The Group also operates cash-settled awards. The fair value of the liability for these is revised at each balance sheet date and the cost is recognised in the income statement over the vesting period.

u) Share-based payments – ~Founder Share Plan

The founders of Superdry, Julian Dunkerton and James Holder, operate a share-based compensation plan that awards both cash and shares; for the purposes of IFRS 2 it is considered to be an equity-settled share-based compensation plan. The Founder Share Plan (**FSP**) (see note 9 for further details) falls within the scope of IFRS 2 despite the Group neither purchasing nor issuing the shares, nor the cost of the cash being a Company expense. Fair value is determined using the Monte Carlo pricing model. The amount to be expensed over the vesting period is determined by reference to the fair value of share incentives, adjusted at the grant of each share incentive for dilution assumptions. These dilution assumptions are not revised after the grant of the share incentive. Non-market vesting conditions are considered as part of the assumptions about the number of share incentives that are expected to vest. The impact of the revision on original estimates, if any, is recognised in the Group statement of comprehensive income, with a corresponding adjustment to equity over the remaining vesting period. The measurement period for the market-based vesting criteria expired over the course of the prior year; an amount for the scheme is expensed in the current year to reflect the original exercise period.

1. Principal accounting policies continued

v) Trade and other payables

Trade and other payables, excluding lease incentives, are non-interest bearing and are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest method.

Contract liabilities
Contract liabilities are recognised by the Group where payment has been received and there is a future obligation to transfer goods or services, but the performance obligation for revenue recognition has not yet been met. These primarily relate to the provision of gift cards and the timing of the sale of goods.

w) Taxation

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

- tax on the profit or loss for the period will comprise current and deferred tax;
- current tax expense is calculated using the tax rates which have been enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years;
- deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes;
- the amount of deferred tax provided is based on the expected realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted by the balance sheet date;
- a deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised (see note 22); and
- deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Uncertain tax positions

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

x) Dividends

Dividends are recognised as a liability and deducted from equity at the balance sheet date only if they have been approved before or on the balance sheet date and not paid. Interim dividends are recognised in the period they are paid.

y) Share capital

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

z) Share premium

The share premium account represents the excess of the issue price over the nominal value on ordinary shares issued, less incremental costs directly attributable to issue the new shares.

aa) Retained earnings

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

ab) Merger reserve and other reserves

The consolidation of the subsidiaries acquired in advance of the Initial Public Offering in March 2010 (C-Retail Limited, DKH Retail Limited, SuperGroup Concessions Limited, SuperGroup International Limited, SuperGroup Internet Limited and SuperGroup Retail Ireland Limited) into the financial statements of Superdry plc has been prepared under the principles of predecessor accounting, whereby an acquirer is not required to be identified, and all entities are included at their pre-combination carrying amounts. This accounting treatment leads to differences on consolidation between consideration and fair value of the associated net assets and this difference is included within equity as a merger reserve. The translation reserve relates to gains and losses arising on retranslating the net assets of overseas subsidiaries into sterling.

ac) ESOP reserve

Some Superdry Plc shares recognised as equity have been repurchased in order to settle future obligations under share-based payment arrangements. The amount of the consideration paid for the treasury shares, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the ESOP reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within retained earnings. The Company applies the look through method, treating the employee benefit trust as an extension of Superdry Plc. Accordingly the treasury shares are recognised within equity in both the Group and Company financial statements.

1. Principal accounting policies continued

ad) Segment reporting

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

At each reporting date the Group reviews the composition of its segments to reflect the impact of changes in reporting provided to the CODM or restructuring in the business. Where changes in the operating segments are identified, the comparative information is restated where possible.

ae) Cost of sales

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

af) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in the Group statement of comprehensive income on a systematic basis over the periods in which the Group recognises an expense for the related costs for which the grants are intended to compensate. The income is directly offset against the expense for the related costs for which the grants are intended to compensate.

ag) Adjusting items

Adjusting items are disclosed separately in the Group statement of comprehensive income and are applied to the Statutory profit or loss before tax to arrive at the adjusted result. This presentation is consistent with the way that financial performance is measured by management and reported internally and therefore is considered useful additional financial information to the reader. In determining whether events or transactions are treated as adjusting items, management considers quantitative as well as qualitative factors. Adjusting items are identified by virtue of their size, nature or incidence.

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

- acquisitions/disposals of significant businesses and investments;
- impact on deferred tax assets/liabilities for changes in tax rates;
- business restructuring programmes;
- derecognition of deferred tax assets;
- asset impairment and onerous property related contracts charges and reversals;
- the movement in the fair value of unrealised financial derivatives; and
- IFRS 2 charge on Founder Share Plan.

Further information about the determination of adjusting items in the financial year 2023 and reconciliations between the statutory and performance measures are included in notes 6 and 35.

ah) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (**ECL**) on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income (**FVTOCI**), trade receivables and lease receivables, as well as on financial guaranteed contracts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and lease receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. A significant increase in credit risk is defined in note 33. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

In addition, the Company recognises a loss allowance for expected credit losses (**ECL**) on amounts owed from fellow group undertakings. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

1. Principal accounting policies continued

ai) Climate change impact

Climate change is a global challenge and emerging risk to businesses, people and the environment across the world. Although commitments we have made to date form part of the cashflow projections within our going concern and impairment assessments, the impact of climate change is not judged to have been a key driver in determining the outcomes of these exercises and is therefore not currently classified as a key source of estimation uncertainty. The Group will continue to review this classification as the assessment of the impacts, risk and opportunities presented by climate change and the Group's commitments to address the challenges presented evolve over the coming years.

2. Critical accounting judgements and key sources of estimation uncertainty in applying accounting policies

The preparation of the financial statements requires judgements, estimates and assumptions to be made that affect the reported value of assets, liabilities, revenues, and expenses. The nature of estimation and judgement means that actual outcomes could differ from expectation.

Key sources of estimation uncertainty

Management consider that accounting estimates and assumptions made in relation to the following items have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Medium-term financial plan

The Group's store asset impairment review and assessment for onerous property related contract provisions, the goodwill impairment review and deferred tax recoverability assessment, together with the impairment review of the Company's investments and intercompany receivables, are all dependent on forecast future cash flows to assess value in use and recoverability. As a basis for these assessments, the Group prepare a medium-term financial plan, which includes the Budget and future cash flows over a five-year period. The plan has regard to historic performance, knowledge of the current market and the impact of current macroeconomic conditions, together with the Group's views on the achievable growth, all of which have been reviewed and approved by the Board.

The medium-term plan approved by the Board includes key assumptions and estimates for revenue growth, gross margin and costs. The level of uncertainty in the Group forecasts has been exacerbated by external factors such as input price inflation and the squeeze on consumer budgets, largely driven by rising inflation. The forecasts are also dependent on the success of the brand reset.

The plan also includes assumptions on cost optimisation and efficiency. As required within IAS36, future cash flows or cost savings, derived from restructuring or future expenditure on enhancements, cannot be included in the impairment calculations unless committed by the end of the financial year. The majority of cost savings recognised within the plan arise from activities to improve operational efficiency. Any cost reduction included in the plan that arise from changes to the Group operating model are the result of projects previously approved and initiated. The cash flow forecasts used in the impairment assessments are subject to the success of the cost optimisation programs initiated and are in progress. The plan does not include the impact of costs or benefits arising from future expenditure on enhancements to the operating model.

The impact of changes to the medium-term plan on the impairment reviews are reviewed below.

Store impairment estimates

Store assets (as with other financial and non-financial assets) are subject to impairment based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on the higher of the value in use and fair value less costs to dispose, although as all the Group's owned stores are leasehold, only value in use has been considered in the impairment assessment. Value in use is calculated from expected future cash flows using suitable discount rates and including management assumptions and estimates of future performance. An impairment charge of £44.7m (2022: £24.2m) and an impairment reversal of £3.7m (2022: £7.4m) were recognised in the period (net impairment of £41.0m, 2022: £16.8m). The recoverable amount for stores that are showing an impairment totals £31.4m at the balance sheet date. Of this amount £28.5m relates to ROU assets and £2.9m relates to PPE.

For impairment testing purposes, the Group has determined that each store is a Cash Generating Unit (CGU). Each CGU is tested for impairment if any indicators of impairment have been identified. All 213 (2022: All 220) owned stores have been tested for impairment in the current year.

The key estimates for the value in use calculations are those regarding expected changes in future cash flows and the allocation of central costs. The key assumptions used in determining store cash flows are the growth in both sales and gross margin set out in the medium-term plan, as well as operational savings and cost efficiencies identified across the Group and incorporated into forecast cash flows.

The value in use of each CGU is calculated based on the Group's Board approved **medium-term financial plan**. The medium-term financial plan is prepared and has been attributed to individual stores based on their historic performance. Store revenues in the medium-term financial plan for each CGU are planned at a LFL% between –5% – 0% reflecting continued channel shift to ecommerce and continued lower footfall on the high street. Margin is expected to improve by between 0.3% – 1% in each year of the plan as a result of range refinement, discount stance and deflation of supply costs. Long term store revenue growth rates outside of the scope of the plan are at 0% LFL.

2. Critical accounting judgements and key sources of estimation uncertainty in applying accounting policies continued

Cash flows beyond this five-year period as set out in the medium-term financial plan are extrapolated using long-term growth rates that are indicative of country-specific rates. The cash flows are discounted using the appropriate discount rate. The cash flows are modelled for each store through to their lease expiry date. Lease extensions have only been assumed in the modelling where they have been agreed with landlords.

Central costs are attributed to store CGUs where they can be allocated on a reasonable and consistent basis, and assumptions are required to determine the basis for allocation. In addition to directly attributable store costs, other relevant operating costs have been attributed to store CGUs on a reasonable and consistent basis where possible, which include certain distribution, IT, HR and marketing expenses, totalling 10-15% of the overall annual cost base. Costs are expected to grow between 0% and 5% in each year of the plan – reflecting inflation countered by the Group's cost out programme. Cost not included in the store asset impairment assessment are; those specifically associated to the ecommerce and wholesale channels, corporate overheads and other central costs that cannot be allocated on a reasonable and consistent basis. Costs outside of the scope of the medium-term plan are assumed to grow at a rate of 2% per annum.

Management estimates discount rates using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the CGUs. The pre-tax discount rates range from 13.2% to 19.8% (2022: 11.35% to 17.7%) and are derived from the Group's post-tax WACC range of 11.9% to 16.7% (2022: 11.1% to 13.8%). A 500bps change in the discount rates would result in a £2.1m increase or £2.4m decrease in the net impairment.

During the year, the Group has recognised an impairment charge of £4.0m and an impairment reversal of £0.6m, giving a net impairment charge of £3.4m (2022: charge £4.0m / reversal £1.6m = net £2.4m) relating to property, plant and equipment. An impairment reversal has been recognised of £1.1m in relation to intangible assets. An impairment charge £40.7m and impairment reversal £3.1m, giving a net impairment charge of £37.6m (2022: charge £20.2m / reversal £5.8m = net £14.4m) has been recognised relating to right-of-use assets. These impairment charges have been recognised as part of adjusting items within selling, general and administrative expenses. The total carrying value after the impairment assessment of property, plant and equipment is £16.3m (note 18), right-of-use assets is £48.5m (note 30) and intangible assets is £42.8m (note 19).

Attributing Ecommerce sales and costs to stores

Judgement is required to determine whether Ecommerce sales (and associated costs) could be attributed to stores for the purposes of impairment testing when calculating the value in use of each store CGU. The basis of such attribution is considered difficult to determine, due to insufficient evidence to reliably estimate. For this reason, Ecommerce sales attributable to stores have not been calculated.

Store impairment judgements

Store assets (as with other financial and non-financial assets) are subject to impairment based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. The impairment review involves critical accounting judgements, in addition to the significant estimates discussed above.

Judgement is required in determining which central costs are directly involved in the store operations and therefore should be apportioned to each store CGU. Central costs are attributed to store CGUs where they can be allocated on a reasonable and consistent basis.

Judgement is also involved in defining the lease term used in the store impairment calculations. Lease extensions have only been assumed in the modelling where they have been agreed with landlords.

See note 6 for further details.

Sensitivity analysis

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

- An increase of 200bps in the gross margin rate in all years for each territory would decrease net impairment by £5.0m
- A decrease of 200bps in the gross margin rate in all years for each territory would increase net impairment by £4.9m
- An increase of 10% in the year 1 sales growth for each territory would decrease net impairment by £4.7m
- A decrease of 10% in the year 1 sales growth for each territory would increase net impairment by £4.7m
- A 15% change in the central costs being allocated to the store CGUs would increase net impairment by £1.9m

2. Critical accounting judgements and key sources of estimation uncertainty in applying accounting policies continued

Onerous property related contracts provisions

Management has also assessed whether impaired and unprofitable stores require an onerous provision for the property related contracts. An onerous property related contracts provision is recognised when the Group believes that the unavoidable costs of meeting or exiting the property related obligations exceed the benefits expected to be received under the lease. The property related contracts relate primarily to service charges.

The calculation of the net present value of future cash flows is based on the same assumptions for growth rates and expected changes to future cash flows as set out above for store impairments, discounted at the appropriate risk adjusted rate. The costs of exiting property related contracts as set out in the lease agreement, either at the end of the lease or the lease break date (whichever is shorter), have been considered in the calculation.

Based on the factors set out above, the Group has reassessed the onerous property related contract provision as being £8.0m (2022: £8.4m). This value is after a net £0.2m provision release on exited stores, credited to the Group statement of comprehensive income (2022: £1.0m provision release on exited stores). The provision is also stated after utilisation of the brought forward provision of £2.8m (2022: £4.3m). The charge recognised in respect of the net increase to the onerous lease provision is £2.3m (2022: £1.5m), which is required to increase the provision to £8.0m, based on the outcome of the year end assessment.

The onerous property related contracts provision charge of £2.3m has been recognised within adjusting items within selling, general and administrative expenses. Further significant costs (or credits) may be recorded in future years dependent on the Group's trading performance.

A 500bps increase/decrease in the risk-free rates would result in a £1.0m increase or £1.1m decrease in the onerous lease provision.

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

- An increase of 200bps in the margin rate in all years for each territory would decrease the onerous property related contracts charge by £1.4m
- A decrease of 200bps in the margin rate in all years for each territory would increase the onerous property related contracts charge by £0.7m
- An increase of 10% in year 1 sales growth for each territory would decrease the onerous property related contracts charge by £1.6m
- A decrease of 10% in year 1 sales growth for each territory would increase the onerous property related contracts charge by £1.5m

Impairment of Superdry Plc's investment in subsidiaries and receivable balances from group companies

Under IAS 36, an impairment review is performed in respect of Superdry Plc's investment in subsidiaries, whenever an indicator of impairment has been identified. The reduction in the Group's market capitalisation as of the reporting date has been considered an indicator of impairment and an impairment review performed accordingly. The impairment review of Superdry Plc's investment in subsidiaries has been performed using the same assumptions for growth rates and expected changes to future cash flows as set out above for store impairments. The Group's medium-term plan is used as the basis for determining the enterprise value of each subsidiary within the Group. Certain assumptions have been applied in the allocation of future forecast Group cash flows between the individual subsidiaries of Superdry Plc. These allocations have been based upon the current mix of cash flows within the Group. The enterprise value for each subsidiary has been adjusted for net debt to determine each subsidiary's equity value. The cash, overdraft and intercompany position of each subsidiary at the reporting date has been used to determine the net debt. An impairment has been recorded wherever the carrying value of the investment in the subsidiary exceeds the equity value.
As a result of the impairment review, an impairment charge of £67.2m was identified in respect of a number of the individual subsidiaries, including charges against the investments in DKH Ltd of £59.6m, Superdry Germany GmbH an impairment charge of £3.7m, Superdry Retail Denmark A/S a charge of £3.2m and C-Retail Ltd a charge of £0.7m. These impairment charges have mainly arisen due to a reduction in revenue in the medium-term plan for the wholesale and stores streams in each country, with DKH also operating as guarantor in a limited risk distribution model for other Group companies. The recoverable amount for the investments that are showing an impairment total £95.1m at the balance sheet date.

The Company has performed sensitivity analysis on the impairment review using reasonably possible scenarios based on recent market movements including discount ates and changes to sales assumptions in the medium-term financial plan. The investment in DKH Retail Ltd is particularly sensitive to any changes to the group-wide forecasts due to the transfer pricing policy applied by the Group, under which many subsidiaries operate as limited risk distributors. As a result of the transfer pricing policy DKH Retail Ltd is exposed to both upside and downside in the group-wide performance.

- An increase/decrease of 5% in group-wide sales for each territory in all years would decrease/increase the investment impairment by reversal of £24.9m and charge of £96.4m respectively.
- An increase/decrease of 100bps in the discount rates applied would increase/decrease the investment impairment by charge £79.3m and charge of £62.7m respectively.

Further details are included in note 20.

2. Critical accounting judgements and key sources of estimation uncertainty in applying accounting policies continued

The Company has undertaken an assessment of the recoverability of receivable balances from Group companies. Under the requirements of IFRS9, the Company adopts the expected forward-looking credit loss model. The models review the potential for each entity across the Group to repay their loans at the balance sheet date and across the medium-term plan, in order to assign a level of recoverability for all Company debtor balances. The review requires assessment of the full Group intercompany debtor matrix to ensure account is taken of all downstream debtor balances. The Company has also undertaken a number of scenarios on the medium-term plan, allocating probability weightings to each scenario, to arrive at an overall estimated outcome of debtor recoverability.

