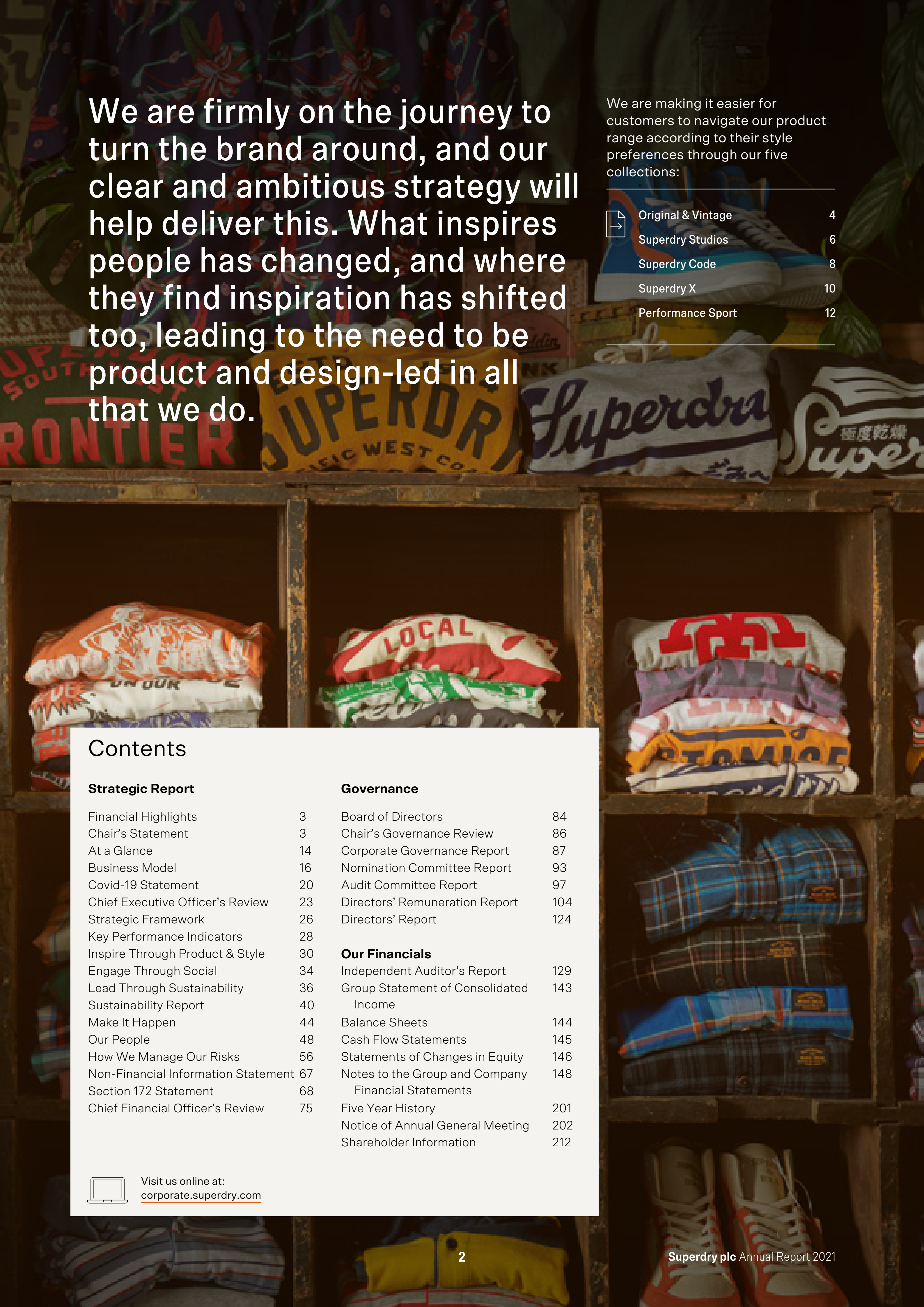
SUPERDRY® 冒険魂

A LOT TO LOOK FORWARD TO

Annual Report and Accounts 2021

← Original & Vintage
(Front cover)

↓ Superdry Studios



We are firmly on the journey to turn the brand around, and our clear and ambitious strategy will help deliver this. What inspires people has changed, and where they find inspiration has shifted too, leading to the need to be product and design-led in all that we do.

We are making it easier for customers to navigate our product range according to their style preferences through our five collections:

Contents

Visit us online at:
corporate.superdry.com

Financial Highlights

Group Revenue (£m)

£556.1m YoY Movement (21.1)%

2021	**556.1**
2020	704.4
2019	871.7

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

£(12.6)m YoY Movement (69.9)%

2021	**(12.6)**
2020	(41.8)
2019	38.0

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

£(36.7)m YoY Movement (78.0)%

2021	**(36.7)**
2020	(166.9)
2019	(89.3)

Adjusted basic EPS* (p)

(19.4)p YoY Movement (55.4)%

2021	**(19.4)**
2020	(43.5)
2019	32.4

Basic EPS

(44.0)p YoY Movement (74.8)%

2021	**(44.0)**
2020	(174.9)
2019	(124.2)

Closing Net Cash*

£38.9m YoY Movement 6.0%

2021	**38.9**
2020	36.7
2019	35.9

* 'Adjusted' and 'Net Cash' are used as alternative performance measures (APMs). A definition of APMs and explanation as to how they are calculated is included in note 36 to the Group and Company Financial Statements.

Chair's Statement

Welcome to Superdry plc's Annual Report for FY21. I was appointed Chair on 29 April 2021 and I am excited to work with another global brand. During my first few months in post, I have spent time with fellow Board members and senior colleagues at Superdry (as far as restrictions have allowed), familiarising myself with Superdry's business model and operations.

I would like to take this opportunity to thank former Chair, Peter Williams, for his work with the Board and Superdry from April 2019 to April 2021. I would also like to thank all of my new colleagues at Superdry, at our Head Office and in our stores and locations worldwide, for their continued hard work and commitment during this difficult and extraordinary year.