Further details are provided in note 21 and note 24.

Valuation of Goodwill

Goodwill of £21.6m is split between the Group's operating segments as £14.4m (2022: £13.8m) for Wholesale, £4.5m (2022: £4.4m) for Ecommerce and £2.7m (2022: £2.5m) for Stores.

An impairment test is undertaken at a segmental level each year to compare the carrying value of assets of a business or cash generating unit (**CGU**) including goodwill to their recoverable amount. The recoverable amount is estimated based on using a value in use model using discounted cash flows derived from the medium-term plan, which includes extensions to leases for profitable stores through the plan, and which is extended out to 10 years based on long term growth rates and adjusting for working capital.

The present values of the future cash flows of the Ecommerce and Wholesale CGUs are significant and are not sensitive to changes in the assumptions. The recoverable amount of the stores CGU is £75.3m, with headroom of £16.6m. As a result, the Stores goodwill is sensitive to changes to the key assumptions. A 1.9% fall in sales across the medium-term plan, a 1.3ppt drop in average Gross Margin and a 5.4% increase in the discount rate would result in the carrying value being equal to the recoverable amount.

Further details are included in note 19.

Key Judgements

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

Going concern

The financial statements continue to be prepared on the going concern basis. This conclusion is based on the Group's current forecasts, sensitivities and mitigating actions available to management, having regard to the risks and uncertainties to which the Group is exposed including the material uncertainty detailed in Note 1. The Group directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and operate within its borrowing facilities and covenants for the period 12 months from date of signature.

See note 1 for more details.

Inventory provision

Provision is made for stock items where the net realisable value is estimated to be lower than cost. Net realisable value is based on the age and season of the stock held and calculated using the Group's historical sales experience and assumptions regarding future selling prices. The provision for aged inventory is calculated by providing on a graduated basis for stock over 3 years old. Management also provides against specific stock balances which are deemed slow-moving or which may be sold at a loss through clearance. The estimation uncertainty relates to the total provision of £3.8m (2022: £6.1m). A reasonably possible outcome for the stock provision would be an increase of £2.6m to £6.4m, if the aged stock provision percentages are accelerated by a year.

Recoverability of trade debtors

The impairment of trade and other receivables is based on management's estimate of the ECL. These are calculated using the Group's historical credit loss experience, with adjustments for general economic conditions and an assessment of conditions at the reporting date. The estimation uncertainty relates to the allowance for expected credit losses of £6.0m (2022: £4.7m) which includes a specific provision and an ECL provision.

The specific provision of £4.2m (2022: £3.2m) is calculated for higher risk trade receivables. This provision is calculated based on a specific review of the exposure to each customer, net of credit enhancements and taking into consideration their payment history. There is a range of possible outcomes for the specific provision; an indication of the maximum possible exposure is that the specific provision of £4.2m (2022: £3.2m) covers gross debtors of £11.7m (2022: £7.1m).

The ECL provision of £1.8m (2022: £1.5m) is calculated for the aggregated remaining debtors profiled by country, net of credit enhancements, and assuming country-specific default rates. The country-specific default rates were prepared using the Group's historic loss experience in the relevant country, which has also been adjusted for forward-looking information. A range of reasonably possible outcomes for the ECL provision, is £320k–£2.8m. The higher-end of the range assumes a four-fold level of credit risk for each country at the reporting date, compared to average historic loss experience.

See notes 24 and 33 for further details.

2. Critical accounting judgements and key sources of estimation uncertainty in applying accounting policies continued

Foreign exchange translation on intragroup balances

Foreign exchange gains/losses on intragroup balances denominated in currencies other than sterling are recognised in profit and loss. Judgement is required in determining whether the intragroup balances represent a net investment in foreign operations. Where the intragroup balances are considered a net investment in foreign operations, the exchange gain/loss is recognised in other comprehensive income. During FY23 the conclusion has been reached that intercompany loans from the UK to our US subsidiaries would qualify as net investment in foreign operations, on the basis that it is considered unlikely the loans will be repaid with the foreseeable future. As a result, exchange gains and losses arising subsequent to this decision will be recognised in other comprehensive income. Trading balances with the US and other intragroup balances to other group companies do not represent a net investment in foreign operations. This is on the basis that it is management's intention to settle other foreign denominated intragroup balances in the foreseeable future.

Under the Group's transfer pricing policy, foreign subsidiaries are guaranteed a set profit margin (as limited risk distributors). Management's intention is to use future profits generated by foreign subsidiaries to settle foreign denominated intragroup balances. Accordingly gains/losses on all other foreign denominated intragroup balances are recognised in profit and loss.

Adjusting items

Judgements are required as to whether items are disclosed as adjusting items, with consideration given to both quantitative and qualitative factors. Adjusting items are identified by virtue of their size, nature or incidence. Further information about the determination of adjusting items in financial year 2023 is in note 6 and 35.

Deferred Tax Asset

Deferred tax assets are recognised on balance sheet temporary differences to the extent that it is considered probable that they will reverse against taxable profits in future periods. The forecasting of suitable profits against which to offset these temporary differences involve critical accounting judgements and significant estimates.

Given recent trading performance and the environment in which the Group continues to operate, the Group have assessed deferred tax assets to the extent deferred tax assets can be offset by deferred tax liabilities.

The forecasting for deferred tax asset recognition purposes takes into account the current transfer pricing operating model and has been adjusted to take into account local tax laws which impact the reversal of underlying temporary differences, most materially, restrictions on the rate at which brought forward tax losses may be offset against current period profits in each jurisdiction.

Deferred tax assets have been calculated in respect of individual companies to the extent deferred tax assets may be offset against deferred tax liabilities in those subsidiaries.

In prior years, the Group used forecasts for a 10-year period to determine recoverability of deferred tax assets arising on tax losses. As a result of the revision to the Group's outlook and material uncertainty, a significant reduction in the quantum of recognised deferred tax assets has arisen, reducing the net deferred tax asset to £nil (2022: £66.3m), as set out in note 22 to these financial statements.

3. New accounting pronouncements

The accounting policies set out have been applied consistently throughout the Group and to all years presented in these consolidated accounts except if mentioned otherwise. The Group adopted the following amendments to IFRS for the financial year 2023, none of which had a material impact:

- Annual Improvements to IFRS Standards 2018-2020 Cycle.
- Reference to the Conceptual Framework (Amendments to IFRS3)
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)

New accounting standards in issue but not yet effective.

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- IFRS 17 Insurance Contracts;
- Amendment to IAS 8 'Definition of Accounting Estimates';
- Amendment to IAS 12 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'.
- IFRS 10 and IAS 28 (amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current; Non-current Liabilities and Covenants; Disclosure of Accounting Policies;
- Statement 2 – Disclosure of accounting policies; and
- Amendments to IFRS 16 'Lease Liability in a Sale and Leaseback'

These amendments have been endorsed by the UK Endorsement Board. The Group's financial reporting will be presented in accordance with the above new standards for future accounting periods as required. The application of these new standards and amendments is not expected to have a material impact on the Group.

4. Segment information

Revenue is generated from the same products (clothing and accessories) in all segments; the reporting of segments is based on how these sales are generated. The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Gross profit is the measure reported to the Group's CODM for the purpose of resource allocation and assessment of segment performance. The Group derives its revenue from contracts with customers for the transfer of goods and services being recognised at a point in time.

Segmental information for the business segments of the Group for financial years 2023 and 2022 is set out below. The 'Retail' subtotal of the 'Stores' and 'Ecommerce' segments presented below is considered useful additional information to the reader.

	Stores 2023 £m	Ecommerce 2023 £m	Retail subtotal 2023 £m	Wholesale 2023 £m	Central costs 2023 £m	Group 2023 £m
Total segment revenue	262.0	178.0	440.0	417.6	–	857.6
Less: inter-segment revenue	–	–	–	(235.1)	–	(235.1)
Revenue from external customers	262.0	178.0	440.0	182.5	–	622.5
Gross profit	170.2	100.9	271.1	57.3	–	328.4
(Loss)/Profit before tax			(37.4)	19.5	(60.6)	(78.5)

The segment measure of profit required to be presented under IFRS 8 Segments is gross profit. Profit/(loss) before tax has been presented as an additional profit measure which is considered to provide useful information to the reader. Certain costs have not been allocated between the Stores and Ecommerce segments. Both the current and prior year there is no single customer that comprises in excess 10% of the turnover balance.

The following additional information is considered useful to the reader:

	Adjusted* 2023 £m	Adjusting items £m	Reported 2023 £m
Revenue			
Retail	440.0	–	440.0
Wholesale	182.5	–	182.5
Total revenue	622.5	–	622.5
Operating profit/(loss)			
Retail	19.4	(51.9)	(32.5)
Wholesale	21.3	(1.8)	19.5
Central costs	(54.0)	(3.1)	(57.1)
Total operating loss	(13.3)	(56.8)	(70.1)
Net finance expense – Central costs	(3.5)	–	(3.5)
Net finance expense – Retail	(4.9)	–	(4.9)
Loss before tax	(21.7)	(56.8)	(78.5)
Retail	14.5	(51.9)	(37.4)
Wholesale	21.3	(1.8)	19.5
Central costs	(57.5)	(3.1)	(60.6)
Total loss before tax	(21.7)	(56.8)	(78.5)

* Adjusted is defined as reported results before adjusting items and is further explained in note 35.

The net impairment losses and reversals on store assets and onerous property related contract charges amount to £43.3m, charge of £47.0m and reversal of £3.7m (2022: charge of £25.6m/reversal £7.3m = net of £18.3m) and all relate to the Retail segment.

4. Segment information continued

	Stores 2022 £m	Restated* Ecommerce 2022 £m	Restated* Retail subtotal 2022 £m	Wholesale 2022 £m	Restated Central costs 2022 £m	Restated* Group 2022 £m
Total segment revenue	228.4	155.7	384.1	393.6	–	777.7
Less: inter-segment revenue	–	–	–	(168.1)	–	(168.1)
Revenue from external customers	228.4	155.7	384.1	225.5	–	609.6
Gross profit	161.9	97.8	259.7	81.7	–	341.4
Profit/(loss) before tax			25.6	52.4	(60.4)	17.6

* The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 37.

The following additional information is considered useful to the reader:

	Restated** Adjusted* 2022 £m	Adjusting items £m	Restated** Reported 2022 £m
Revenue			
Retail	384.1	–	384.1
Wholesale	225.5	–	225.5
Total revenue	609.6	–	609.6
Operating profit/(loss)			
Retail	38.4	(7.9)	30.5
Wholesale	49.1	3.3	52.4
Central costs	(57.9)	0.6	(57.3)
Total operating profit/(loss)	29.6	(4.0)	25.6
Net finance expense – Central costs	(3.0)	–	(3.0)
Net finance expense – Retail	(5.0)	–	(5.0)
Profit/(loss) before tax	21.6	(4.0)	17.6
Retail	33.5	(7.9)	25.6
Wholesale	49.1	3.3	52.4
Central costs	(61.0)	0.6	(60.4)
Total profit/(loss) before tax	21.6	(4.0)	17.6

* Adjusted is defined as reported results before adjusting items and is further explained in note 35.
** The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 37.

Revenue from external customers in the UK and the total revenue from external customers from other countries are:

	Group	
	2023 £m	2022 £m
External revenue – UK	**247.9**	224.1
External revenue – Europe	**285.5**	294.3
External revenue – Rest of World	**89.1**	91.2
Total external revenue	**622.5**	609.6

The total of non-current assets, other than deferred tax assets, located in the UK is £63.5m (2022: £69.6m), and the total of non-current assets located in other countries is £44.1m (2022: £77.4m). Balance sheet by segment is not prepared or reviewed on a regular basis.

5. Selling, general and administrative expenses

	Group 2023 £m	Group Restated** 2022 £m
Staff costs (note 7)	**100.4**	95.5
Short-term and variable rent payments net of lease incentives and waivers	**0.7**	3.7
Depreciation and amortisation	**55.8**	48.7
Store impairment charges of property, plant and equipment and right-of-use assets	**44.7**	24.2
Store impairment reversals of property, plant and equipment and right-of-use assets	**(3.7)**	(7.4)
Restructuring, strategic change and other costs	**3.1**	–
IFRS 16 Covid-19 rent concessions	**(0.7)**	(3.7)
Onerous property related contracts charge	**2.3**	1.5
Other (including logistics costs, marketing, rates and service charges)*	**216.5**	197.8
Total selling, general and administrative expenses	**419.1**	360.3

* During the current financial year, the Group reclassified £12.0m of realised gains/(losses) on FX contracts and unrealised gains on FX from selling, general and administrative expense to Other gains and losses (net). This reclassification more appropriately reflects selling, general and administrative expenses. Prior financial year comparatives have been restated to align to the current financial year approach.

** The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 37.

Government grants for furlough support are netted off against staff costs, see note 36.

6. Adjusting items

The below adjustments are disclosed separately in the Group statement of comprehensive income and are applied to the reported (loss)/profit before tax to arrive at the adjusted profit before tax. Further information about the determination of adjusting items in financial year 2023 is included in note 35.

	Group 2023 £m	Group 2022 £m
Adjusting items		
Unrealised (loss)/gain on financial derivatives	**(10.4)**	13.7
Store asset impairment and onerous property related contracts provision charge	**(47.0)**	(25.6)
Store asset impairment and onerous property related contracts provision reversal	**3.7**	7.3
Restructuring, strategic change and other costs	**(3.1)**	–
IFRS 2 charge on Founder Share Plan (note 9)	**–**	0.6
Total adjusting items charge	**(56.8)**	(4.0)
Taxation		
Deferred tax on adjusting items (note 14)	**–**	(3.0)
Total taxation	**–**	(3.0)
Total adjusting items after tax	**(56.8)**	(7.0)

Adjusting items before tax in the period totalled a net charge of £56.8m in the year (2022: £4.0m).

6. Adjusting items continued

Store asset impairment charges and reversals and onerous property related contracts provision

Comprehensive reviews have been performed in both the current and prior reporting periods across the owned store portfolio to identify any stores which were either unprofitable, or where the anticipated future performance would not support the carrying value of assets.

An impairment review has also been performed as of 29 April 2023. The Group continues to experience a challenging trading environment, largely due to the ongoing cost of living crisis and the current macroeconomic climate and challenges. As a result of the current year impairment review, a charge to the Group statement of comprehensive income for non-cash impairments of £44.7m was recognised, affecting 132 stores. Additionally, a non-cash credit of £3.7m was recognised in the Group statement of comprehensive income for the reversal of impairments recognised in previous periods. This impairment reversal affected 39 stores and is due to CGU NPV improving YoY due to improved expected revenue performance, or lower costs as a result of management cost out initiatives. The total net impairment of £41.0m affects property, plant and equipment and right-of-use assets. A significant level of estimation and judgement has been used to determine the charges and reversals, for which further disclosure and sensitivities can be found in note 2 on pages 139-141.

A reassessment was also performed on the onerous property related contracts provision, resulting in a charge of £2.3m, affecting 41 stores. A significant level of estimation has been used to determine the charges to be recognised, for which further disclosure and sensitivities can be found in note 2 on pages 139-141.

In the prior year, a store asset impairment review was performed in the context of the COVID-19 pandemic on trading performance across the store portfolio. As a result of the prior year review, a charge to the Group statement of comprehensive income for non-cash impairments of £24.2m was recognised, affecting 102 stores. Additionally, a non-cash credit of £7.4m was recognised in the Group statement of comprehensive income for the reversal of impairments that were recognised in previous periods. This impairment reversal affected 71 stores. The total net impairment of £16.8m affects property, plant and equipment and right-of-use assets. A reassessment was also performed on the onerous property related contracts provision, resulting in a charge of £1.5m, affecting approximately 39 stores.

Restructuring, strategic change and other costs

Adjusting items in 2023 included £3.1m from the restructuring programme announced in the FY23. This restructuring included redundancies in order to make the Group fit for the future. The Directors considered these to be adjusting items due to their one-off nature. In the prior year, no further restructuring expense has been charged.

Unrealised (loss)/ gain on financial derivatives

A £10.4m charge has been recognised within adjusting items in respect of the fair value movement in financial derivatives (2022: £13.7m gain), which has been driven primarily by the relative weakness of Sterling against the US Dollar at the year-end, and its impact on forward currency contracts, buying US Dollar with Sterling.

IFRS 2 charge on Founder Share Plan

In the prior year a credit of £0.6m was recognised in respect of the Founder Share Plan (see notes 9 and 35 for further details). No further credit was recognised in the current financial year, as the scheme ended on 31 January 2022.

Tax on adjusting items

The net tax charge on adjusting items totals £nil (2022: £3.0m). An adjusting tax charge of £nil (2022: credit of £0.5m) arises as a result of provisions for onerous leases and impairments to property, plant and equipment at the balance sheet date, and an adjusting tax charge of £nil (2022: £3.4m) arises in connection with movements on the derivative contracts and an updated onerous lease review.

7. Employee expense

	Group		Company	
	2023 £m	2022 £m	**2023 £m**	2022 £m
Wages and salaries	**86.0**	82.2	**13.7**	16.4
Social security costs	**10.3**	9.1	**2.1**	1.0
Share awards charge (Exc. FSP)	**1.4**	1.9	**0.7**	0.6
Pension costs – defined contribution scheme	**2.7**	2.3	**0.6**	0.5
Total employee expense	**100.4**	95.5	**17.1**	18.5

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

The total employee expense figures are net of furlough income received, per note 36.