The ways in which the Covid-19 pandemic have impacted our customers, colleagues, suppliers and operations during FY21, and how we have responded to those challenges, have been set out on page 20. The crisis encouraged the Executive Team to sharpen the strategy, accelerating reviews of digital platforms and of operations across all channels, enabling Superdry to emerge from the pandemic in a good position to drive the strategy forward. I invite you to read about our new strategy, led by Superdry's founder and CEO, Julian Dunkerton, and the Executive Team, in the Strategic Report on page 26. On page 36, you can find out more about our sustainability ambitions and on page 68, about the ways in which Superdry's stakeholders have been considered as part of the Board's decision making and strategy. There have been changes at Executive Committee and Board level during FY21, which you can read about in the Corporate Governance Report, which starts on page 87. Our financial results are presented from page 129.

As the Executive Team starts to implement our new strategy, there is a lot of work to be done, but there is also a lot to look forward to.

Peter Sjölander
Chair, Superdry plc

ORIGINAL & VINTAGE

"Original & Vintage is about taking from the Truth, Source and Craft of the past, youth and sub-culture. This isn't about recreating the past, it's about reinterpreting it in a unique way through a new lens, whilst retaining its DNA. Creating new Icons and Style stories against consumer opportunities is what we are passionate about. Creating aspiration around style, that then becomes the consumer's own style story or adventure."

Dan Hanvey
Head of Collections

THE SOUL OF THE BRAND

Our story is built on the love of provenance and respect for the maker. Original & Vintage goes back to our roots: the thrift stores of London, the heritage style of America, our ever-obsessive attention to detail and craftsmanship. Laid-back, unique, iconic, this is the soul of our brand.

Consumer Target: Teen to Cultured Adventurer

	Teen Adventurer	Gap Year Adventurer	Graduate Adventurer	Cultured Adventurer
Trend Setter	13→15	16→24		
Fashion Follower	13→15	16→24	25→34	35+
Confident Mainstream	13→15	16→24	25→34	35+

SUPERDRY STUDIOS

SUPERDRY ® STUDIOS

"Superdry Studios is a premium collection of understated style with a rock & roll edge, appealing to the graduate and cultured fashion follower. Studios offers conscious choices without compromising on style. Studios blends Japanese attention to detail, British idiosyncratic charm and American relaxed style."

Emma Rowley
Design Manager

CLASSIC STYLE WITH A ROCK AND ROLL SPIRIT

The Studios look is effortless and aspirational, defined by classic silhouettes, perfected cuts and elevated fabrics. A streamlined wardrobe for the conscious consumer, Studios transcends trends and respects the planet with premium essentials in elevated fabrics. Sophisticated style with a sustainable ethos.

Consumer Target: Graduate and Cultured Adventurer

	Teen Adventurer	Gap Year Adventurer	**Graduate Adventurer**	**Cultured Adventurer**
Trend Setter				
Fashion Follower			25→34	35+
Confident Mainstream			25→34	35+

SUPERDRY CODE

"Superdry Code is a collection that stands for style led, trend driven sports lifestyle apparel. Designed by the youth, for the youth."

Charlotte Waters-Robinson
Design Manager

ICONIC STYLES WITH BOLD SIGNATURE DESIGNS

Code delivers modern style with bold graphic language, original design, and a premium fit and finish. Classic sports logos with a contemporary spin, authentic colour runs, heavyweight quality, and obsessive attention to detail are the signatures of the brand.

Consumer Target: Teen and Gap Year Adventurer

	Teen Adventurer	Gap Year Adventurer	Graduate Adventurer	Cultured Adventurer
Trend Setter	13→15	16→24		
Fashion Follower	13→15	16→24	25→34	
Confident Mainstream	13→15	16→24		

SUPERDRY X

"A cultural style clash designed to engage & champion individuality. Driving hype on and offline. Committed. Connected. Subversive."

Rachel Heuston
Designer

GENDER-NEUTRAL STREET-STYLE APPAREL

Superdry X is energy, creativity, an incubator for a new visual identity, inspired by community, culture and collaboration. Statement design, displaced fabrics, bold graphics, unexpected prints, assured styles. Always evolving. Always experimenting. Always surprising.

Consumer Target: Teen and Gap Year Adventurer

	Teen Adventurer	Gap Year Adventurer	Graduate Adventurer	Cultured Adventurer
Trend Setter	13→15	16→24		
Fashion Follower	13→15	16→24		
Confident Mainstream				

PERFORMANCE SPORT

SUPERDRY.

"Designed to encourage, inspire and motivate. Superdry Performance Sport delivers technical apparel to answer our consumers' needs, solve their problems and exceed their expectations."

Catie Marshall
Design Manager

STRONG STYLE, STRONG PERFORMANCE

Engineered to optimise every workout, Performance Sport fuses technical standards with stand-out style. Innovation is at the core of the collection with high-tech fabrics that are lightweight, moisture-wicking, breathable and seamless. Always delivering high performance, style and comfort.

Consumer Target: Gap Year and Graduate Adventurer

Disciplines: Run, Train, Snow, Flex

	Teen Adventurer	Gap Year Adventurer	Graduate Adventurer	Cultured Adventurer
Trend Setter		16→24		
Fashion Follower		16→24	25→34	35+
Confident Mainstream				