The closing pension creditor for the Group is £0.4m (2022: £0.4m).

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

	Group		Company	
	2023 No.	2022 No.	**2023 No.**	2022 No.
Administration	**649**	665	**212**	208
Retail	**1,930**	1,844	**57**	52
Total average headcount	**2,579**	2,509	**269**	260

Directors' remuneration is detailed in the Directors' Remuneration Report on pages 85-104.

Remuneration of key members of management, who are the Non-Executive Directors, Executive Directors, Chief Marketing Officer, Chief Operating Officer, Chief Technology Officer, Group General Counsel & Company Secretary, Group People Director, Group Retail Director, Global Sourcing and Sustainability Director, recorded in the Group statement of comprehensive income, is as follows:

	Group	
	2023 £m	2022 £m
Short-term employee benefits	**3.5**	4.1
Post-employment benefits	**0.1**	0.1
Share-based payments	**0.5**	0.4
Total remuneration of Key Management Personnel	**4.1**	4.6

The total amounts for Directors' remuneration in accordance with Schedule 8 to the Accounting Regulations were as follows:

	Group	
	2023 £m	2022 £m
Short-term employee benefits	**1.5**	1.5
Share-based payments	**–**	–
Money purchase pension contributions	**0.1**	–
Total aggregate Directors' remuneration	**1.6**	1.5

8. Share-based Long-Term Incentive Plans (LTIP)

Share awards are granted to employees in the form of equity-settled awards and cash-settled awards.

Performance Share Plan

The award of shares is made under the Superdry Performance Share Plan (**PSP**). Shares have no value to the participant at the grant date, but subject to the conditions of the specific scheme can convert and give participants the right to be granted nil-cost shares at the end of the performance period.

The vesting period of these schemes is between two and three years. Share awards will also expire if the employee leaves the Group prior to the exercise or vesting date subject to the discretionary powers of the Remuneration Committee.

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

	Group and Company			
	2023 Number of shares	**2023 Weighted average exercise price**	2022 Number of shares	2022 Weighted average exercise price
At start of the period	**2,902,027**	**–**	2,818,698	–
Granted	**2,176,827**	**–**	1,260,745	–
Forfeited	**(563,914)**	**–**	(1,061,621)	–
Cancelled	**(525,088)**	**–**	(115,795)	–
Total number of outstanding share awards at end of the period	**3,989,852**	**–**	2,902,027	–

None of the share awards were exercisable at the period end date (2022: nil). No options expired during the periods covered by the above table.

The terms and conditions of the award of shares awarded under the PSP are as follows:

	Group and Company			
Grant date	Type of award	Number of shares	Vesting period	Fair value/share
October 2020	Restricted share award	1,491,157	3 years	1.75
October 2021	Restricted share award	907,674	3 years	2.56
October 2021	Restricted share award	353,071	2 years	2.56
October 2022	Restricted share award	1,560,019	3 years	1.25
October 2022	Restricted share award	616,808	2 years	1.25

In 2021, the Company changed the award mechanism under the PSP from a scheme with market-based vesting criteria to a Restricted Share Awards (RSA) plan with no performance or market-based vesting criteria attached. The shares granted during the year are restricted share-based conditional awards. The fair value of the shares awarded at the grant date during the year is £2.7m (2022: £3.2m), determined using the modified grant-date method. The weighted average value of each award granted in the year was £1.25, which reflects the share price on the date the awards were granted. Shares awarded in previous years, which are still within their vesting period, contain market-based vesting criteria such as diluted earnings per share and total shareholder return performance targets. The fair value of these awards was determined at the grant date using a Black-Scholes pricing model.

A charge of £1.6m (2022: £1.5m) has been recorded in the Group statement of comprehensive income during the year for schemes under the PSP.

No share options were exercised during the period. The options outstanding at 29 April 2023 had a weighted average remaining contractual life of 18 months (2022: 17 months); these shares have an exercise price of £nil (2022: £nil).

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

8. Share-based Long-Term Incentive Plans (LTIP) continued

Cash-based conditional awards

Cash-settled share-based payments were granted in the year under the PSP. These are equivalent to the RSAs granted during the year, but are to be settled through cash, rather than shares.

These awards have no value to the participant at the grant date, but subject to the conditions of the specific scheme can convert and give participants the right to a cash settlement at the end of the performance period.

The vesting period of these schemes is two years. Cash-settled share awards will also expire if the employee leaves the Group prior to the exercise or vesting date subject to the discretionary powers of the Remuneration Committee.

The terms and conditions of the award of cash-settled shares awarded under the PSP are as follows:

		Group and Company			
Grant date	Type of award	Number of shares	Vesting period	Fair value at grant date	Fair value at reporting date
October 2021	**Cash-settled restricted share award**	**151,430**	**2 years**	**2.56**	**0.86**
October 2022	**Cash-settled restricted share award**	**234,454**	**2 years**	**1.25**	**0.86**

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

	Group and Company	
	2023 Number of shares	2022 Number of shares
At start of the period	**330,571**	261,158
Granted	**234,454**	151,430
Exercised	**(132,192)**	–
Forfeited	**(101,925)**	(82,017)
Total number of outstanding share awards at end of the period	**330,908**	330,571

One of the share awards was exercisable at the period end date (2022: nil).

The shares granted during the year are restricted share-based conditional awards. The terms and conditions of the award specify that the fair value at the end of the performance period will be the lower of fair value on that date or a cap of twice the grant price.

The fair value of the shares awarded at the grant date during the year was £0.5m (2022: £0.5m) and has been remeasured to £0.1m (2022: £0.3m) at the reporting date. The fair value of the award is determined at the modified grant date and is remeasured at each subsequent reporting period. The shares granted during the year did not contain any market-based vesting criteria.

A charge of £nil (2022: £0.1m) has been recorded in the Group statement of comprehensive income during the year for cash-settled schemes under the PSP.

Save As You Earn

A Save As You Earn scheme is operated by the Group. A charge of £nil (2022: £0.1m) has been recorded in the Group statement of comprehensive income during the year.

Buy As You Earn

A Buy As You Earn scheme is operated by the Group which commenced in August 2016. In the year 62,744 shares (2022: 24,311 shares) have been purchased under the scheme. The charge to the Group statement of comprehensive income is immaterial and therefore has not been accounted for.

Other schemes

Share options were issued in the current and prior years as part of recruitment packages for certain members of senior management. These options are subject to leavers' provisions and the exercise period is up to two years. The charge to the Group statement of comprehensive income in financial year 2023 for these awards is £0.1m (2022: £0.2m).

9. Founder Share Plan

On 12 September 2017, the Founders of Superdry (**the Founders**), Julian Dunkerton and James Holder, announced the launch of a long-term incentive scheme, the Founder Share Plan (**FSP**) under which they agreed to share increases in their wealth with employees of the Group. The Founders had agreed to transfer into a fund 20% of their gain from any increase in the Group's share price over a threshold of £18.

The measurement period for the FSP ran from 1 October 2017 to 30 September 2020, and as such the measurement period for the market-based vesting criteria expired in FY21.

The gain to be transferred into the fund was to be calculated using the market value of the shares, calculated as the average price of a Superdry plc share over the 20 dealing days prior to the maturity date (30 September 2020). When calculated, the market value of the shares on maturity did not meet the minimum threshold of £18 and therefore the FSP scheme did not meet the vesting criteria.

IFRS 2 stipulates that there is no adjustment to the Group's statement of comprehensive income where the scheme does not vest due to a market-based condition, and so there is no adjustment required to recognise that the scheme will not vest.

The vesting period for the awards differed depending on the seniority of the colleagues in question. To be eligible for the award, employees needed to remain in employment on the vesting date, details of which were as follows:

Share-settled element – Senior management

- 50% – 31 January 2021
- 50% – 31 January 2022

Cash and share-settled elements – All other colleagues

- 50% – 31 January 2021
- 50% – 31 July 2021

In accordance with IFRS 2 the FSP scheme has been accounted for as an equity-settled share-based payment scheme. The fair value of the award is determined using a Monte Carlo pricing model.

The share-based payment charge associated with the FSP has accrued over five financial periods in line with the original vesting period, up until financial year 2022.

A credit of £nil (2022: £0.6m) has been recorded in the Group statement of comprehensive income during the year.

The number of share awards granted in the period is nil. The scheme ended in January 2022.

10. Auditor remuneration

During the financial year, the Group carried out a tender for the external audit following RSM UK Group LLP (RSM) were appointed as auditor in place of Deloitte LLP (Deloitte). Accordingly, the figures for auditor's remuneration below relate to RSM 2023 and Deloitte for 2022. The Group obtained the following services from the Company's auditor as detailed below:

	Group	
	2023 £m	2022 £m
Audit services		
Fees payable to the Company's auditor for the audit of the Company and the consolidated financial statements	**2.5**	3.0
The audit of the Company's subsidiaries pursuant to legislation*	**0.3**	0.3
Total audit fees payable to the Company's auditor and its associates	**2.8**	3.3
Fees payable to the Company's auditor and its associates for other services:		
Audit related assurance services – interim review	**0.1**	–
Total fees payable to the Company's auditors and its associates for other services	**0.1**	–
Total auditor's remuneration	**2.9**	3.3

* Fees payable for audit of the Company's subsidiaries pursuant to legislation includes £95,000 which were paid to Deloitte LLP in FY23.

11. Other gains and losses (net)

	Group 2023 £m	Restated** 2022 £m
Realised gains on foreign exchange contracts	**10.6**	3.7
Unrealised gains on foreign exchange	**1.4**	8.3
Net gains on foreign exchange excluding unrealised fair value (loss)/gain on foreign exchange forward contracts*	**12.0**	12.0
Unrealised fair value (loss)/gain on foreign exchange forward contracts	**(10.4)**	13.7
Royalty income	**6.7**	7.2
Lease modifications and terminations	**13.1**	16.8
Lease termination: Settlement Fee	**–**	(8.1)
Other income	**0.9**	1.1
Total other gains and losses	**22.3**	42.7

* During the current financial year, the Group reclassified £12.0m of realised gains/(losses) on FX contracts and unrealised gains on FX from selling, general and administrative expense to Other gains and losses (net). This reclassification more appropriately reflects selling, general and administrative expenses. Prior financial year comparatives of £12.0m have been restated to align to the current financial year approach.

** The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 37.

The unrealised fair value loss on foreign exchange forward contracts of £10.4m (2022: gain of £13.7m) has been treated as an adjusting item, see note 6.

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

Lease modifications and terminations relate to lease renegotiations under IFRS 16, which resulted in reducing both the lease liability and the right-of-use asset. As the adjustment exceeded the carrying value of the right-of-use asset, this excess has been recognised as a gain in profit or loss.

12. Operating (loss)/profit

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

	Group 2023 £m	Restated* 2022 £m
Depreciation on property, plant and equipment – owned (note 18)	**19.1**	12.9
Depreciation on right-of-use assets (note 30)	**28.6**	28.0
Depreciation on deferred liability	**(0.3)**	(0.3)
Loss on disposal of property, plant and equipment (note 18)	**1.1**	1.1
Amortisation of intangible assets (note 19)	**8.1**	7.6
Impairment charges of property, plant and equipment and right-of-use assets (note 5)	**44.7**	24.2
Impairment reversals of property, plant and equipment and right-of-use assets (note 5)	**(3.7)**	(7.4)
Impairment reversal of intangibles (note 19)	**(1.1)**	–
Restructuring, strategic change and other property costs (note 5)	**3.1**	–
Cost of inventories recognised as an expense	**264.5**	248.6
Net reversal of inventories provision (note 23)	**(0.7)**	(0.4)
Short-term and variable rent payments net of lease incentives and waivers (note 5)	**0.7**	3.7
Onerous property related contracts charge (note 5)	**2.3**	1.5
Government grants including furlough, gross of provision (note 36)	**(1.4)**	(2.0)
Covid-19 rent concessions	**(0.7)**	(3.7)
Net impairment loss/(credit) on trade receivables (note 24)	**1.7**	(1.8)
Net foreign exchange gain	**(15.9)**	(12.3)

* The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 37.

The above Group operating (loss)/ profit includes £7.5m (2022: £13.1m) of depreciation savings on property, plant and equipment and intangible assets, resulting from previous years' impairments and £2.8m (2022: £4.3m) of onerous contract provision utilisation.

13. Finance expense (net)

	Group 2023 £m	Group 2022 £m
Bank interest receivable	**1.8**	–
Total finance income	**1.8**	–
Bank interest payable	**(5.1)**	(2.9)
Interest on lease liabilities	**(5.1)**	(5.1)
Total finance expense	**(10.2)**	(8.0)

14. Tax expense

The tax expense comprises:

	Group 2023 £m	Group 2022 £m
Current tax		
• UK corporation tax charge for the period	**–**	–
• Adjustment in respect of prior periods	**1.9**	4.4
• Overseas tax	**1.4**	3.2
Total current tax expense	**3.3**	7.6
Deferred tax		
• Origination and reversal of temporary differences	**–**	(0.8)
• Deferred tax not recognised	**72.0**	–
• Adjustment in respect of prior periods	**(5.7)**	(2.0)
• Effect of UK rate change	**–**	(12.7)
Adjusting tax expense	**–**	3.0
Total deferred tax expense/(credit)	**66.3**	(12.4)
Total tax expense/(credit)	**69.6**	(4.8)

The tax charge on the adjusted loss is £69.6m (2022: £4.8m credit). The net tax charge on adjusting items totals £nil (2022: £3.0m). The net tax charge on adjusting items totals £nil (2022: £3.9m tax credit). No adjusting tax charges are recognised on the basis that the reduction in deferred tax assets recognised at the balance sheet date in comparison to the prior year results in no deferred tax charges being recognised in respect of current year adjusting items.

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

	Group 2023 £m	Group Restated* 2022 £m
(Loss)/profit before tax	**(78.5)**	17.6
(Loss)/profit multiplied by the standard rate in the UK – 19.5% (2022: 19.0%)	**(15.3)**	3.4
Expenses not deductible for tax purposes	**1.1**	1.7
Adjust opening UK deferred tax balances to 25% tax rate	**–**	(12.7)
Overseas tax differentials	**1.0**	0.5
Deferred tax assets derecognised in the year	**66.3**	–
Current year losses unrecognised	**20.3**	–
Deferred tax not recognised	**–**	2.4
Adjust closing UK deferred tax balances to 25% tax rate	**–**	(2.5)
Adjustment in respect of prior years (inclusive of uncertain tax positions)	**(3.8)**	2.4
Total tax expense/(credit) excluding adjusting items	**69.6**	(4.8)

* The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 37.

The Group has a tax charge on adjusted losses of £69.6m (2022: £7.8m credit) and a tax charge on adjusting losses of £nil (2022: £3.0m). Taken together the Group has a tax charge of £69.6m (2022: £4.8m credit).

15. Loss attributable to Superdry plc

The loss after tax for the 52 weeks ended 29 April 2023 for the Company was £197.6m (53 weeks ended 30 April 2022: loss of £55.8m). There was a credit to equity reserve of £nil (2022: £1.0m credit) in respect of employee share schemes. The Directors have approved the statement of comprehensive income for the Company. Retained earnings of the Company at 29 April 2023 were a loss of £141.8m (2022: £6.5m profit).

16. Earnings per share

	Group	
	2023 £m	Restated** 2022 £m
Earnings		
(Loss)/Profit for the period attributable to owners of the Company	**(148.1)**	22.4
	No.	No.
Number of shares at year-end*	**82,147,895**	81,360,187
Weighted average number of ordinary shares – basic	**81,668,940**	81,879,072
Effect of dilutive options and contingent shares	**3,842,438**	3,098,395
Weighted average number of ordinary shares – diluted	**85,511,378**	84,977,467
Basic earnings per share (pence)	**(181.3)**	27.4
Diluted earnings per share (pence)	**(181.3)**	26.4

* The number of shares at year-end excludes the shares held by the Supergroup Plc employee benefit trust.

** The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 37.

Adjusted earnings per share

Adjusted earnings are used by management to review and improve sustainable profitability. Adjusting items are disclosed separately in the Group statement of comprehensive income and are applied to the Statutory profit or loss before tax to arrive at the adjusted result. See note 1 and note 35 for further details.

	Group	
	2023 £m	Restated* 2022 £m
Earnings		
(Loss)/profit for the period attributable to the owners of the Company	**(148.1)**	22.4
Unrealised (loss)/gain on financial derivatives	**10.4**	(13.7)
Net store asset impairment charges and onerous property related contracts provision	**47.0**	25.7
Net store asset impairment reversals	**(3.7)**	(7.4)
Restructuring, strategic change and other costs	**3.1**	–
IFRS 2 charge on Founder Share Plan (note 9)	**–**	(0.6)
Deferred tax on adjusting items (note 14)	**–**	3.0
Adjusted (loss)/profit for the period attributable to the owners of the Company	**(91.3)**	29.4
	No.	No.
Weighted average number of ordinary shares – basic	**81,668,940**	81,879,072
Weighted average number of ordinary shares – diluted	**85,511,378**	84,977,467
Adjusted basic earnings per share (pence)	**(111.8)**	36.0
Adjusted diluted earnings per share (pence)	**(111.8)**	34.7

* The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 37.

16. Earnings per share continued

The weighted average number of shares is stated after the deduction of Superdry Plc shares held in trust by Supergroup Plc Employee Benefit Trust.

On 2 May 2023, the Company completed an equity raise, which comprised the issue of 15,700,000 New Ordinary Shares. The impact of these shares on EPS is set out below.