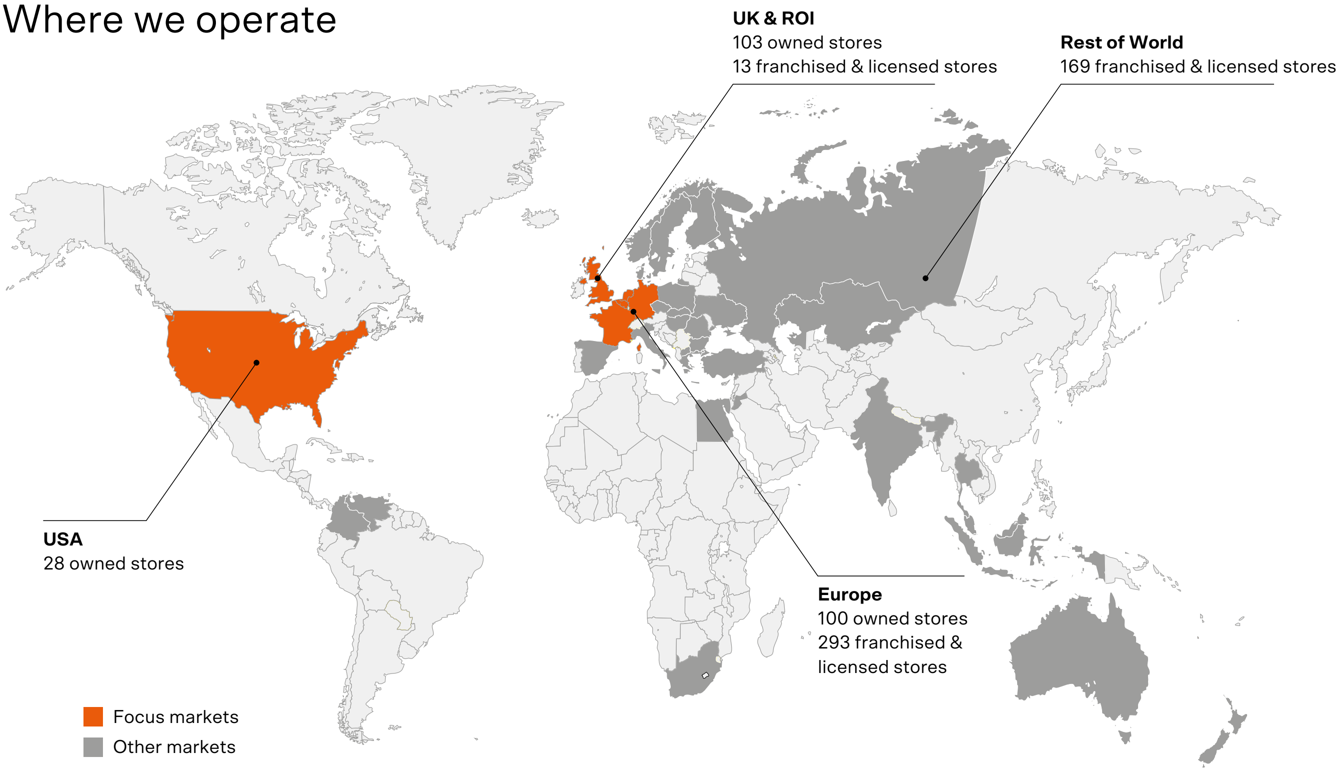
A TRULY DISTINCTIVE BUSINESS

Our brand story so far

Our product and design-led approach to creating quality products has been central to how we have operated over the past 17 years, and led to our success as a leading global fashion brand. Our brand story to date has been built on:

- **Best in class product** – A combination of market-leading quality delivered at astonishing value for money;
- **Financially disciplined approach** with a relentless focus on cash preservation;
- **Unique brand identity** creating amazing clothes, through an obsession with design, quality and fit;
- **Strong multi-channel capabilities** – We have a scalable business with 231 owned stores and 475 franchises and licences, operating in 53 countries as well as 21 branded websites, translated into 13 languages; and
- **A distinctive culture** with passionate and creative leadership that will drive the business forward.

Where we operate



Our forward-facing, mission-led strategy

Our mission-led business has four key objectives, delivered through clear strategic initiatives. Our objectives and strategic plans are explained throughout the Strategic Report on pages 2 to 83.

Explore the full Superdry 'Brand House' on page 26

"TO INSPIRE AND ENGAGE STYLE-OBSESSED CONSUMERS, WHILE LEAVING A POSITIVE ENVIRONMENTAL LEGACY"

Inspire through	Engage through	Lead through
PRODUCT & STYLE	**SOCIAL**	**SUSTAINABILITY**

MAKE IT HAPPEN

We're adapting to a new marketplace

We're responding to market changes and resetting our brand, whilst connecting with new consumers

- Increased trading environment uncertainty
- Accelerated digital transformation and digital conversion
- Increased environmental and social awareness
- Shift towards 'local' consumerism
- Market opportunities as competitors exit
- Power-shift from landlords to retailers
- New working patterns and environments

→ We're responding to change

→ and resetting our brand

→ whilst connecting with new consumers

OUR OPERATIONAL BUSINESS MODEL

Superdry has an agile, lean, and responsive operational base. We distribute 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 through to end consumer purchase, our product lifecycle can be viewed across four critical activities

Our seasonal product lifecycle

1 → DESIGN

We have a passionate team of designers, each of whom is now aligned to one of the collections within our consumer segmentation.

2 → 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.

3 → SHIP

We have a truly global distribution network, serving our multi-channel operations worldwide. This is delivered through four main distribution centres.

4 → SELL

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

1 → DESIGN

We have a passionate team of designers, each of whom is now aligned to one of the collections within our consumer segmentation (see page 30 for further details).

This organisational structure enables them to design for a target demographic to ensure they create product that is consistently the best expression of our brand. We have over 40 designers across the five collections, as well as a dedicated Centre of Excellence to drive true product innovation. The design process for our mainline collections starts 18 months prior to hitting our owned store shelves and online. Short-order product gives us the opportunity to capitalise on trends with limited edition, low volume runs or augment the mainline collection at a later point in the process.

↑ **Original & Vintage**
Vegan trainers

Centre of Excellence (CoE) case study

Recognising the importance of innovation to the brand, we created the 'Centre of Excellence' in late 2020. This is our innovation hub, responsible for continuous research, design, and development outside of the standard product development cycle, acting as inspiration for later seasons. This team focuses on ensuring that authenticity, craftsmanship and sustainability are kept front of mind, creating innovative product that makes everyday lives better with little or no impact to the environment.

An example of a CoE innovation initiative for our Autumn/Winter (AW21) range is our 'Vintage Re-purposed by Superdry' collection. This takes very low volume, end-of-life stock and reinvents it using sustainable dying and embroidery processes in the UK. This gives us an opportunity to create low impact, unique product that capitalises on our vintage heritage.

2 → 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.