	Group	
	2023 £m	Restated* 2022 £m
Earnings		
(Loss)/Profit for the period attributable to owners of the Company	**(148.1)**	22.4
Adjusted (loss)/profit for the period attributable to the owners of the Company	**(91.3)**	29.4
	No.	No.
Adjustment for equity raise post year-end	**15,700,000**	–
Weighted average number of ordinary shares including equity raise – basic	**97,368,940**	81,879,072
Weighted average number of ordinary shares including equity raise – diluted	**116,911,378**	84,977,467
Basic earnings per share (pence)	**(152.1)**	27.4
Diluted earnings per share (pence) – adjusted	**(152.1)**	26.4
Adjusted earnings per share	**(93.8)**	35.9
Adjusted diluted earnings per share (pence)	**(93.8)**	34.6

* The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 37.

17. Dividends

	Group and Company	
	2023 £m	2022 £m
Equity – ordinary shares		
Interim for the 52 weeks to 29 April 2023 – nil (2022: nil per share)	**–**	–
Final dividend for the 53 weeks to 30 April 2022 – nil (2022: nil per share)	**–**	–
Total dividends paid	**–**	–

Given the continued uncertainty in the trading environment and in order to maintain liquidity, the Board did not propose an interim dividend and has made the decision not to recommend a final dividend for 2023. In addition, under the terms of our recent loan facility, the Company is restricted from declaring, making or paying dividends to shareholders without prior permission from Bantry Bay, which cannot be unreasonably withheld. At the end of the reporting period, there are no distributable reserves.

18. Property, plant and equipment

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

	Group				
	Land and buildings £m	**Leasehold improvements £m**	**Furniture, fixtures and fittings £m**	**Computer equipment £m**	**Total £m**
52 weeks ended 29 April 2023					
Cost					
At 30 April 2022	**5.2**	**189.1**	**64.7**	**30.4**	**289.4**
Exchange differences	**–**	**3.0**	**0.7**	**–**	**3.7**
Additions	**–**	**2.0**	**5.2**	**1.0**	**8.2**
Disposals	**–**	**(3.0)**	**(0.9)**	**(0.1)**	**(4.0)**
At 29 April 2023	**5.2**	**191.1**	**69.7**	**31.3**	**297.3**
Accumulated depreciation and impairments					
At 30 April 2022	**1.1**	**181.5**	**57.3**	**26.1**	**266.0**
Exchange differences	**–**	**(4.5)**	**(0.2)**	**–**	**(4.7)**
Disposals	**–**	**(2.2)**	**(0.5)**	**(0.1)**	**(2.8)**
Depreciation charge	**0.1**	**13.8**	**4.2**	**1.0**	**19.1**
Impairment reversal	**–**	**(0.5)**	**(0.1)**	**–**	**(0.6)**
Impairment charges	**–**	**2.4**	**1.6**	**–**	**4.0**
At 29 April 2023	**1.2**	**190.5**	**62.3**	**27.0**	**281.0**
Net book value at 29 April 2023	**4.0**	**0.6**	**7.4**	**4.3**	**16.3**

The above property, plant and equipment net impairment movement of £3.4m constitutes part of the total net impairment of £41.0m in 2023 and related to an impairment review performed on store assets. For further details on this please see notes 2 and 6. The impairment has been included within adjusting items in FY23.

	Group				
	Land and buildings £m	Restated* Leasehold improvements £m	Furniture, fixtures and fittings £m	Computer equipment £m	Total £m
53 weeks ended 30 April 2022					
Cost					
At 24 April 2021	5.3	204.9	67.1	30.6	307.9
Exchange differences	–	(0.9)	–	0.2	(0.7)
Additions	–	4.6	4.1	0.6	9.3
Disposals	(0.1)	(19.5)	(6.5)	(1.0)	(27.1)
At 30 April 2022	5.2	189.1	64.7	30.4	289.4
Accumulated depreciation and impairments					
At 24 April 2021	1.1	191.8	58.0	27.6	278.5
Exchange differences	–	(1.2)	–	0.2	(1.0)
Disposals	–	(19.0)	(5.8)	(1.0)	(25.8)
Depreciation charge	–	7.4	4.0	1.5	12.9
Impairment reversal	–	–	–	–	–
Impairment charges	–	2.5	1.1	(2.2)	1.4
At 30 April 2022	1.1	181.5	57.3	26.1	266.0
Net book value at 30 April 2022	4.1	7.6	7.4	4.3	23.4

* The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 37.

The above property, plant and equipment net impairment movement of £1.4m constitutes part of the total net impairment of £16.8m in 2022 and relates to an impairment review performed on store assets. For further details on this please see notes 2 and 6. This impairment has been included within adjusting items in FY22.

18. Property, plant and equipment continued

	Company				
	Land and buildings £m	**Leasehold improvements £m**	**Furniture, fixtures and fittings £m**	**Computer equipment £m**	**Total £m**
52 weeks ended 29 April 2023					
Cost					
At 30 April 2022	**1.9**	**10.1**	**4.8**	**20.4**	**37.2**
Additions	**–**	**–**	**0.6**	**0.9**	**1.5**
Disposals	**–**	**–**	**–**	**(0.1)**	**(0.1)**
At 29 April 2023	**1.9**	**10.1**	**5.4**	**21.2**	**38.6**
Accumulated depreciation and impairments					
At 30 April 2022	**0.5**	**10.1**	**3.3**	**19.3**	**33.2**
Disposals	**–**	**–**	**–**	**(0.1)**	**(0.1)**
Depreciation charge	**–**	**–**	**0.6**	**0.9**	**1.5**
Impairment charges	**–**	**–**	**–**	**–**	**–**
At 29 April 2023	**0.5**	**10.1**	**3.9**	**20.1**	**34.6**
Net book value at 29 April 2023	**1.4**	**–**	**1.5**	**1.1**	**4.0**

	Company				
	Land and buildings £m	Leasehold improvements £m	Furniture, fixtures and fittings £m	Computer equipment £m	Total £m
53 weeks ended 30 April 2022					
Cost					
At 24 April 2021	1.9	9.9	4.5	19.7	36.0
Additions	–	0.2	0.3	0.7	1.2
At 30 April 2022	1.9	10.1	4.8	20.4	37.2
Accumulated depreciation and impairments					
At 24 April 2021	0.5	9.1	2.9	18.0	30.5
Depreciation charge	–	1.5	0.5	1.3	3.3
Impairment charges	–	(0.5)	(0.1)	–	(0.6)
At 30 April 2022	0.5	10.1	3.3	19.3	33.2
Net book value at 30 April 2022	1.4	0.0	1.5	1.1	4.0

19. Intangible assets

	Group					
	Trademarks £m	**Website and software £m**	**Lease premiums £m**	**Distribution agreements £m**	**Goodwill £m**	**Total £m**
52 weeks ended 29 April 2023						
Cost						
At 30 April 2022	**5.8**	**68.2**	**1.4**	**15.1**	**20.7**	**111.2**
Exchange differences	**–**	**–**	**0.1**	**0.4**	**0.9**	**1.4**
Additions	**0.1**	**6.2**	**0.1**	**–**	**–**	**6.4**
At 29 April 2023	**5.9**	**74.4**	**1.6**	**15.5**	**21.6**	**119.0**
Accumulated amortisation and impairments						
At 30 April 2022	**3.7**	**50.5**	**1.2**	**13.3**	**–**	**68.7**
Exchange differences	**–**	**–**	**0.1**	**0.4**	**–**	**0.5**
Amortisation charge	**0.4**	**7.4**	**–**	**0.3**	**–**	**8.1**
Disposals	**–**	**–**	**–**	**–**	**–**	**–**
Impairment reversals	**–**	**(1.1)**	**–**	**–**	**–**	**(1.1)**
At 29 April 2023	**4.1**	**56.8**	**1.3**	**14.0**	**–**	**76.2**
Net book value at 29 April 2023	**1.8**	**17.6**	**0.3**	**1.5**	**21.6**	**42.8**

	Group					
	Trademarks £m	Website and software £m	Restated* Lease premiums £m	Distribution agreements £m	Goodwill £m	Total £m
53 weeks ended 30 April 2022						
Cost						
At 24 April 2021	5.3	60.2	14.2	14.9	21.5	116.1
Exchange differences	–	–	(0.2)	0.2	(0.8)	(0.8)
Additions	0.5	8.0	–	–	–	8.5
Disposals	–	–	(12.6)	–	–	(12.6)
At 30 April 2022	5.8	68.2	1.4	15.1	20.7	111.2
Accumulated amortisation and impairments						
At 24 April 2021	3.3	43.5	14.2	13.4	–	74.4
Exchange differences	–	–	(0.2)	(0.3)	–	(0.5)
Amortisation charge	0.4	7.0	–	0.2	–	7.6
Disposals	–	–	(12.6)	–	–	(12.6)
Impairment reversals	–	–	(0.2)	–	–	(0.2)
At 30 April 2022	3.7	50.5	1.2	13.3	–	68.7
Net book value at 30 April 2022	2.1	17.7	0.2	1.8	20.7	42.5

* The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 37.

19. Intangible assets continued

Amortisation of intangible assets is included within selling, general and administrative expenses in the Group statement of comprehensive income.

	Company		
	Trademarks £m	**Website and software £m**	**Total £m**
52 weeks ended 29 April 2023			
Cost			
At 30 April 2022	**0.8**	**44.5**	**45.3**
Additions	**–**	**2.9**	**2.9**
At 29 April 2023	**0.8**	**47.4**	**48.2**
Accumulated amortisation			
At 30 April 2022	**0.4**	**37.0**	**37.4**
Amortisation charge	**0.1**	**3.5**	**3.6**
At 29 April 2023	**0.5**	**40.5**	**41.0**
Net book value at 29 April 2023	**0.3**	**6.9**	**7.2**

	Company		
	Trademarks £m	Website and software £m	Total £m
53 weeks ended 30 April 2022			
Cost			
At 24 April 2021	0.8	42.8	43.6
Additions	–	1.7	1.7
At 30 April 2022	0.8	44.5	45.3
Accumulated amortisation			
At 24 April 2021	0.3	33.4	33.7
Amortisation charge	0.1	3.6	3.7
At 30 April 2022	0.4	37.0	37.4
Net book value at 30 April 2022	0.4	7.5	7.9

19. Intangible assets continued

Impairment of goodwill

Goodwill of £21.6m is split between the Group's operating segments as £14.4m (2022: £13.8m) for Wholesale, £4.5m (2022: £4.4m) for Ecommerce and £2.7m (2022: £2.5m) for Stores.

An impairment test is a comparison of the carrying value of assets of a business or cash generating unit (**CGU**) to their recoverable amount. The Group monitors goodwill for impairment at a segmental level. Wholesale and Ecommerce are defined as individual CGUs, and the Stores segment is a group of CGUs. These segments represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

The recoverable amount is estimated based on using a value in use model using discounted cash flows. Where the recoverable amount is less than the carrying value, an impairment results. The Group's medium-term plan has been used as the basis for this calculation extended to include cashflows over a 10-year period. This period has been chosen for this assessment as this closely aligns with the Group's enterprise value.

As identified in note 6, store assets have been impaired in the current year, where each store is assessed as an individual CGU. Goodwill is monitored at a total Stores segment level, not at an individual store level, and instead includes individually profitable stores in the assessment. Additionally, the cash flows in the goodwill impairment analysis are included over a 10-year period, compared to the lease expiry period in the store impairment assessment.

Key assumptions

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

Discount rates

Management estimates discount rates using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the CGUs. The pre-tax discount rate of 14.4% (2022: 14.3%) is derived from the Group's post-tax weighted average cost of capital of 12.8% (2022: 12.4%).

Operating cash flows

The key assumptions within the forecast operating cash flows include the growth rates in both sales and gross profit margins. This is especially dependent upon assumptions around the ability of the Group to pass increased input costs onto consumers. Key assumptions also include changes in the operating cost base in light of current inflationary pressure and operating efficiencies included in the plan, the extension of leases on profitable stores through the plan, and the level of capital expenditure, as set out in the medium-term financial plan. Judgement is also required in determining an appropriate allocation of central costs. Central costs have been allocated where there is a reasonable and consistent basis for apportionment.

Growth rates

The recoverable amount of each segment is calculated in reference to the value over the medium-term financial plan period, extrapolated for an additional five years at the long-term growth rate of 0.0% to 2.0% (2022: additional five years at 0.0% to 2.0%).

Goodwill sensitivity analysis

The results of the Group's impairment tests are dependent on estimates made by management, particularly in relation to the key assumptions described above. The principal assumptions on which the impairment tests were performed are detailed above. A sensitivity analysis as to potential changes in key assumptions has been performed.

Impact of change in key assumptions

The recoverable amounts of the future cash flows of the Ecommerce and Wholesale CGUs are significant, and management believes there were no reasonably possible or foreseeable changes in the key assumptions that would cause the difference between the carrying value and the recoverable amount to be materially reduced to warrant further review and disclosure.

The recoverable amount of the stores CGU is £75.3m, with headroom of £16.6m. Stores goodwill is sensitive to changes to the key assumptions. The key assumptions in the assessment of stores goodwill are sales growth which has a range of (4.1%) to (6.0%) per year and gross margin percentage, which changes by between 0.4% to 1.5% across the plan. A 1.9% fall in sales per year across the medium-term plan, a 1.3ppt drop in average Gross Margin per year and a 5.4% increase in the discount rate would result in the carrying value being equal to the recoverable amount.

Result of the impairment tests

Management considers that no charge for impairment should be reported in the 2023 consolidated financial statements (2022: £nil) based on the impairment and sensitivity analysis tests undertaken.

20. Investments

52 weeks ended 29 April 2023	Company 29 April 2023 £m	 30 April 2022 £m
Cost		
At 30 April 2022	**449.9**	472.0
Additions	**0.9**	14.0
Return of Capital from subsidiary	**–**	(36.1)
At 29 April 2023	**450.8**	449.9
Provision for impairment		
At 30 April 2022	**309.3**	211.6
Impairment charge	**67.2**	97.7
At 29 April 2023	**376.5**	309.3
Net balance sheet amount 29 April 2023	**74.3**	140.6

The total net book value of investments is £74.3m (2022: £140.6m). During 2023, an addition of £0.9m (2022: £0.8m) has been recorded in relation to the IFRS 2 charges, that are accounted for in Group subsidiaries but relate to shares in the ultimate parent, being Superdry plc.

An IFRS 9 loan loss allowance on intercompany receivables of £136.6m (2022: £15.6m) and an impairment charge of £67.2m (2022: charge of £97.7m) on the Group's investment in subsidiary undertakings has been recognised. The loss allowance uses the calculated NPV of the subsidiary and a review of a company's net debt position, to assess the intercompany balance. There is a difference between the Group and Company net assets due to the impairment in the Company being determined using the cash flows in the Group medium-term financial plan across all channels extrapolated for a further five years, whereas the retail cash flows used for the impairment of fixed assets and right-of-use assets in the Group balance sheet is limited to the existing lease term, which on average is three years. A further difference arises due a different allocation of central costs in the Group impairment models.

See note 24 for details of the IFRS 9 loan loss allowance.

Impairment of investments in subsidiary undertakings

The Company tests investments in subsidiary undertakings annually for impairment.

The recoverable amount of each subsidiary is based on the discounted cash flows over the medium-term financial plan period, extrapolated for a total of 10 years at the long-term growth rate of 0% to 2.0% (2022: of 0% to 2.0%). This period has been chosen for this assessment as this closely aligns with the Group's enterprise value. The recoverable amount is compared to the investment carrying value and any difference recorded as impairment. The medium-term financial plan is apportioned to each of the subsidiaries and used to calculate an enterprise value for each subsidiary. The equity value has then been determined by adjusting the enterprise value for the net debt in each subsidiary, which considers all intercompany loans and receivables, together with cash on hand. The equity value is compared to the carrying value of Superdry Plc's investment in the subsidiary. Where Superdry Plc's investment in the subsidiary exceeds the calculated equity value, an impairment has been recorded.

Management estimates discount rates using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the CGUs. The pre-tax discount rates range from 13.2% to 19.8% (2022: 11.3% to 17.7%). The discount rates are derived from the Group's post-tax WACC and range from 11.9% to 16.7% (2022: 11.1% to 13.8%).

This review has led to an impairment charge of £67.2m being recognised in respect of DKH Retail Ltd (£59.6m), Supergroup Germany GmbH (£3.7m), Superdry Retail Denmark A/S (£3.2m) and C-Retail Ltd (£0.7m). An equivalent review was performed in the prior reporting period, at which time an impairment charge of £97.7m was recognised in respect of DKH Retail Ltd. There are no circumstances identified in the current year, which support the reversal of other previously recognised impairments of investments in subsidiaries.

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

20. Investments continued

Subsidiaries

All of the subsidiaries have been included in the consolidated financial statements. A list of the subsidiaries held during the year is set out below (registered office addresses are included within note 39):

Subsidiary	Principal activity	Country of incorporation	2023 % shares
C-Retail Limited[1] – (07139142)	Clothing retailer in UK	UK	**100**
DKH Retail Limited[1,4] – (07063508)	Worldwide wholesale distribution	UK	**100**
SuperGroup Belgium NV[1]	Holds the investment in SuperGroup Netherlands BV	Belgium	**100**
SuperGroup Belgium Finance NV[1]	Provides finance to the European entities	Belgium	**100**
SuperGroup Concessions Limited[1] – (07139101)	Dormant	UK	**100**
SuperGroup Europe BVBA	Clothing retailer in Belgium	Belgium	**100**
Superdry France SARL[1]	Clothing retailer in France	France	**100**
Superdry Germany GmbH[1,3]	Clothing retailer in Germany	Germany	**100**
SuperGroup India Private Limited[1]	Manages supplier relationships in India	India	**100**
SuperGroup Internet Limited[1,7] – (07139044)	Clothing retailer via the Internet	UK	**100**
SuperGroup Netherlands BV	Holds the investment in SuperGroup Europe BVBA	Netherlands	**100**
SuperGroup Netherlands Retail BV	Clothing retailer in the Netherlands	Netherlands	**100**
SuperGroup Retail Spain S.L.U.[1,2]	Clothing retailer in Spain	Spain	**100**
SuperGroup Retail Ireland Limited[1]	Clothing retailer in the Republic of Ireland	ROI	**100**
SuperGroup Mumessillik Hizmet ve Ticaret Limited Sirketi[1]	Manages supplier relationships in Turkey	Turkey	**100**
SuperGroup Limited[1,6] – (07938117)	Dormant	UK	**100**
Superdry Hong Kong Limited[1]	Manages supplier relationships in China	HongKong	**100**
Superdry Sweden AB[1]	Clothing retailer in Sweden	Sweden	**100**
Superdry Norway A/S[1]	Norway wholesale agent	Norway	**100**
Superdry Retail Denmark A/S[1]	Clothing retailer in Denmark	Denmark	**100**
Superdry Retail LLC[5]	Clothing retailer in USA	USA	**100**
Superdry Wholesale LLC[5]	USA wholesale distribution	USA	**100**
SuperGroup USA Inc[1,5]	Holds investment in USA	USA	**100**

1. Directly owned by the Company.
2. Holds the investment in the Portuguese branch which is not material.
3. Holds the investment in the Austrian branch which is not material.
4. Holds the investment in the Switzerland and Norway branches which are not material.
5. Exempt from statutory audit.
6. Exempt from statutory audit under s448A exemption.
7. Exempt from statutory audit under s479A exemption.

All shares held by the Company are ordinary equity shares.

SuperGroup Internet Limited (company number 07139044) will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the period ended 29 April 2023. SuperGroup Internet Limited is 100% owned directly by Superdry plc. In accordance with section 479C of the Companies Act 2006, the Company will guarantee the debts and liabilities of SuperGroup Internet Limited.

20. Investments continued

Joint ventures

Set out below are the joint ventures of the Group as at 29 April 2023. The joint ventures have share capital consisting solely of ordinary shares, 50% of which are held directly by the Group. The country of incorporation is also their principal place of business.

Name of entity	Year-end	Country of incorporation	Ownership interest % shares	Measurement method
Trendy & Superdry Holding Limited	30 April	Hong Kong	50	Equity
Horace SARL (France)	31 Dec	France	50	Equity

The non-coterminous year end for Horace SARL (France) was historically determined and is of no material consequence to the Group.

As at 29 April 2023 and as 30 April 2022, the carrying value of the investment in Trendy & Superdry Holding Limited and Horace SARL was £nil. No charge was recognised in the financial statements in respect of the joint losses in the year as the opening investment asset was £nil (2022: £nil).

21. Balances and transactions with related parties

Directors' emoluments

Directors' remuneration is set out in the audited section of the Directors' Remuneration Report on pages 85-104.

Transactions with Directors

Other than in respect of arrangements set out below and in relation to the employment of Directors, details of which are provided in the Directors' Remuneration Report on pages 85-104, there is no material indebtedness owed to or by the Company or the Group to any employee or any other person or entity considered to be a related party. There are no exceptional amounts outstanding that related to transactions with related parties at the reporting date (2022: £0.8m) and that there were no amounts waived during the year (2022: £0.2m).

During the reporting period, the Group has spent £0.1m (2022: £0.1m) on travel and subsistence through companies in which Julian Dunkerton has a personal investment. The balance outstanding at 29 April 2023 was £nil (2022: £nil). This expenditure includes the provision of corporate travel, hotel and catering services supplied on an arm's-length basis. These interests have been disclosed and authorised by the Board.

In addition, the Group occupies two properties owned by J M Dunkerton SIPP pension fund whose beneficiary and member trustee is Julian Dunkerton. Rental charges for these properties during the year were £0.1m (2022: £0.1m). The balance outstanding at 29 April 2023 was £nil (2022: £nil).

An assessment has been performed for the FY23 year end to determine whether these transactions have been undertaken at arms' length. It was identified that the rent charged for the head office properties owned by the pension fund is at a rate considered to be below market rent. The combined annual rent for both properties is currently charged at £0.1m, compared to an anticipated market rent of £0.2m. Provision has been made to cover the additional cost of the market rate rent, dating back to the last rental review in 2012. The provision in place at the end of FY23 is £1.0m (2022: nil).

21. Balances and transactions with related parties continued

Company transactions with subsidiaries

The Company has made management charges and has intercompany payable and receivable balances included within trade and other payables and trade and other receivables as follows:

	Management charges		Intercompany payables		Intercompany receivables	
	2023 £m	2022 £m	**Balance sheet 29 April 2023 £m**	Balance sheet 30 April 2022 £m	**Balance sheet 29 April 2023 £m**	Balance sheet 30 April 2022 £m
C-Retail Limited	**9.7**	8.6	**–**	–	**29.3**	21.2
DKH Retail Limited	**13.0**	16.7	**(105.8)**	(91.8)	**–**	–
Superdry France SARL	**1.2**	1.2	**–**	–	**9.0**	6.2
Superdry Germany GmbH	**2.7**	2.2	**–**	–	**19.0**	54.2
SuperGroup Belgium NV	**–**	–	**–**	–	**20.4**	19.7
SuperGroup Belgium Finance NV	**–**	–	**(13.2)**	(13.2)	**–**	–
SuperGroup Concessions Limited	**–**	–	**(2.6)**	(2.6)	**–**	–
SuperGroup Internet Limited	**12.4**	11.2	**(99.9)**	(76.9)	**–**	–
SuperGroup Retail Ireland Limited	**0.6**	0.5	**–**	–	**3.1**	2.3
SuperGroup Retail Spain S.L.U.	**0.2**	0.3	**–**	(0.1)	**0.1**	–
SuperGroup Europe BVBA	**0.7**	0.8	**–**	–	**8.8**	5.6
SuperGroup Netherlands Retail and SuperGroup Netherlands BV	**0.9**	0.6	**(0.1)**	–	**5.8**	14.3
Superdry Nordic and Baltics A/S	**–**	–	**–**	–	**0.9**	1.0
Superdry Retail Denmark	**–**	–	**(0.1)**	(0.2)	**–**	–
Superdry Retail LLC	**3.1**	2.8	**–**	–	**8.0**	20.1
Superdry Wholesale LLC	**0.3**	0.4	**(0.1)**	–	**–**	46.3
Superdry Retail Sweden AB	**–**	–	**(3.7)**	(3.8)	**–**	–
SuperGroup India Private Ltd	**–**	–	**–**	–	**0.1**	0.1

The above intercompany receivable amounts are disclosed net of impairment charges.

Loan interest of £0.6m (2022: £0.2m) has been charged to Superdry Retail LLC, £0.6m (2022: £1.0m) of loan interest to Superdry Wholesale LLC and £nil (2022: £nil) of loan interest to Superdry Sweden AB in the period. As outlined in notes 24 and 27, these loans are repayable on demand.

There have been no further transactions in the period.

22. Deferred tax assets and liabilities

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

	Depreciation in excess of capital allowances	Temporary differences*	Tax losses	Intangible assets – Deferred tax asset	Intangible assets – Deferred tax liability	Derivatives	Leases**	Uncertain tax positions	Total
At 30 April 2022	–	5.7	41.5	11.1	(0.9)	(2.2)	9.7	1.4	66.3
Effect of UK Rate change to 25%	–	–	–	–	–	–	–	–	–
Credited/(charged) to the Group statement of comprehensive income – adjusted	–	(5.7)	(34.9)	(11.1)	(4.3)	2.2	(9.7)	(2.8)	(66.3)
Credited/(charged) to the Group statement of comprehensive income – adjusting items	–	–	–	–	–	–	–	–	–
At 29 April 2023	–	–	6.6	–	(5.2)	–	–	(1.4)	–

* This asset has only been recognised in jurisdictions where the criteria for recognition of deferred tax assets referenced below have been met.

** In the table above, the "Leases" category relates to deferred tax assets arising from temporary differences on leases. The Group's IFRS 16 right-of-use assets and lease liabilities are not reflected in the statutory accounts of its subsidiaries, which report under applicable local GAAPs, since they arise only on conversion of its subsidiaries' accounts from local GAAP to IFRS. Under these applicable local GAAPs, which are used as the basis for the profits assessed by the local tax authorities, the tax base for the Group's leases is typically nil.

22. Deferred tax assets and liabilities continued

	Depreciation in excess of capital allowances	Temporary differences	Tax losses	Intangible assets – Deferred tax asset	Intangible assets – Deferred tax liability	Derivatives	Leases	Uncertain tax positions	Total
At 24 April 2021	6.0	5.3	17.0	7.7	(0.7)	0.8	18.7	(1.0)	53.8
Effect of UK Rate change to 25%	1.8	1.0	4.6	2.3	–	0.3	2.2	0.5	12.7
Credited/(charged) to the Group statement of comprehensive income – adjusted	(7.6)	(0.6)	19.9	1.1	(0.2)	–	(11.7)	1.9	2.8
Credited/(charged) to the Group statement of comprehensive income – adjusting items	(0.2)	–	–	–	–	(3.3)	0.5	–	(3.0)
At 30 April 2022	–	5.7	41.5	11.1	(0.9)	(2.2)	9.7	1.4	66.3

The Group has a net recognised deferred tax asset of £Nil at the balance sheet date. On a gross basis, a deferred tax asset of £6.6m is recognised to the extent that it is offset by the Group's deferred tax liabilities. As a result of the revision to the Group's outlook and material uncertainty the Group has revised its estimate in respect of the deferred tax asset recognised.

There are unrecognised deferred tax assets (DTAs) of £125.3m at the balance sheet date (2022: £34.6m). The key material elements of unrecognised DTAs are tax losses of £78.1m, primarily within the UK and the USA, capital allowances in excess of depreciation of £17.7m, tax related to onerous lease and store impairment provisions of £12.1m and temporary differences arising under IFRS16 accounting for leases of £11.8m. The gross value of tax losses is £300m, of which £36m relate to US tax losses accrued prior to 31 December 2017 which carry a 20 year expiry window, whereas the remainder have no expiry date.

In the Group's financial statements, the majority of IFRS 16 right-of-use assets arise in respect of store leases. In many cases the value of these right-of-use assets has been reduced due to the recognition of impairment charges, such that the carrying value of the lease liabilities exceeds the carrying value of the right-of-use assets, resulting in a net lease liability in the Group financial statements.

The difference between the carrying value of this net lease liability recognised in the Group financial statements and the tax base of the leases gives rise to a temporary difference, on which a deferred tax asset has been recognised in prior years but not recognised in 2023.

The value of net deferred tax assets recognised per jurisdiction is set out below.

	Deferred tax asset recognised	
Jurisdiction	**2023 £m**	2022 £m
UK	**–**	53.3
Germany	**–**	9.7
Other	**–**	3.3
Total	**–**	66.3

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

Net deferred tax assets £m	Company					
	Depreciation in excess of capital allowances	Temporary differences	Tax losses	Intangible assets	Derivatives	Total
At 30 April 2022	2.0	–	6.5	–	–	8.5
Charged to the Company statement of comprehensive income – adjusted	(2.0)	–	(6.5)	–	–	(8.5)
Credited/(charged) to the Company statement of comprehensive income – adjusting items	–	–	–	–	–	–
At 29 April 2023	–	–	–	–	–	–

22. Deferred tax assets and liabilities continued

Net deferred tax assets £m	Company					
	Depreciation in excess of capital allowances	Temporary differences	Tax losses	Intangible assets	Derivatives	Total
At 24 April 2021	1.0	–	3.7	–	–	4.7
Charged to the Company statement of comprehensive income – adjusted	1.0	–	2.8	–	–	3.8
Credited/(charged) to the Company statement of comprehensive income – adjusting items	–	–	–	–	–	–
At 30 April 2022	2.0	–	6.5	–	–	8.5

Uncertain tax position

The Group is subject to tax laws in a number of jurisdictions and given the scale of its operations, it is subject to periodic challenges by local tax authorities on a range of tax matters. The Group's transfer pricing policies aim to allocate profits and losses to each operating entity on an arm's length basis.

It is uncertain how different tax authorities may view the impact of the pre-COVID challenging trading environment, and the challenges presented by COVID on the Group's internal transfer pricing policies.

Given this uncertainty, the Group has recognised the following provisions in respect of uncertain tax positions as required under IAS12, with due consideration to guidance contained within IFRIC23.

	Group	
52 weeks ended 29 April 2023	**29 April 2023 £m**	30 April 2022 £m
Deferred tax liability	**1.4**	1.4
Deferred tax asset	**–**	(2.8)
Uncertain tax position – net deferred tax asset/(liability)	**1.4**	(1.4)
Uncertain tax position – current tax liability	**2.1**	2.1
Uncertain tax position – total	**3.5**	0.7

23. Inventories

	Group		Company	
	2023 £m	2022 £m	**2023 £m**	2022 £m
Finished goods	**112.5**	132.7	**1.3**	1.3
Net inventories	**112.5**	132.7	**1.3**	1.3

Inventory write-downs for each period are as follows:

	Group		Company	
	2023 £m	2022 £m	**2023 £m**	2022 £m
At start of period	**6.1**	9.1	**–**	–
Provision charge in the period	**1.5**	1.6	**–**	–
Unused amounts reversed	**(2.2)**	(2.0)	**–**	–
Utilised in period	**(1.6)**	(2.6)	**–**	–
At end of period	**3.8**	6.1	**–**	–

The net movement in the inventory provision, excluding utilised amounts, is a £0.7m release (2022: £0.4m release).

There is no material difference between the book value and replacement cost of inventories.

Inventories are provided as security for the Asset Backed Lending facility which is described further in note 26.

24. Trade and other receivables

	Group		Company	
	2023 £m	Restated* 2022 £m	**2023 £m**	2022 £m
Trade receivables	**49.8**	60.7	**–**	–
Less: allowance for expected credit losses	**(6.0)**	(4.7)	**–**	–
Net trade receivables	**43.8**	56.0	**–**	–
Other amounts due from related parties – Current	**–**	–	**–**	211.4
Less: loss allowance for amounts due from related parties	**–**	–	**–**	(15.6)
Net amounts due from related parties – Current	**–**	–	**–**	195.8
Taxation and social security	**3.6**	6.8	**1.3**	1.3
Other receivables	**4.6**	9.1	**0.7**	1.7
Prepayments	**20.5**	31.2	**7.5**	6.0
Rent deposits held by landlords	**9.7**	9.5	**–**	–
Total trade and other receivables – Current	**82.2**	112.6	**9.5**	204.8
Other amounts due from related parties – Non-Current	**–**	–	**241.1**	–
Less: loss allowance for amounts due from related parties	**–**	–	**(136.6)**	–
Net amounts due from related parties – Non-Current	**–**	–	**104.5**	–
Total trade and other receivables	**82.2**	112.6	**114.0**	204.8

* The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 37.

Prepayments for the Group include £15.5m (2022: £15.3m) of prepaid rent and rates.

The fair values of trade and other receivables are equal to their carrying value. The current balances due from related parties are repayable on demand and will be settled in the originally course of operating activity. The non-current balances are not expected to be settled within the next twelve months.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. Trade and other receivables are provided as security for the Asset Backed Lending facility which is described further in note 26.

Impairment of trade receivables – Group accounts

The table below shows the credit risk exposure on the Group's trade receivables at 29 April 2023:

	Carrying amount £m	**Current £m**	**Overdue 1-30 days**	**Overdue 31-60 days**	**Overdue 60 days +**
Expected loss rate %	**12%**	**3%**	**22%**	**22%**	**37%**
Gross carrying amount – trade receivables	**49.8**	**34.1**	**2.6**	**2.5**	**10.6**
Loss allowance	**(6.0)**	**(1.0)**	**(0.6)**	**(0.5)**	**(3.9)**

The table below shows the credit risk exposure on the Group's trade receivables at 30 April 2022:

	Carrying amount £m	Current £m	Overdue 1-30 days	Overdue 31-60 days	Overdue 60 days +
Expected loss rate %	8%	3%	10%	31%	23%
Gross carrying amount – trade receivables	60.7	43.2	6.3	2.8	8.4
Loss allowance	(4.7)	(1.2)	(0.7)	(0.9)	(1.9)

Other receivables are tested for impairment on an individual basis. The credit risk is low, and the loss allowance measured as 12-month expected credit loss is immaterial. Due to the nature of the other classes within trade and other receivables there is not expected to be any credit loss allowance and as such there is no expected credit loss allowance to recognise on those assets.

24. Trade and other receivables continued

The closing loss allowances for trade receivables as at 29 April 2023 reconciles to the opening loss allowances as follows:

	2023 £m	2022 £m
At start of period	**4.7**	8.6
Change in allowance, net of recoveries charged to the Group statement of comprehensive income	**2.6**	–
Receivables written off during the year as uncollectable, previously provided for	**(0.4)**	(2.1)
Unused loss allowance reversed	**(0.9)**	(1.8)
At end of period	**6.0**	4.7

The changes in the loss allowance for trade receivables has resulted in a net provision movement for the year of £1.3m (2022: £3.9m reduction) as the provision associated with the debt written off has been utilised £0.4m (2022: £2.1m).