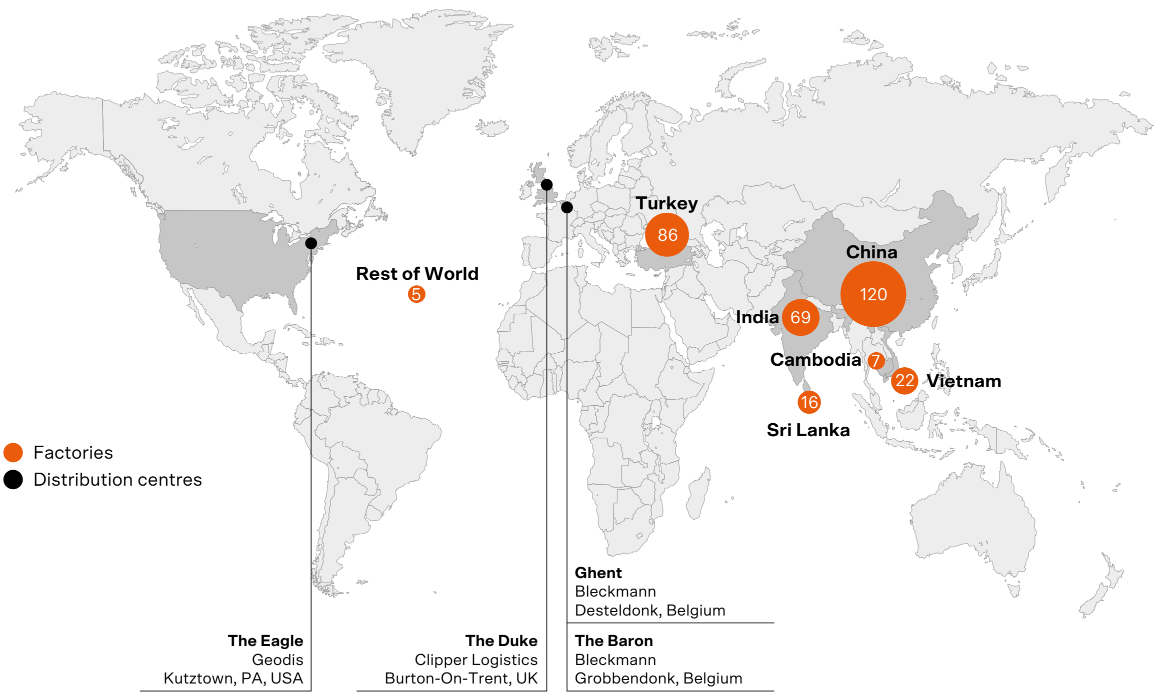
Superdry's products are predominantly manufactured overseas by our long-standing, trusted and resilient supply base – and these strong relationships were crucial to helping Superdry manage stock intake through 2020 as Covid-19 disrupted consumer demand and supply chains across the world. The split of manufacturing in FY21 (i.e., the Spring/Summer 2020 (SS20) and Autumn/Winter 2020 (AW20)) was 25% in India, 19% in Turkey and 46% in China with the remainder largely coming from Sri Lanka, Vietnam and Cambodia.

Please see the 'Sustainability' section on page 36 for more information on this pillar of our strategy

Short-order case study

A key element of our strengthened strategy is the implementation of short-order, limited volume runs of specific product opportunities within a collection, to enhance and augment the mainline collection online and in our flagship stores. This product is primarily sourced from Turkey with a reduced lead time of <12 weeks, allowing us to adjust a current season collection, capitalising on 'in-season' trends such as tie-dye and recycled clothing that were not envisioned when the mainline collection was originally created, driving innovation and scarcity.

Despite the rapid design and manufacturing timelines, our short-order product is created with the same rigorous quality and ethical standards as our longer-lead time product, preserving the value of our product.



3 → SHIP

We have a truly global distribution network, serving our multi-channel operations worldwide. This is delivered through four main distribution centres:

- 'The Duke' in the UK (500k sq. ft.) and 'The Baron' in Belgium (720k 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.
- An additional warehouse in Ghent, Belgium (335k sq. ft.) deals only with Wholesale orders.
- 'The Eagle' in the USA (140k sq. ft.), a multi-channel fulfilment centre – handling inbound stock for Stores, Ecommerce and Wholesale orders.

Logistics case study

We are proud of the progress our team has made in improving efficiencies in our warehouses using robotics.

Multiple industry awards have been received for our excellence in technology transformation, recognising the impact of our High-Performance Racking Solution for our multi-channel fulfilment and returns. Instead of operators manually pushing carts around to pick items, the robot now pulls the rack to the operator, significantly reducing walking time, which has more than tripled the rate for both put-away and packing.

We now operate 65 robots across our two biggest sites in the UK and Belgium and we are expanding our use of automation to help drive continuing improvements in operational efficiency across our network.

Visit us online at:
corporate.superdry.com

4 → SELL

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

We remain committed to the high street and view stores as an integral element of the customer journey.

Consumers' shopping habits continue to change – and this change has been accelerated with Covid-19, with online channels increasingly used to research, compare and purchase products. Recognising this macroeconomic trend, we are investing in our digital marketing and social media capabilities, as well as refreshing the user experience and branding across our owned websites this Autumn, to support the brand reset.

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 management.

We have an agile, lean and responsive operational base. We distribute our products to customers seamlessly across multiple channels. We want our customers to be able to order from anywhere, from any device, with any payment method and have it delivered to any location from our distribution centres in the UK, Belgium and the US.

Our approach to each market is considered and seeks to optimise returns and minimise risk by tailoring the channel and marketing strategy to each country and its particular stage of development.

In delivering this strategy, we benefit from deep experience and established capability in the following eight routes to the customer.

Our routes to the customer

Owned channels

Third party

Owned stores
Mono-branded stores, operated by the Group, in prime locations split between High Streets and shopping centres

Franchise & licence business
Freestanding Superdry stores operated by partners

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

Key & independent partners
Freestanding multi-brand stores owned and run by retail partners, selling Superdry merchandise

Outlets
Sale of previous seasons' product in specialist stores

Online distribution via partners
Distribution of Superdry merchandise using our Key & Independent retail partners' own online platforms

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

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

TAKING DECISIVE ACTIONS

Our response to Covid-19

Throughout the pandemic there has been a significant level of uncertainty with restrictions regularly changing depending on local Government advice. Taking decisive actions to protect the long-term financial position of Superdry, whilst ensuring the ongoing well-being, health, and safety of our colleagues and customers, has continued to be our top priority.