The individually impaired receivables relate wholly to the Wholesale segment. The other classes within trade and other receivables for the Group do not contain impaired assets.

Impairment of intercompany receivables – Company accounts

On 29 April 2023 intercompany receivables of £176.1m are included in stage 2 and £65.0m of intercompany receivables are included in stage 3 of IFRS 9's general impairment model (2022: all in stage 2). The stage 3 loans relate to the US Wholesale business, where operations have been scaled back following a management decision. The Company uses the expected forward-looking credit loss model approach of IFRS 9. At the start of the year, the provision recognised against the intercompany receivables was £15.6m. During 2023, there has been an increase of £121.0m to the impairment of amounts due from related parties bringing the year-end impairment to £136.6m. See note 33 for an assessment of the Company's financial risk management.

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

	2023 Carrying amount £m	2022 Carrying amount £m
Expected loss rate %	**56.7%**	7.4%
Gross carrying amount – receivables	**241.1**	211.4
Loss allowance	**(136.6)**	(15.6)

The increase in the rate of expected credit losses is due to the increase in the provision against the receivables due from Superdry Wholesale LLC £51.1m and Superdry Retail LLC £14.5m, Superdry Germany GmbH £40.0m and its Austrian branch £4.6m, sg Retail Spain – Portugal Branch £0.1m, Supergroup Netherlands BV £7.5m and SuperGroup Netherlands Retail £3.2m.

The closing loss allowances for intercompany receivables as at 29 April 2023 reconcile to the opening loss allowances as follows:

	2023 £m	2022 £m
At start of period	**15.6**	25.2
Change in allowance, net of recoveries charged to the Company statement of comprehensive income	**121.0**	(9.6)
At end of period	**136.6**	15.6

25. Cash and bank balances

	Group		Company	
	2023 £m	2022 £m	2023 £m	2022 £m
Cash at bank and in hand	**58.2**	20.5	**5.6**	–
Total cash and cash balances	**58.2**	20.5	**5.6**	–

Cash and bank balances comprise cash at bank with major UK and European clearing banks and earn floating rates of interest based upon bank base rates. At 29 April 2023, the Group had £8.0m (2022: £6.5m) deposited with HSBC Bank plc, £2.3m (2022: £2.2m) deposited with BNP Paribas, £Nil (2022 £0.4m) deposited with ING Bank, £0.1m (2022: £0.2m) deposited with Sydbank and £1.6m (2022: £1.5m) deposited with Europaisch-Iranische Handelsbank AG. The remainder of the cash is deposited in other bank accounts.

The Moody's credit rating as at 29 April 2023 for HSBC Bank plc is A3 (2022: A1), BNP Paribas is Aa3 (2022: Aa3), ING Bank is Aa3 (2022: Aa3), Sydbank is A1 (2022: A1).

25. Cash and bank balances continued

There are a number of balances included within cash and bank balances that are considered to be restricted cash. There is £nil (2022: £nil) of rent deposits held for sub-tenants of the Regent Street store, and £1.4m (2022: £nil) of cash deposits from franchise customer guarantees, all of which is held in escrow. Additionally, there is £1.6m (2022: £1.5m) deposited with Europäisch-Iranische Handelsbank AG which is subject to restrictions on repatriation. Also, there is £2.9m (2022: £nil) held within HSBC as trust accounts that are used as collection accounts for repayment of the Bantry Bay Asset Backed Lending Facility. Further to the announcement of the sale of Intellectual Property for certain APAC countries in March (see note 38), $5m was paid by the purchaser as a deposit ahead of formal approval by the Group's shareholders in May.

26. Borrowings

	Group		Company	
	2023 £m	2022 £m	**2023 £m**	2022 £m
Unsecured borrowings				
Bank overdraft	**35.8**	3.1	**2.2**	–
Total unsecured borrowings	**35.8**	3.1	**2.2**	–
Secured borrowings				
ABL facility	**48.0**	18.4	**–**	–
Total secured borrowings	**48.0**	18.4	**–**	–
Total borrowings	**83.8**	21.5	**2.2**	–

The Group has a multi-currency notional cash pool with HSBC UK Bank plc. This allows gross overdraft balances of up to £100m provided they are offset by an equivalent amount in cash. Gross overdrafts in 2023 amounted to £35.8m (2022: £3.1m) and are shown within borrowings in current liabilities on the balance sheet.

In December 2022, Superdry agreed an Asset Based Lending Facility of up to £80m, limited by levels of inventory and receivables held at any point in time, with specialist lender Bantry Bay Capital Limited, including a £30m term loan. This refinanced the previous £70m Asset Backed Lending Facility with HSBC and BNPP, which expired in December 2022. Interest on the facility is calculated as 7.5% + SONIA for any drawn amount and a flat 1% on any undrawn balance. The facility expires on 22nd December 2025 with an option to extend for a further year. The facility carries a fixed and floating charge over all assets in the Group.

The usage and undrawn balances under the Asset Backed Loan facility are shown below:

	Group	
	2023 £m	2022 £m
Availability	**48.0**	53.1
Utilisation – term loan	**(30.0)**	–
Utilisation – other asset backed drawings	**(18.0)**	(18.4)
Net undrawn asset backed loan facility	**–**	34.7

At the financial year-end, the Group had fully drawn down on the ABL facility but was holding gross cash in hand and in the bank of £58.2m.

The revised facility is operationally less complex to manage and as such has no financial covenants. It has operational covenants: a debt turns, a dilution percentage with regards to notified debt and an inventory turn. These covenants are calculated monthly when preparing the eligible inventory and receivables borrowing base.

On 7 August 2023 the Group agreed a secondary lending facility of up to £25m with Hilco Capital Limited at an interest rate of 10.5% + Bank of England base rate on any drawn balance and a flat rate of 2% on any undrawn amounts. Similar to the Bantry facility, the ability to borrow is linked to the levels of both inventories and trade receivables. The facility expires on 7 August 2024 with an option to extend.

Cash and overdraft balances have been disclosed gross in line with the requirements of IAS32: Financial instruments: Presentation. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

27. Trade and other payables

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Non-current				
Deferred cash contributions and rent-free periods	**1.6**	0.6	**–**	–
Other payables	**1.4**	2.0	**–**	–
Total non-current trade and other payables	**3.0**	2.6	**–**	–
Current				
Trade payables	**66.2**	68.7	**5.9**	3.2
Amounts due to related parties	**–**	–	**225.5**	193.4
Taxation and social security	**3.0**	3.9	**0.2**	0.7
Other payables	**6.7**	7.8	**1.1**	0.7
Returns liability	**11.5**	11.5	**–**	–
Contract liabilities	**5.5**	6.3	**–**	–
Accruals	**27.2**	30.6	**6.3**	7.4
Deferred cash contributions and rent-free periods	**0.7**	0.4	**–**	–
Total current trade and other payables	**120.8**	129.2	**239.0**	205.4
Total trade and other payables	**123.8**	131.8	**239.0**	205.4

Other payables include wage liabilities of £2.2m (2022: £1.7m) and agents' commission accruals of £1.8m (2022: £2.4m).

The balances due to related parties are repayable on demand.

The returns liability is the present obligations for the actual and estimated customer returns and is expected to be utilised within 12 months. The liability is recalculated at each balance sheet date considering recent sales and anticipated levels of returns.

The maturity analysis of non-current deferred cash contributions and rent-free periods is as follows:

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
1 – 2 years	**1.6**	0.6	**–**	–
2 – 5 years	**–**	–	**–**	–
Deferred cash contributions and rent-free periods	**1.6**	0.6	**–**	–

Deferred cash contributions and rent-free periods are held on account for lease commitment that are variable rent agreement and has no fixed agreement from commencement of lease.

Contract liabilities

Contract liabilities for the purpose of IFRS 15 relate to the provision of gift cards and the timing of the sale of goods. This is the case where payment is received in advance of the performance obligations, which will be discharged at a later point in time. IFRS 15 therefore requires disclosure of the value of these outstanding liabilities at year-end, and the value recognised during the year for those performance obligations being met. The below amounts are included within trade and other payables:

	Group 2023 £m	Group 2022 £m
Opening balance	**6.3**	5.1
New liabilities	**8.6**	8.8
Revenue recognised in income statement	**(9.4)**	(7.6)
Closing balance	**5.5**	6.3

Substantially all the revenue deferred at the current financial year-end will be recognised within two financial years. This was also the case at the prior financial year-end.

28. Provision for other liabilities and charges

	Group					
	Onerous property related contracts	**Other provisions**	**Total**	Onerous property related contracts	Other provisions	Total
	2023 £m	**2023 £m**	**2023 £m**	2022 £m	2022 £m	2022 £m
Provisions for other liabilities and charges at the start of the period	**8.4**	**3.5**	**11.9**	12.1	4.1	16.2
New provisions	**–**	**2.4**	**2.4**	–	–	–
Exchange differences	**0.3**	**0.1**	**0.4**	0.1	–	0.1
Utilisation in the period	**(2.8)**	**–**	**(2.8)**	(4.3)	(0.6)	(4.9)
Releases on exited stores	**(0.2)**	**(0.2)**	**(0.4)**	(1.0)	(0.2)	(1.2)
Charge in the period	**2.3**	**(1.3)**	**1.0**	1.5	0.2	1.7
Provisions for other liabilities and charges at the end of the period	**8.0**	**4.5**	**12.5**	8.4	3.5	11.9
Analysed as:						
Current provisions	**3.1**	**2.3**	**5.4**	3.0	1.7	4.7
Non-current provisions	**4.9**	**2.2**	**7.1**	5.4	1.8	7.2

Note 2 outlines the nature, descriptions and sensitivities surrounding the onerous property related contract provisions.

Other provisions relates to the dilapidation provisions. Dilapidations provisions will be utilised upon the exit or expiry of various property leases which are expected to be between 2023 and 2031. Onerous property related contracts are utilised over the remaining life of the lease, expected to be between 2023 and 2029.

Other provisions also include new provisions in the FY23 financial year in relation to restructuring costs. These are expected to be utilised within 12 months of the year-end.

	Company					
	Onerous property related contracts	**Other provisions**	**Total**	Onerous property related contracts	Other provisions	Total
	2023 £m	**2023 £m**	**2023 £m**	2022 £m	2022 £m	2022 £m
Provisions for other liabilities and charges at the start of the period	**1.5**	**–**	**1.5**	0.6	–	0.6
New provisions	**–**	**1.2**	**1.2**	–	–	–
Utilisation in the period	**(0.8)**	**–**	**(0.8)**	(0.2)	–	(0.2)
Charge in the period	**(0.6)**	**–**	**(0.6)**	1.1	–	1.1
Provisions for other liabilities and charges at the end of the period	**0.1**	**1.2**	**1.3**	1.5	–	1.5
Analysed as:						
Current provisions	**0.1**	**1.2**	**1.3**	1.0	–	1.0
Non-current provisions	**–**	**–**	**–**	0.5	–	0.5

29. Contingent liabilities

The Company is party to an unlimited cross guarantee over all liabilities of the Group.

DKH Ltd have issued a debenture in favour of HSBC UK Bank Plc ("HSBC") in relation to all outstanding facilities with HSBC. The debenture provides a fixed and floating charge over the company's assets, but, further to an intercreditor agreement, ranks after charges arising under the ABL facilities provided by Bantry Bay and Hilco.

The Group has contractual agreements with third party wholesale agents which include a right for the wholesale agent to be indemnified when the contract is terminated. These future indemnity amounts are held as contingent liabilities until the contract is terminated, at which point they are held as provisions or accruals. The value of future obligations for contracts which have not yet been terminated (and have no defined end date) is £3.2m (2022: £3.4m).

30. Leases

Right-of-use asset

52 weeks ended 29 April 2023	Group Right-of-use asset £m	Company Right-of-use asset £m
Cost		
At 30 April 2022	362.0	7.2
Additions*	36.5	0.4
Disposals	(12.9)	(1.0)
Lease modifications	(2.7)	(0.1)
Exchange rate difference	3.8	–
At 29 April 2023	386.7	6.5

* Additions are from new stores, extension or remeasurement of leases e.g. CPI changes.

52 weeks ended 29 April 2023	Group Right-of-use asset £m	Company Right-of-use asset £m
Accumulated depreciation		
At 30 April 2022	281.8	5.9
Depreciation charge	28.6	0.6
Disposals	(11.6)	(1.0)
Impairment reversals	(3.1)	(0.4)
Impairment charges	40.7	0.1
Exchange rate difference	1.8	(0.1)
At 29 April 2023	338.2	5.1
Net balance sheet amount at 29 April 2023	48.5	1.4

The above right-of-use asset net impairment movement of £37.6m (2022: £14.4m) constitutes part of the total net impairment of £41.0m in 2023 (2022: £16.8m) and relates to an impairment review performed on store assets with the remaining £3.4m (2022: £2.4m) relating to property, plant and equipment. For further details on this please see notes 2 and 6. This impairment has been included within adjusting items in the current and prior year.

The carrying amount of the right-of-use asset is split between motor vehicles of £nil (2022: £0.1m) and property of £48.5m (2022: £80.1m).

53 weeks ended 30 April 2022	Group Right-of-use asset £m	Company Right-of-use asset £m
Cost		
At 24 April 2021	343.4	7.2
Additions*	50.6	0.1
Disposals	(26.4)	(0.1)
Lease modifications	(4.1)	–
Exchange rate difference	(1.5)	–
At 30 April 2022	362.0	7.2

* Additions are from new stores, extension or remeasurement of leases, e.g. CPI changes.

30. Leases continued

53 weeks ended 30 April 2022	Group Right-of-use asset £m	Company Right-of-use asset £m
Accumulated depreciation		
At 24 April 2021	252.3	5.4
Depreciation charge	28.0	0.5
Disposals	(12.2)	0.1
Impairment reversals	(5.8)	(0.2)
Impairment charges	20.2	0.1
Exchange rate difference	(0.7)	–
At 30 April 2022	281.8	5.9
Net balance sheet amount at 30 April 2022	80.2	1.3

Items in the Group statement of comprehensive income not impacted by IFRS 16 are:

	Group	
	2023 £m	2022 £m
Lease expense relating to short-term assets	1.8	1.2
Lease expense of variable lease payments not included in the lease liabilities	5.9	3.2

The above lease expenses are gross of onerous property related contracts provision, capital contribution releases and rent-free lease. The equivalent disclosures in note 5 and note 12 are disclosed net of these.

Lease liability

Lease liabilities are calculated by discounting fixed lease payments using the incremental borrowing rate at the lease inception date determined with reference to the geographical location and length of the lease. The discount rates applied to leases range between 4.7% and 9.0% (2022: 0.3% to 8.5%).

	Group		Company	
Analysed as:	2023 £m	2022 £m	2023 £m	2022 £m
Current lease liability	60.5	66.1	1.3	1.3
Non-current lease liability	127.6	151.2	1.8	2.4
Total lease liability	188.1	217.3	3.1	3.7

The remaining contractual maturities of the lease liabilities, which are gross and undiscounted, are as follows:

	Group		Company	
	2023 £m	2022 £m	2023 £m	2022 £m
Less than one year	99.5	66.1	1.3	1.3
One to two years	49.2	50.2	1.0	0.9
Two to three years	35.1	42.8	0.6	0.8
Three to four years	24.9	28.5	0.2	0.4
Four to five years	14.5	19.9	–	0.2
More than five years	10.7	18.6	–	0.1
Total undiscounted lease liability	233.9	226.1	3.1	3.7

30. Leases continued

Reconciliation of liabilities to cash flow arising from leases:

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Opening lease liability	**217.3**	269.6	**3.7**	5.7
Payment of lease liability	**(61.4)**	(71.7)	**(1.3)**	(2.0)
Present value of Covid-19 rent concessions and deferrals	**(0.7)**	(3.7)	**–**	0.3
Increase due to lease additions and modifications	**35.5**	54.9	**0.4**	–
Decrease due to lease disposals and modifications	**(12.3)**	(34.7)	**(0.1)**	(0.2)
Interest expense	**5.1**	5.1	**0.1**	0.1
Foreign exchange differences	**4.6**	(2.2)	**0.3**	(0.2)
Closing lease liability	**188.1**	217.3	**3.1**	3.7

All movements in the table above are non-cash movements except for payment of lease liability (which includes both interest and principal), which are cash movements. For a reconciliation of liabilities to cash flow arising from other financing activities (excluding leases), refer to note 32.

31. Note to the cash flow statement

Reconciliation of operating profit to cash generated from operations.

	Note	Group 2023 £m	Group Restated 2022* £m	Company 2023 £m	Company 2022 £m
Operating (loss)/profit		**(70.1)**	25.6	**2.7**	8.4
Adjusted for:					
• Loss/(gain) on derivatives	6	**10.4**	(13.7)	**–**	–
• Depreciation of property, plant and equipment and right-of-use assets	18,30	**47.7**	41.1	**2.1**	3.8
• Amortisation of intangible assets	19	**8.1**	7.6	**3.6**	3.7
• Impairment charge of property, plant and equipment, right-of-use assets and intangible assets		**44.7**	24.2	**0.3**	–
• Impairment reversal of property, plant and equipment, right-of-use assets and intangible assets		**(3.7)**	(8.6)	**–**	–
• Loss on disposal of property, plant and equipment		**1.1**	1.1	**–**	–
• Lease modifications	11,30	**(13.1)**	(16.8)	**0.3**	(0.3)
• IFRS 16 Covid-19 rent concessions		**(0.7)**	(3.7)	**–**	(0.3)
• (Decrease)/increase in onerous property related contracts provision (net of releases on exited stores)	28	**(0.7)**	0.5	**(1.4)**	1.1
• Increase in other provisions	28	**0.9**	–	**1.2**	–
• Employee share award schemes	7	**1.4**	2.0	**0.7**	0.7
• IFRS 2 charge – FSP	9	**–**	(0.6)	**–**	–
• Foreign exchange losses	12	**(15.9)**	(12.3)	**(3.7)**	(4.1)
• Net release of inventory provision	23	**(0.7)**	(0.4)	**–**	–
• Net impairment of trade receivables	24	**1.7**	(1.8)	**–**	–
Operating cash flow before movements in working capital		**11.1**	44.2	**5.8**	13.0
Changes in working capital:					
• Decrease in inventories		**21.4**	16.7	**–**	0.2
• Decrease/(increase) in trade and other receivables		**29.4**	(12.4)	**(30.2)**	81.1
• (Decrease)/increase in trade and other payables and provisions		**(12.5)**	(1.3)	**33.6**	(80.9)
Cash generated from operating activities		**49.4**	47.2	**9.2**	13.4

* The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 37.

Group cash flows arising from adjusting items are £nil (2022: £nil).

32. Net debt

Analysis of net debt

		Group			
		2022 £m	Cash flow £m	Non-cash changes £m	**2023 £m**
Cash and bank balances	25	20.5	36.9	0.8	**58.2**
Overdraft	26	(3.1)	(32.7)	–	**(35.8)**
Cash and cash equivalents		17.4	4.2	0.8	**22.4**
ABL Facility	26	(18.4)	(29.6)	–	**(48.0)**
Net debt		(1.0)	(25.4)	0.8	**(25.6)**

		Company			
		2022 £m	Cash flow £m	Non-cash changes £m	**2023 £m**
Cash and bank balances	25	–	3.4	–	**3.4**
Overdraft	26	–	–	–	**–**
Cash and cash equivalents		–	3.4	–	**3.4**

Non-cash changes relates to exchange gains on cash and cash equivalents. Interest of £nil (2022: £nil) has been incurred in respect of short-term facilities.

A reconciliation of movements of liabilities to cash flows arising from financing activities excluding lease liability is included below:

	Group 2023 £m
Balance at 30 April 2022	**18.4**
Changes from financing cash flows:	
Drawdown of ABL	**160.1**
Payment of interest	**(3.3)**
Repayment of ABL	**(130.5)**
Total changes from financing cash flows	**26.3**
Other changes:	
Interest expense	**3.3**
Balance at 29 April 2023	**48.0**

See note 30 for an explanation of the movements in lease liabilities.

	Group 2022 £m
Balance at 25 April 2021	**–**
Changes from financing cash flows:	
Drawdown of ABL	**164.7**
Payment of interest	**(2.9)**
Repayment of ABL	**(146.3)**
Total changes from financing cash flows	**15.5**
Other changes:	
Interest expense	**2.9**
Balance at 30 April 2022	**18.4**

33. Financial risk management

The Company's and Group's activities expose it to a variety of financial risks, including market risk (including foreign currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain foreign exchange exposures.

Credit risk – Group accounts

Credit risk is managed on a Group basis through a shared service centre based in Cheltenham. Credit risk arises from cash and cash equivalents, as well as credit exposures to Wholesale and to a lesser extent Store and Ecommerce customers, including outstanding receivables and committed transactions. For Wholesale customers, management assesses the credit quality of the customer, considering its financial position, past experience and other factors. The Group mitigates risk in certain markets or with customers considered higher risk with payments in advance and bank guarantees, as well as adopting credit insurance where appropriate. The Group regularly monitors its exposure to bad debts in order to minimise risk of associated losses.

The Group is party to banking agreements that include a legal right of offset which enables the overdraft balances to be settled net with cash balances (2023 overdrafts: £35.8m, 2022 overdrafts: £3.1m). These balances have been excluded from contractual cash flows.

Sales to Store and Ecommerce customers are settled in cash, by major credit cards, or other online payment providers. Credit risk from cash and cash equivalents is managed via banking with well-established banks with a strong credit rating.

Impairment of financial assets

The Group's financial assets subject to the ECL model are primarily trade receivables.

A loss allowance is recognised based on ECL. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. None of the trade receivables that have been written off are subject to enforcement activities.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is considered when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

33. Financial risk management continued

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1. the financial instrument has a low risk of default;
2. the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
3. adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The maximum exposure to credit risk is equal to the carrying value of the derivatives, cash and trade and other receivables.

Measurement and recognition of expected credit losses

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

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

Credit risk – Company accounts

The ECL model is required to be applied to the intercompany receivable balances, which are classified as held at amortised cost. The increase in the loss allowance during the current year relates to a deterioration in the borrower's credit risk during the current period.

Foreign currency risk

The Group's foreign currency exposure arises from:

- transactions (sales/purchases) denominated in foreign currencies.
- monetary items (mainly cash receivables and borrowings) denominated in foreign currencies.
- investments in foreign operations, whose net assets are exposed to foreign currency translation.

The Group is mainly exposed to US Dollar and Euro currency risks. The exposure to foreign exchange risk within each company is monitored and managed at Group level. The Group's policy on foreign currency risk is to economic hedge a portion of foreign exchange risk associated with forecast overseas transactions, and transactions and monetary items denominated in foreign currencies.

The Group's approach is to hedge the risk of changes in the relevant spot exchange rate. The Group uses forward contracts to hedge foreign exchange risk. As at 29 April 2023 and 30 April 2022, the Group had entered into a number of foreign exchange forward contracts to hedge part of the aforementioned translation risk. Any remaining amount remains unhedged.

Forward exchange contracts have not been formally designated as hedges and consequently no hedge accounting has been applied. Forward exchange contracts are carried at fair value. Currency exposure arising from the net assets of the Group's foreign operations are not hedged.

On 29 April 2023, if the currency had weakened or strengthened by 20% against both the US Dollar and Euro with all other variables held constant, profit for the period would have been £19.6m (2022: £17m) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US Dollar/Euro trade receivables, cash and cash equivalents, and trade payables. The figure of 20% used for sensitivity analysis has been chosen because it represents a range of reasonably probable fluctuations in exchange rates.

33. Financial risk management continued

The Group's foreign currency exposure is as follows:

	Group			
	2023 US Dollar £m	**2023 Euro £m**	2022 US Dollar £m	2022 Euro £m
Financial assets				
Trade receivables	**5.9**	**25.1**	5.2	35.7
Cash and cash equivalents	**0.8**	**8.3**	7.9	5.6
Financial assets exposure	**6.7**	**33.4**	13.1	41.3
Financial liabilities				
Trade payables	**(8.9)**	**(9.4)**	(2.3)	(11.4)
Lease liabilities	**(20.1)**	**(81.7)**	(24.5)	(93.9)
Overdrafts	**(17.8)**	**–**	–	(7.1)
Financial liabilities exposure	**(46.8)**	**(91.1)**	(26.8)	(112.4)
Net exposure	**(40.1)**	**(57.7)**	(13.7)	(71.1)

Cash flow interest rate risk

The Group has financial assets and liabilities which are exposed to changes in market interest rates. Changes in interest rates impact primarily on deposits, loans and borrowings by changing their future cash flows (variable rate). Management does not currently have a formal policy of determining how much of the Group's exposure should be at fixed or variable rates and the Group does not use hedging instruments to minimise its exposure. However, at the time of taking out new loans or borrowings, management uses its judgement to determine whether it believes that a fixed or variable rate would be more favourable for the Group over the expected period until maturity. If base interest rates had been 1% higher or lower during FY23, the net interest charge would have increased or decreased by £0.4m. The Group's significant interest-bearing assets and liabilities are disclosed in notes 25 and 26.

Liquidity risk

Cash flow forecasting is performed on a Group basis by the monitoring of rolling forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs. The maturity profile of the Group's liabilities is analysed in notes 26, 27 and 30.

The Group is party to banking agreements that include a legal right of offset which enables the overdraft balances to be settled net with cash balances (2023: £35.8m overdraft, 2022: £3.1m overdraft). These balances have been excluded from contractual cash flows.

In light of the external challenges currently faced by the Group, which include input price inflation, the impact of high inflation on consumer spending and the longer-term impact of COVID-19 on consumer behaviour, the Group is closely managing cash flows through reduced capital expenditure and tight control over day-to-day spend. There additionally continues to be a focus on improving operational efficiency through reducing stock levels and through achieving cost savings.

In December 2022, Superdry agreed an Asset Based Lending Facility of up to £80m, limited by levels of inventory and receivables held at any point in time, including a £30m term loan, for three years with an option to extend for one further year, with specialist lender Bantry Bay Capital Limited, see note 26 for further details. This refinanced the previous £70m Asset Backed Lending Facility with HSBC and BNPP, which was due to expire in January 2023.

Maturity of undiscounted financial liabilities (excluding derivatives)

The expected maturity of undiscounted financial liabilities is as follows:

	2023 £m	2022 £m
In one year or less	**184.0**	128.7
In two to five years	**1.4**	2.0

The above balances relate to trade payables, other payables, accruals and overdrafts. See note 30 for analysis of undiscounted lease liabilities.

33. Financial risk management continued

Valuation hierarchy

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

	Group					
			2023			2022
	Level 1 £m	Level 2 £m	Level 3 £m	Level 1 £m	Level 2 £m	Level 3 £m
Assets						
Derivative financial instruments						
• forward foreign exchange contracts	–	1.1	–	–	9.8	–
Liabilities						
Derivative financial instruments						
• forward foreign exchange contracts	–	(2.2)	–	–	(0.5)	–

The level 2 forward foreign exchange valuations are derived from mark-to-market valuations based on observable market data as at the close of business on 29 April 2023 and 30 April 2022.

The notional principal amount of the outstanding outright FX contracts as at 29 April 2023 was £59.7m (2022: £105.4m).

Derivative financial instruments

There is a master netting agreement in place in relation to derivatives. All cash flows will occur within 24 months (2022: 24 months). All derivative financial instruments are carried at fair value as assets when the fair value is positive and as liabilities when the fair value is negative.

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

	Group		Company	
	2023 £m	2022 £m	2023 £m	2022 £m
Forward foreign exchange contracts – current	1.1	8.9	–	–
Forward foreign exchange contracts – non-current	–	0.9	–	–
Total derivative financial assets	1.1	9.8	–	–
Forward foreign exchange contracts – current	2.2	0.5	–	–
Forward foreign exchange contracts – non-current	–	–	–	–
Total derivative financial liabilities	2.2	0.5	–	–

The full fair value of a derivative is classified as a non-current asset or liability where the remaining maturity of the derivative is more than 12 months and as a current asset or liability if the maturity of the derivative is less than 12 months. The fair value of derivatives at 25 August 2023 is £0.7m.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders, and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. The Group is not subject to any externally imposed capital requirements. The Group's strategy remains unchanged from financial year 2022.

Consistent with others in the industry, the Group monitors capital based on the gearing ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is defined in note 35. Total capital employed is calculated as "equity" as shown in the consolidated balance sheet plus net debt. The Group is in a net debt position on 29 April 2023 (2022: net debt position).

The Board has put in place a distribution policy which considers the degree of maintainability of the Group's profit streams as well as the requirement to maintain a certain level of cash resources for working capital and capital investment purposes. If appropriate, the Board will recommend an ordinary dividend broadly reflecting the profits in the relevant period. In addition, the Board will consider and, if appropriate, recommend the payment of a supplemental dividend alongside the final ordinary dividend. The value of any such supplemental dividend will vary depending on the performance of the Group and the Group's anticipated working capital and capital investment requirements through the cycle. It is intended that, in normal circumstances, the value of the ordinary dividends declared in respect of any year are covered at least three times by adjusted profit after tax (see note 35 for definition). Considering the current economic climate and consistent with the FY22 decision, the Board did not propose an interim dividend and has made the decision not to recommend a final dividend for FY23. In addition, under the terms of our recent loan facility, the Company is restricted from declaring, making or paying dividends to shareholders without prior permission from Bantry Bay, which cannot be unreasonably withheld.

33. Financial risk management continued

Capital Structure

The capital structure is as follows:	Group 2023 £m	Group Restated* 2022 £m	Company 2023 £m	Company 2022 £m
Equity	**(53.1)**	100.2	**11.5**	157.8
Cash and cash equivalents	**58.2**	20.5	**3.4**	–
Borrowings	**(83.8)**	(21.5)	**–**	–
Net cash and cash equivalents	**(25.6)**	(1.0)	**3.4**	–

* The Group balance sheet at 30 April 2022 has been restated to correct certain misstatements, see note 37.

Financial instruments: Asset

Financial instruments by category: Assets	Group: Assets at fair value through profit or loss 2023 £m	Financial assets at amortised cost 2023 £m	Total 2023 £m	Assets at fair value through profit or loss 2022 £m	Financial assets at amortised cost 2022 £m	Total 2022 £m
Trade and other receivables excluding non-financial assets	**–**	**58.1**	**58.1**	–	74.6	74.6
Derivative financial instruments	**1.1**	**–**	**1.1**	9.8	–	9.8
Cash and cash equivalents	**–**	**58.2**	**58.2**	–	20.5	20.5
Financial instruments – assets	**1.1**	**116.3**	**117.4**	9.8	95.1	104.9

Financial instruments: Liabilities

Financial instruments by category: Liabilities	Group: Liabilities at fair value through profit or loss 2023 £m	Other financial liabilities at amortised cost 2023 £m	Total 2023 £m	Liabilities at fair value through profit or loss 2022 £m	Other financial liabilities at amortised cost 2022 £m	Total 2022 £m
Derivative financial instruments	**2.2**	**–**	**2.2**	0.5	–	0.5
Lease liabilities	**–**	**188.1**	**188.1**	–	217.3	217.3
Borrowings	**–**	**83.8**	**83.8**	–	21.5	21.5
Trade and other payables excluding non-financial liabilities	**–**	**101.5**	**101.5**	–	109.1	109.1
Financial instruments – liabilities	**2.2**	**373.4**	**375.6**	0.5	347.9	348.4

Financial instruments: Assets

Financial instruments by category: Assets	Company: Financial assets at amortised cost 2023 £m	Financial assets at amortised cost 2022 £m
Trade and other receivables excluding non-financial assets	**105.0**	197.5
Cash and cash equivalents	**3.4**	–
Financial instruments – assets	**108.4**	197.5

Financial instruments: Liabilities

Financial instruments by category: Liabilities	Company: Other financial liabilities at amortised cost 2023 £m	Other financial liabilities at amortised cost 2022 £m
Trade and other payables excluding non-financial liabilities	**238.7**	204.7
Lease liabilities	**3.1**	3.7
Financial instruments – liabilities	**241.8**	208.4

34. Share capital

Authorised, allotted and fully paid 5p shares

Group and Company	Number of shares	Value of shares (£m)
29 April 2023	**82,201,937**	**4.1**
30 April 2022	82,129,177	4.1

72,760 ordinary shares of 5p were authorised, allotted and issued in the period under the Superdry share-based Long-Term Incentive Plans, Buy As You Earn and Save As You Earn schemes, as well as under other schemes issued to certain members of senior management. This represents the only movement in share capital in the year.

The number of shares stated above includes all Superdry Plc shares, including those held by the Supergroup Plc employee benefit trust. See below for a summary of the shares held by the trust at 29 April 2023.

Employees Share Option Plan (ESOP)

Group and Company	Number of shares	Value of shares (£m)
29 April 2023	**54,042**	**0.1**
30 April 2022	768,990	2.0

During the year, the Supergroup Plc employee benefit trust issued 714,948 of Superdry Plc's shares in order to settle current obligations under the Group's share-based incentive schemes. The employee benefit trust has been consolidated in the Group and Company financial statements, with the shares recognised in a separate ESOP reserve.

35. Alternative performance measures

Introduction

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

The APMs used in this Annual Report are adjusted operating profit and margin, adjusted profit/(loss) before tax, adjusted tax expense and adjusted effective tax rate, adjusted earnings per share and net cash/debt.

A reconciliation from these non-GAAP measures to the nearest measure prepared in accordance with IFRS is presented below. The APMs we use may not be directly comparable with similarly titled measures used by other companies. There have been no changes in definitions from the prior period.

Adjusting items

The Group's statement of comprehensive income and segmental analysis separately identify adjusted results before adjusting items. The adjusted results are not intended to be a replacement for the IFRS results. The Directors believe that presentation of the Group's results in this way provides stakeholders with additional helpful analysis of the Group's financial performance. This presentation is consistent with the way that financial performance is measured by management and reported to the Board and the Executive Committee. It is also consistent with the way that management is incentivised.

In determining whether events or transactions are treated as adjusting items, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence. Adjusting items are identified by virtue of their size, nature or incidence.

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

- the movement in the fair value of unrealised financial derivatives;
- business restructuring programmes;
- store asset impairment charges and onerous property related contracts provision;
- IFRS 2 charges in respect of Founder Share Plan (**FSP**).

35. Alternative performance measures continued

- Intangible asset impairments;
- derecognition of deferred tax assets; and
- impact on deferred tax assets/liabilities for changes in tax rates.