We have continued to trade online throughout the lockdown periods, sustaining operations in our distribution centres, whilst ensuring all appropriate measures were taken to ensure the health and safety of our staff.

During FY21, an average of 39%[1] of store trading days were lost. However, by the end of June 2021, most of our owned stores had reopened.

Government support

As a consequence of the enforced store closures in FY21 and in order to preserve as many jobs as possible through the peak of the pandemic we furloughed staff across our international owned store estate, corporate offices and distribution centres. The support we received from applicable furlough (or similar) schemes across the UK and EU to date totals £12.1m, with £9.2m recognised in FY21. During the initial wave of the pandemic our Executive team took a temporary pay cut of 20% for three months from 1 April 2020, whilst our CEO and members of the Board took a cut of 25% for six months.

We also benefitted from UK Business Rates relief, equivalent to £15.7m in FY21 (FY20: £1.7m). Currently, this scheme has only been extended for a small number of our qualifying stores and the expected benefit in FY22 is roughly £5m. In addition, the business was eligible for £2.5m of local government grants across a number of markets (FY20: £nil).

As at FY21 year end the Group had a modest deferral of €1.5m for Belgian VAT, with no other material deferrals of VAT, PAYE, or duty across any other territories.

Cash management

Improving operational efficiency and overall liquidity has continued to be a focus during the pandemic through reduced capex, tight control over day-to-day spend and working collaboratively with suppliers.

In FY21, 39 stores' leases were renegotiated representing 17% of our portfolio. The total annualised cash benefit of the leases negotiated in FY21 was £5.3m[2], with an average lease length of three years. In addition to the underlying reductions, there were £7.7m of one-off Covid related savings recognised in FY21 and we are anticipating in excess of £10m in FY22. Due to the continuing disruption from enforced closures, there was ~£40m of deferred rent and service charges, inclusive of VAT, as at the FY21 year-end, though we are yet to conclude on the majority of these contracts and so anticipate being able to reduce this liability during FY22.

Inventory decreased by £10.4m to £148.3m through reduced buys and targeted clearance activity, and we will continue to see opportunities to reduce our working capital further in FY22 through optimised stock management.

Given the continued unprecedented levels of uncertainty, the Group's financial performance and the focus on cash preservation, the Board agreed to recommend to shareholders that no final dividend be paid in FY21.

The Group agreed a new Asset Backed Lending (ABL) facility in August 2020 for up to £70m, in addition to a £10m overdraft. As a consequence of the cash preservation measures and government support detailed above, we maintained a net positive cash balance in excess of £20m throughout FY21. Further detail regarding liquidity and our borrowing facilities can be found in the CFO Review on page 75.

One-off rent savings recognised in FY21

£7.7m

£10m+ in FY22

Net positive cash balance in excess of

£20m

throughout FY21

Employee and customer safety

The Superdry Board and Executive Team have continued to ensure robust processes are in place to allow for swift decision making in a rapidly changing environment. The Covid-19 Incident Management Team, comprising a subset of the Executive Team, has continued to meet throughout the pandemic to manage the response to the crisis.

When our stores reopened, we ensured availability of all necessary cleaning equipment, hygiene products and Personal Protective Equipment (PPE) to keep our employees and customers safe, in line with local government guidelines.

We were an early adopter in introducing lateral flow testing. As we started to return to Head Office in greater numbers, we offered free home testing kits to all our employees and have implemented rigorous social distancing and hygiene measures. Recognising the benefits of flexible working, we made investments in new technology for our meeting rooms and personal equipment to allow a hybrid approach to working.

Further details on:

Our approach to Covid-19 risk can be found in:
'How We Manage Our Risks' on page 56

Our expected outlook can be found in the:
'CFO Review' on page 75

Colleagues (Employees):
'Our People' report on page 48

1. 'Lost trading days' calculated as the simple average number of stores closed each day of the period as a percentage of total potential trading days in the period, excludes impact of restricted trading hours.
2. Cash annualised saving has been calculated based on the effective date of the lease agreement.

A BRAND BUILT ON STYLE

JULIAN DUNKERTON
CHIEF EXECUTIVE OFFICER

This year has been another one full of Covid-related disruption, but I am incredibly proud of the resilience our team has continued to show, driving the operational and strategic progress needed to position Superdry for success when we emerge from the pandemic.

Like other brands with a physical presence, Covid-19 has had profound and far-reaching impacts on our performance. We lost 39%[1] of our store trading days to enforced closures during FY21 (FY20: 10%), with footfall materially suppressed due to social distancing restrictions, even during periods where we could trade. Though our improving Ecommerce performance mitigated the worst of this impact, Group revenue for the year was down 21%. Despite the fall in revenue, we have improved our full year adjusted loss before tax by 70% and our statutory loss before tax by 78%, with the year-on-year benefit from reduced depreciation, the one-off benefit from lease modifications as well as cost saving measures and government support helping to offset trading shortfalls. Further details on the financial performance in FY21 can be found in the CFO Review on page 75.

"Our mission is to inspire and engage style-obsessed consumers, while leaving a positive environmental legacy."

Our gross margin stepped back by 90bps as our need to react to the pandemic and generate and preserve cash meant we had a higher level of promotional activity than we had planned. This was amplified by the dilutive effect of an increased mix of Ecommerce sales during periods of store closures and beyond. We are fully committed to returning to a full-price proposition as the economy recovers, which will drive a recovery in the gross margin, whilst also strengthening brand perception and protecting the integrity of our foundation product.

We took the opportunity to sharpen our strategy this year, despite the challenges posed by the pandemic. Our mission is to inspire and engage style-obsessed consumers, while leaving a positive environmental legacy. This clarity has allowed the entire business, led by our strengthened Executive Team and Board, to prioritise our efforts to achieve our four strategic objectives. These are:

- → Inspire through **PRODUCT & STYLE**
- → Engage through **SOCIAL**
- → Lead through **SUSTAINABILITY**
- → All underpinned by the operational foundations to **'MAKE IT HAPPEN'**

Inspire through Product & Style

Last year we introduced consumer segmentation by style preference, life stage, mindset, and gender. As we continue to iterate our design and marketing approaches against this framework, it has become clear that we have a huge opportunity with 13–15-year-old consumers, and so have extended our segmentation to capture this market.

We launched our Autumn/Winter20 (AW20) and Spring/Summer21 (SS21) ranges this year with full alignment to our new design philosophy, and so far, the product is resonating well with customers. Against the backdrop of the pandemic, we were unable to deliver a truly branded customer experience through our stores, and we look forward to Autumn/Winter21 (AW21) being the first opportunity to showcase this across all our channels. Following some promising early pilot results, where we saw comparatively stronger trading in re-merchandised locations, we will continue to roll out this approach in our stores to bring this product segmentation to life.

This segmentation of our product offers new Wholesale opportunities by targeting customers with specific and relevant collections and we plan to develop new relationships, and strengthen existing ones, over the coming year. We were encouraged with the 29% increase for in-season orders for SS21 and AW20, giving us confidence that the new product is resonating with our partners and their consumers, even against the backdrop of this challenging trading environment.

↑ Original & Vintage

The next step in our product journey is the implementation of short-order (limited volume runs of product) which will be available online and in our flagship stores. This will allow us to react much more quickly to consumer demands and trends, with a reduced lead time of down to 12 weeks in some cases.

Engage through Social

Engaging our consumers through social media remains the core focus of our marketing activity. In FY21 we substantially increased the number of influencers we used, working with more than 250, allowing us to target our campaigns and activity to the relevant consumer segments, focusing particularly on younger consumers.

Signing Neymar Jr. to front our organic cotton underwear and sleepwear campaign, showcasing both the brand and sustainable product to his 156m followers, was one of our key marketing highlights this year and this collaboration is a statement of our intent for the future. We have already seen a positive impact from this, with engagement rates for the first SS21 campaign achieving record levels, and driving new followers to our own social accounts.

We recognise the importance of digital marketing to generate brand awareness and acknowledge that historically we have underspent in comparison to our peer group. We are accelerating our journey to achieve best-in-class social media engagement and used this year to make important first steps. It has been encouraging to see our total followers increase by 6% year-on-year to 3.3m.

As well as driving awareness and consideration among our target consumers, this digital transformation impacts the entire customer journey, and this prioritisation of our direct to consumer Ecommerce channel will be the driver behind our revenue and profitability recovery.

Lead through Sustainability

Sustainability is embedded in the culture of Superdry. We recognise the increasing importance of reducing our environmental impact to all our stakeholders including customers, suppliers, and government organisations. Our ambition is to become the most sustainable listed global fashion brand by 2030, and we have been prioritising sustainability in every part of the business as we pursue that goal.

This year we won the Drapers Sustainable Fashion Awards 2021 'Positive Change Award', in recognition of initiatives such as new packaging that has a 60% lower carbon footprint, and targets for net zero carbon emissions across our own sites and logistics by 2030. We were also ranked 1st in the Financial Times as "Europe's Climate Leaders 2021" for having delivered a 97% reduction in our direct greenhouse gas emissions between 2014 and 2019; an incredible achievement given the competition.

We have improved our Carbon Disclosure Project rating from C to B and have a clear path on how we are going to get to A. We continue to move away from single-use plastic packaging and in FY21, 93% of our packaging was recyclable.

Our broader sustainability initiatives include accelerated organic cotton targets where all our pure cotton garments will be produced entirely from organic cotton by 2025, working closely with 20,000 growers in India to convert their farms to organic farming, adding the equivalent volume of organic cotton to the market that we need as a brand. In recognition of these commitments, I was thrilled to be awarded the Best Organic Cotton Ambassador by The Soil Association in July, the UK's only organic awards.

In FY21 33% of all our garments contained organic, recycled, and low impact fibres including Tencel, hemp, yak or linen, and generated around 35% of our AW20 and SS21 revenue.

Make it Happen

The foundation of our business starts with our people. This year the Executive Team has been strengthened with several key hires, including Silvana Bonello (COO), Shaun Wills (CFO) and Justin Lodge (CMO). We also have a new Chair, Peter Sjölander, who has a hugely relevant and successful history with Helly Hanson, as well as experience overseeing growth and technology implementations.

We recognise the need to continuously update our core systems and processes to maximise efficiency, improve customer experience and ensure the business is set for future growth. The significant investment in our technology infrastructure will be carried out over a number of years, starting with the migration of our legacy Ecommerce platform over to microservices technology. This will provide us with much needed agility, better functionality to improve our promotional mechanics and to future-proof us against wider technology developments. We have chosen to build the platform internally, allowing us to control the roadmap and tailor the platform to our needs. We expect this to be ready to launch in early 2022.

We have made great technological progress in our logistics operation, and the team has received awards for the use of advanced robotics which have tripled our efficiency rates for processing Ecommerce returns. These include a CILT Award for Excellence 2020 for our Warehouse Operations, The Technology Transformation Award from The Logistics Awards and a Supply Chain Excellence Award 2020. We will continue to innovate in this area, rolling out automation across our global network of fulfilment centres.

Despite the enforced stores closures, we have reduced our total inventory by 2.3m units (14%), due to a disciplined inventory buy and optimised use of clearance channels. This more efficient stock management strategy will allow us to reduce our inventory further in FY22, even with the expectation of continued headwinds as the world recovers from the impacts of the pandemic.

The inventory reduction was a key driver in our net cash balance ending the year up £2.2m at £38.9m and I am particularly pleased that we did not have to use our Asset Backed Lending (ABL) facility, maintaining a net cash balance in excess of £20m throughout the period.

Rent negotiations have been another priority for the business this year as part of our plan to return stores to profitability. During H2 we have continued to negotiate rent relief from landlords relating to the extended periods of enforced closures. As at the year end, we recognised £7.7m of one-off rent savings and are anticipating in excess of £10m in FY22. These non-recurring credits are in addition to the underlying annualised cash lease renewal savings of £5.3m agreed in FY21 from the 39 stores renegotiated in the period. We will continue to negotiate reductions and are not afraid to walk away if we are unable to get the right deal, and we exited 15 stores during FY21 where the landlord was unwilling to regear the lease to acceptable terms.