If other items meet the criteria, which are applied consistently from year to year, they are also treated as adjusting other items.

Adjusting items in this period

The following items have been included within "Adjusting items" for the period ended 29 April 2023:

Fair value remeasurement of foreign exchange contracts – financial years 2023 and 2022

The fair value of unrealised financial derivatives is reviewed at the end of each reporting period and unrealised losses/gains are recognised in the Group statement of comprehensive income.

The Directors consider unrealised losses/gains to be adjusting items due to both their size and nature. The size of the movement on the fair value of the contracts is dependent on the spot foreign exchange rate at the balance sheet date and an assessment of future foreign exchange volatility applied to the relevant contract currencies, as such the size of the movements can be substantial. The unrealised foreign exchange contracts have been entered into in order to achieve an economic hedge against future payments and receipts and are not a reflection of historical performance.

Restructuring, strategic change and other costs – financial year 2023

The Group has undertaken a number of restructuring activities during FY23, resulting in the reduction of staff. The costs of redundancy, together with the legal and advisor costs associated with the restructure projects have been classified as adjusting items.

Store asset impairment and onerous property related contracts provision – financial years 2023 and 2022

A store asset impairment and onerous property related contracts provision review was performed during the year across the Group's store portfolio. An adjusting net impairment charge of £41.0m of property, plant and equipment, intangible assets and right-of-use assets has been made on the basis that the recoverable amount is less than the carrying value. In addition, an onerous property contract charge of £2.3m has been recognised.

A similar exercise was performed in financial year 2022 across all store assets, resulting in a property, plant and equipment, intangible assets and right-of-use assets impairment of £16.8m and an onerous property related contracts provision charge of £1.5m.

The Directors consider the store impairment and onerous property related contracts provision to be an adjusting item due to the materiality of the charge. See notes 2 and 6 for further details.

Founder Share Plan (FSP) – IFRS 2 charge – financial years 2023 and 2022

While there are no cost or cash implications for the Group, the Founder Share Plan (**FSP**) falls within the scope of IFRS 2. The Group has included the IFRS 2 charge and related deferred tax movement in relation to the FSP within adjusting items for the prior period.

The Directors consider the plan to be one-off in nature and unusual in that the share awards are being funded exclusively by the Founders. While the charge is spread over a few financial years, the plan is a one-time scheme. Accordingly, the IFRS 2 charge in respect of the FSP is an adjusting item due to the size, nature and incidence of the scheme. There are no known recent examples within quoted companies of incentive arrangements operating in a similar way to the FSP. While unusual in terms of size, the plan is also unusual regarding its treatment in what is essentially a personal arrangement, with no net cost or cash and minimal administrative burden to the Company. There are no other adjustments anticipated in respect of the scheme other than the IFRS 2 charge.

Therefore, the Directors consider the charge to be significant in terms of its potential influence on the readers' interpretation of the Group's financial performance. The scheme ended in January 2022, with none of the vesting criteria met. Accordingly, no further expense or credit will be recognised in profit and loss in respect of the scheme in future periods. See note 9 for further details of the FSP.

35. Alternative performance measures continued

Adjusted operating (loss)/profit and margin

In the opinion of the Directors, adjusted operating profit and margin are measures which seek to reflect the performance of the Group that will contribute to long-term sustainable profitable growth. The Directors focus on the trends in adjusted operating profit and margins, and they are key internal management metrics in assessing the Group's performance. As such, they exclude the impact of adjusting items.

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

	2023 £m	Restated* 2022 £m
Reported revenue	**622.5**	609.6
Operating (loss)/profit	**(70.1)**	25.6
Adjusting items	**56.8**	4.0
Adjusted operating (loss)/profit	**(13.3)**	29.6

	2023 £m	2022 £m
Operating margin	**(11.3%)**	4.2%
Adjusted operating margin	**(2.1%)**	4.9%

* The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 37.

Adjusted (loss)/profit before tax

In the opinion of the Directors, adjusted (loss)/profit before tax is a measure which seeks to reflect the performance of the Group that will contribute to long-term sustainable profitable growth. As such, adjusted (loss)/profit before tax excludes the impact of adjusting items. The Directors consider this to be an important measure of Group performance and is consistent with how the business performance is reported to and assessed by the Board and the Executive Committee.

A reconciliation from (loss)/profit before tax, the most directly comparable IFRS measure, to the adjusted (loss)/profit before tax is set out below.

	2023 £m	Restated* 2022 £m
(Loss)/profit before tax	**(78.5)**	17.6
Adjusting items	**56.8**	4.0
Adjusted (loss)/profit before tax	**(21.7)**	21.6

* The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 37.

Adjusted tax expense and adjusted effective tax rate

In the opinion of the Directors, adjusted tax expense is the total tax charge for the Group excluding the tax impact of adjusting items. Correspondingly, the adjusted effective tax rate is the adjusted tax (expense)/credit divided by the adjusted (loss)/profit before tax.

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

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

	2023 £m	Restated* 2022 £m
Adjusted (loss)/profit before tax	**(21.7)**	21.6
Tax (expense)/credit	**(69.6)**	4.8
Adjusting items – current tax	**–**	–
Adjusting items – deferred tax	**–**	3.0
Adjusted tax (expense)/credit	**(69.6)**	7.8
Adjusted effective tax rate	**(320.7)%**	36.1%

* The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 37.

35. Alternative performance measures continued

Net cash/(debt)

In the opinion of the Directors, net cash/debt is a useful measure to monitor the overall cash position of the Group. It is the total of all short and long-term loans and borrowings, less cash and cash equivalents. See note 32 for the Group's net cash/(debt) position. This position is exclusive of financial liabilities in relation to IFRS 16.

Adjusted EPS

In the opinion of the Directors, adjusted earnings per share is calculated using basic earnings, adjusted to exclude adjusting items net of current and deferred tax. See note 16 for the Group's adjusted EPS.

36. Government assistance

The Group received government support within the UK and EU territories during the current and prior years in response to the Covid-19 pandemic. This included: deferring tax payments; obtaining reductions in business rates from the UK government; seeking compensation for lost revenue and subsidies to cover fixed costs; and placing staff on furlough during the periods of store closures.

Furlough support across all territories of £1.2m was recognised in the year (2022: £0.3m), through the UK's Coronavirus Job Retention Scheme (CJRS) and equivalent schemes in other countries. A provision of £0.4m (2022: £1.6m) has been recognised to cover any existing furlough related clawbacks.

The business rates reductions from the UK government totalled £nil (2022: £4.6m).

Lost revenue and subsidy support in the UK and other territories of £0.2m has been recognised in the year (2022: £1.7m).

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. The value is netted off against costs in selling, general and administrative expenses.

37. Prior-year adjustments

The financial statements for the prior financial year have been restated to incorporate the impact of misstatements to balances at the year-end and in the brought forward balance sheet position at the end of FY21. The misstatements impact the values of Other receivables, Property, plant and equipment and Intangible assets.

During the current financial year the Company have undertaken a full review of the realisability of debtor balances. Following this review, it has been established that the Other receivables balance has been overstated in the prior year and earlier periods due to historically inconsistent information flows and manual data management for our E-commerce debtor balances, resulting in charges that have not been recognised in the Group statement of comprehensive income and incorrect foreign exchange calculations. The adjustments impact the prior year balance sheet, reducing the Other receivables balance by £4.9m, comprising an additional charge of £1.5m to profit and loss for FY22 and a reduction of £3.4m to the brought forward retained earnings at the end of FY21.

In addition, it has been established that on disposal of impaired assets, the gross value of the assets, accumulated amortisation and associated impairments have not been correctly removed from the prior year balance sheet. As a result, property, plant and equipment and intangible assets in the prior year have been restated to correctly remove the gross assets and associated amortisation disposed, and to reflect the removal of the associated impairments on disposed properties. At the end of FY22, these adjustments have increased property, plant and equipment by £1.0m and intangible assets by £0.2m, with a corresponding credit to selling, general and administrative expenses.

The following tables summarise the impact of the adjustments on the consolidated financial statements for the 53 weeks ended 30 April 2022:

37. Prior-year adjustments continued

Group Statement of Comprehensive Income

For the 53 weeks ended 30 April 2022	As previously reported 2022 £m	Adjustments 2022 £m	Restated 2022 £m
Revenue	609.6	–	609.6
Cost of sales	(267.0)	(1.2)	(268.2)
Gross profit	342.6	(1.2)	341.4
Selling, general and administrative expenses*	(361.2)	0.9	(360.3)
Other costs and gains net of finance costs*	36.5	–	36.5
Income tax credit	4.8	–	4.8
Profit for the period	**22.7**	**(0.3)**	**22.4**

	Pence per share	Pence per share	Pence per share
Earnings per share – Basic	27.7	(0.3)	27.4
Earnings per share – Diluted	26.7	(0.3)	26.4

* During the current financial year, the Group reclassified £12.0m of realised gains/(losses) on FX contracts and unrealised gains on FX from selling general and administrative expense to Other gains and losses (net). This reclassification more appropriately reflects selling, general and administrative expenses. Prior financial year comparatives of £12.0m have been restated to align to the current financial year approach, as noted at the foot of the Group Statement of Comprehensive income.

Consolidated balance sheet

At 30 April 2022	As previously reported 2022 £m	Adjustments 2022 £m	Restated 2022 £m
Property, plant and equipment	22.4	1.0	23.4
Intangible assets	42.3	0.2	42.5
Trade and other receivables	117.5	(4.9)	112.6
Other assets	309.5	–	309.5
Total assets	491.7	(3.7)	488.0
Current liabilities	(226.0)	–	(226.0)
Non-current liabilities	(161.8)	–	(161.8)
Total liabilities	(387.8)	–	(387.8)
Net assets	103.9	(3.7)	100.2
Retained earnings	256.7	(3.8)	252.9
Translation reserve	(1.6)	0.1	(1.5)
Share capital and other reserves	(151.2)	–	(151.2)
Total equity	**103.9**	**(3.7)**	**100.2**

37. Prior-year adjustments continued

At 30 April 2021	As previously reported 2021 £m	Adjustments 2021 £m	Restated 2021 £m
Property, plant and equipment	29.4	–	29.4
Intangible assets	41.7	–	41.7
Trade and other receivables	102.3	(3.4)	98.9
Other assets	338.8	–	338.8
Total assets	512.2	(3.4)	508.8
Current liabilities	(232.5)	–	(232.5)
Non-current liabilities	(189.3)	–	(189.3)
Total liabilities	(421.8)	–	(421.8)
Net assets	90.4	(3.4)	87.0
Retained earnings	233.0	(3.5)	229.5
Translation reserve	6.6	0.1	6.7
Share capital and other reserves	(149.2)	–	(149.2)
Total equity	**90.4**	**(3.4)**	**87.0**

There is no impact on the consolidated cash flow statement for the period ended 30 April 2022. Due to unrecognised tax losses, there is also no impact on current or deferred tax.

38. Post balance sheet events

Sale of intellectual property for certain Asia Pacific countries

On 22 March 2023, the Group announced that it had entered into an agreement with Cowell Fashion Company Ltd to dispose of its intellectual property assets in certain countries within the Asia Pacific region, for an upfront fee of USD50 million. The transaction constituted a Class 1 transaction for Superdry under the FCA's Listing Rules and, at the year-end, completion of the disposal was conditional upon the approval of Superdry's shareholders at a general meeting of the Company. The disposal was approved at a General Meeting of the Company's shareholders held on 30 May 2023 and the proceeds of the disposal were received on 31 May 2023.

The Agreement means Cowell will own and use the Superdry brand in key APAC markets. As at 29 April 2023, the carrying value of the assets disposed of in the transaction was £nil.

Equity raise

On 2 May 2023, the Company announced the successful completion of an equity raise, raising gross proceeds of approximately £12.0m through a Placing and separate Retail Offer. In aggregate, the Equity Raise comprised 15,700,000 New Ordinary Shares, representing approximately 19.1 per cent of the Company's issued share capital at that date. The placing of 14,489,642 shares raised gross proceeds of approximately £11.1m at an issue price of 76.3 pence per share and retail investors have subscribed for a total of 1,210,358 shares at the issue price, raising gross proceeds of approximately £0.9m.

Secondary Lending Facility

On 7 August 2023 the Group agreed a secondary lending facility of up to £25m with Hilco Capital Limited at an interest rate of 10.5% + Bank of England base rate on any drawn balance and a flat rate of 2% on any undrawn amounts. Similar to the Bantry facility, the ability to borrow is linked to the levels of both inventories and trade receivables. The facility expires on 7 August 2024 with an option to extend.

39. Details of related undertakings

Superdry plc (the Company) is a public company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The address of the Company's registered office is shown below.

Details of related undertakings including principal activity, country of incorporation and percentage of shares held by the Company are listed in note 20. The ultimate parent company and controlling party is Superdry plc. The primary activity of Superdry plc is to be the ultimate parent of the subsidiaries and incur expenses in relation to being a plc. The registered office address of each related undertaking is listed below:

UK
Superdry plc
C-Retail Limited
DKH Retail Limited
SuperGroup Concessions Limited
SuperGroup Internet Limited
Unit 60 The Runnings
Cheltenham
Gloucestershire
GL51 9NW
United Kingdom

Europe
SuperGroup Europe BVBA
SuperGroup Belgium NV
SuperGroup Belgium Finance NV

Industrielaan 3
1702 Dilbeek
Brussels
Belgium

Superdry Germany GmbH
Sendlinger Str.6
80331
Munich
Germany

Superdry France SARL
16 Rue Portalis
75008
Paris
France

SuperGroup Netherlands BV
SuperGroup Netherlands Retail BV
Nieuwstraat 156
5126CH
Gilze
The Netherlands

SuperGroup Retail Spain S.L.U
C/Sancho de avila
Num. 52-58
Planat 2, Puerta 1-2
08018
Barcelona
Spain

SuperGroup Retail Ireland Limited
c/o Egan O'Reilly Solicitors
19, Upper Mount Street
Dublin 2
Ireland

SuperGroup Sweden AB
c/o CorpNordic Sweden AB
Box 16285
103 25 Stockholm
Sweden

Superdry Norway A/S
Dronningens gate 8B
0151 Oslo
Norway

Superdry Retail Denmark A/S
Emdrupvej 26 1. Sal
2100 København Ø
Denmark

Horace
703 Route Nationale
83310
Grimaud
France

Asia
SuperGroup India Private Limited
401-407 (4th Floor), Tolstoy House
Tolstoy Marg
New Delhi – 110001
India

Superdry Mumessillik Hizmet ve
Ticaret Limited Sirketi
Baglar Mahallesi Yavuz Sultan Selim
Caddesi Canel
Plaza no: 15
Kat 9 Bagcılar-istanbul
Turkey

Superdry Hong Kong Limited
1106-8, 11th Floor, Tai Yau Building
No 181 Johnston Road
Wanchai
Hong Kong

Trendy & Superdry Holding Limited
13th Floor Gloucester Tower
The Landmark
15 Queen's Road
Central
Hong Kong

North America
Superdry Retail LLC
Superdry Wholesale LLC
SuperGroup USA Inc
160 Greentree Drive
Suite 101
Dover
DE 19904
USA

Five Year History

(Unaudited)	2019 £m	2020* £m	2021 £m	Restated *** 2022 £m	**2023 £m**
Revenue	871.7	704.4	556.1	609.6	**622.5**
Cost of sales	(391.3)	(326.5)	(263.0)	(268.2)	**(294.1)**
Gross profit	480.4	377.9	293.1	341.4	**328.4**
Selling, general and administrative expenses – adjusted	(447.0)	(412.1)	(321.6)	(342.6)	**(372.7)**
Impairment (losses)/credit on trade receivables	–	(9.2)	3.8	1.8	**(1.7)**
Other gains and losses (net) – adjusted	10.8	9.1	19.3	29.0	**32.7**
Operating profit/(loss) before adjusting items – adjusted	44.2	(34.3)	(5.4)	29.6	**(13.3)**
Adjusting items (net)	(116.3)	(125.1)	(24.1)	(4.0)	**(56.8)**
Operating profit/(loss)	(72.1)	(159.4)	(29.5)	25.6	**(70.1)**
Finance costs (net)	(1.0)	(7.5)	(7.2)	(8.0)	**(8.4)**
Impairment losses on financial assets	(10.0)	–	–	–	**–**
Share of loss in investment/joint venture	(6.2)	–	–	–	**–**
Profit/(loss) before tax	(89.3)	(166.9)	(36.7)	17.6	**(78.5)**
Tax (expense)/credit	(12.4)	23.5	0.6	4.8	**(69.6)**
Profit/(loss) for the period	(101.7)	(143.4)	(36.1)	22.4	**(148.1)**
Profit attributable to non-controlling interests	–	–	–	–	**–**
Profit/(loss) attributable to equity shareholders	(101.7)	(143.4)	(36.1)	22.4	**(148.1)**
Adjusted profit/(loss) before tax	38.0	(41.8)	(12.6)	21.6	**(21.7)**
Basic earnings per share (pence)	(124.2)	(174.9)	(44.0)	27.4	**(181.3)**
Adjusted basic earnings per share (pence)	32.4	(43.5)	(19.4)	35.9	**(111.8)**
Weighted average number of shares (m)**	81.9	82.0	82.0	81.9	**81.7**

* Financial year 2020 includes the implementation of IFRS 16. The comparative periods have not been restated for this.

** Financial Year 2022 states weighted average number of shares after the deduction of Superdry Plc shares held in trust by Supergroup Plc Employee Benefit Trust.

*** The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 37.

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