We remain committed to the high street. Post year-end we announced our exit from Regent Street and our move to open our new global flagship store on London's Oxford Street. The new store will bring the brand reset to life, showcasing the five collections over 22,000 sq ft of sales space across two floors. The store will have sustainability embedded through our product, the customer experience and the building itself. The lower ground floor will house Wholesale showrooms and versatile space to be used as a base for the brand ambassador, influencer, and affiliate programmes.

During the pandemic, we have continued to make use of available furlough, or similar, support across all territories, to retain as many of our colleagues as possible. The support we have received is outlined on page 20 as part of our Covid-19 review. For as long as there is uncertainty and volatility due to the pandemic, continued support will be needed from the government to all retailers in the sector, and we continue to strongly encourage a fundamental review of the current business rates system in the UK.

"While the economic backdrop remains uncertain, there is a lot to look forward to."

Looking forward

We continue to make progress in turning around and evolving the brand, despite the significant challenges we have faced as a result of the Covid-19 pandemic. I am impressed by the dedication of our team throughout this period and would like to thank everyone for their unwavering hard work and enthusiasm.

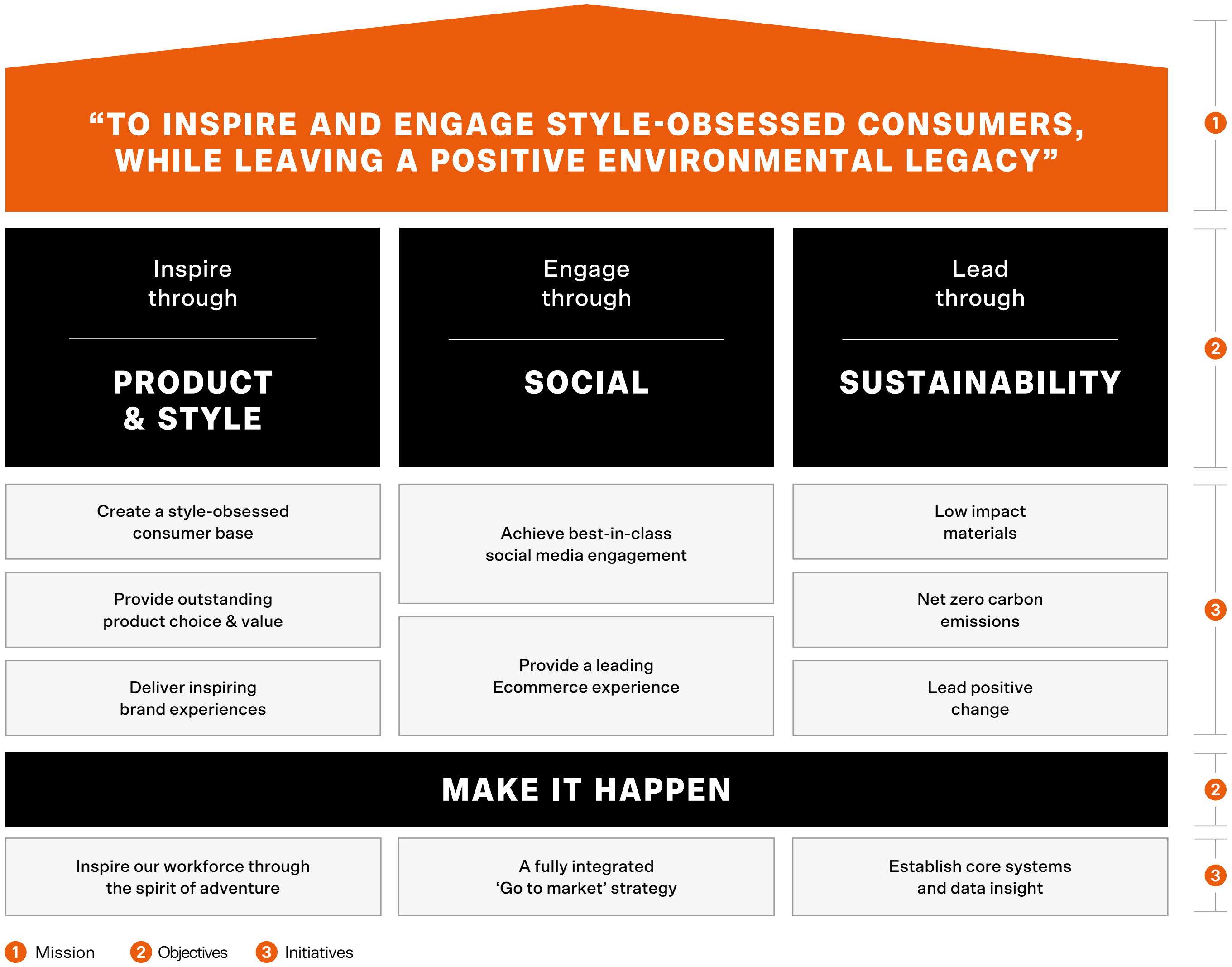
Our newly articulated strategy means our people are fully aligned with our objectives, focusing on product, social and sustainability, underpinned by our ongoing digital transformation. While the economic backdrop remains uncertain, it is clear to me that there is a lot to look forward to.

Julian Dunkerton
Chief Executive Officer

15 September 2021

1. 'Lost trading days' calculated as the simple average number of stores closed each day of the period as a percentage of total potential trading days in the period, excludes impact of restricted trading hours.
2. Cash annualised saving has been calculated based on the effective date of the lease agreement.

Our mission-led strategy



Our product and design-led approach to creating quality products has been central to how we have operated as a brand over the past 17 years, and led to our success in becoming a leading global fashion brand.

Our ability to design quality products continues; however, future growth will come from understanding and connecting with our customers through style, knowing both their style choices and lifestyle aspirations. What we design, how we curate it, and the customer experience we create will be aligned with their aspirations.

Our five collections will increasingly appeal to their respective target consumers by embracing the cultures which they form part of and understanding what inspires them. We will deliver inspiring brand experiences by integrating customer experiences with value propositions on our consumers' terms.

We are proud of the entrepreneurial spirit that started Superdry and it continues to thrive today in our company culture. We are upfront and open about the things we care about most; from our customers to our team and the wider world we live in. We like to make things happen: challenging the status quo and pushing boundaries which is part of our DNA – we are never complacent and always want to progress with our mission. We are committed to doing the right thing and want to leave a positive environmental legacy.

Our changing market and what this means for Superdry

The marketplace in which we operate has fundamentally changed. Digital platforms now dominate how we communicate with our customers and how they shop. They allow us to create instant direct connections with style-obsessed consumers across the globe. This gives us the ability to inspire consumers with product and style like never before.

The wider landscape is shifting too, with the dangers of climate change becoming ever more real, and the plight of our natural world at risk. It is vital that we all examine what we do and how we do it, through a sustainable lens. This is leading to a welcome growth in social awareness, as more consumers purchase with purpose, demanding brands to show that they care for and give back to their communities.

For Superdry, this need to connect authentically with customers is nothing new – we were founded on the principle of high-quality and accessible style, bringing London vintage to small market towns in England. We know that by really understanding our customers, their lifestyle, their aspirations and behaviours, we can inspire and engage them.

Our customers confidently express themselves through their style choices. Nuanced differences between consumers' style choices and their shopping behaviour are important to understand. Our 'hyper-segmentation' approach goes one step further and breaks down our customers according to their life stage and mindset. We empower them to express their unique 'self' through their preferred style choice and collection: Original & Vintage, Studios, Code, X and Performance Sport each driven to deliver creativity within a style, fit, quality and innovation.

Our five collections are designed to inspire and engage. We will create distinct communities of like-minded, style-obsessed individuals for each collection. This will allow us to actively engage with them, through multi-channel experiences, including digital and in-store, in turn creating a flexible, wide-reaching, and varied network of influence.

To ensure our position as a leading brand, and achieve our ambition to inspire and engage style-obsessed consumers, we have defined four objectives which will be delivered through clear strategic initiatives. Our four objectives are:

- Inspire through Product & Style
- Lead through Sustainability
- Engage through Social
- Make it Happen

You can find out more about the strategic initiatives we have taken and continue to take to achieve our objectives, in the next section of this report.

Our KPIs

Financial

Group Revenue (£m)

£556.1m YoY Movement (21.1)%

2021	**556.1**
2020	704.4
2019	871.7

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

£(36.7)m YoY Movement (78.0)%

2021	**(36.7)**
2020	(166.9)
2019	(89.3)

Basic EPS

(44.0)p YoY Movement (74.8)%

2021	**(44.0)**
2020	(174.9)
2019	(124.2)

Net Working Capital**

£124.1m YoY Movement (15.6)%

2021	**124.1**
2020	147.0
2019	182.0

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

£(12.6)m YoY Movement (69.9)%

2021	**(12.6)**
2020	(41.8)
2019	38.0

Adjusted basic EPS* (p)

(19.4)p YoY Movement (55.4)%

2021	**(19.4)**
2020	(43.5)
2019	32.4

Closing Net Cash*

£38.9m YoY Movement 6.0%

2021	**38.9**
2020	36.7
2019	35.9

* 'Adjusted' and 'Net Cash' are used as alternative performance measures (APMs). A definition of APMs and explanation as to how they are calculated is included in note 36 to the Group and Company Financial Statements.

** In line with the sharpened strategy, Net Working Capital has been identified as a new KPI in FY21 to provide clarity around the working capital efficiency as the Group generates increased revenues. 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 75.

Operational

In line with our sharpened strategy detailed within this report, we have updated our KPIs to better align with the four pillars.

Each KPI is linked to our strategic pillars and we have set out a description and the rationale behind our choices.

Active Customer Database (m)

2.78m

YoY Movement 3.0%

2021	**2.78**
2020	2.70
2019	2.45

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.

Social Followers (m)

3.34m

YoY Movement 5.7%

2021	**3.34**
2020	3.16
2019	2.80

Definition – Number of unique accounts that have 'followed' the main Superdry accounts across all social channels (Facebook, Instagram, 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. click through) or indirectly (in-store, increased brand awareness).

Inventory Days

205.8

YoY Movement 16.0%

2021	**205.8**
2020	177.4
2019	174.3

Definition – End of period net inventory/Last 12 months' cost of goods sold * 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.

Sustainable Product Mix (%)

33%

YoY Movement 16.0%pts

2021	**33%**
2020	17%
2019	5%

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

Sustainably sourced product 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'.

INSPIRE THROUGH PRODUCT & STYLE

Our ambition is to create a style-obsessed customer base, and we will do this by inspiring and engaging consumers.

The Superdry brand is product and design-led, but everything starts with our people. United by their obsession with style and their passions aligned with either their personal style choices or their functional skillsets, it is our people that will drive us forward. Our designers and creative teams are completely aligned with each of the five collections, ensuring that their individual passions align with the product and style they are creating. Our Centre of Excellence leads the long-term innovation of Superdry's products and ensures we are focused, always, on progressing our style conversation.

By creating five distinct collections that are defined by consumer style choices, we aim to bring clarity to our brands' customer experience and value proposition. This clarity will allow us to put the right products in front of the right customers, increasing our chances of achieving our mission – to inspire and engage them.

Our combination of market-leading quality and design detail, delivered in-store and online, allows us to continue providing outstanding product choice and value.

"We are driven by a passion to create and deliver an organic flow of product design and style inspiration."

Creating a style-obsessed consumer base

Our collections are primarily designed to attract teen and gap year consumers (<25 years of age) with a fashion follower mindset, as we consider these key growth markets.

	Teen Adventurer	**Gap Year Adventurer**	Graduate Adventurer	Cultured Adventurer
Trend Setter	13→15	16→24	25→34	35+
Fashion Follower	13→15	16→24	25→34	35+
Confident Mainstream	13→15	16→24	25→34	35+

Superdry target consumers

Our collections

Our five collections are centred on consumer style preferences.

Original & Vintage

(Style preference: Casual & vintage)

Superdry Studios

(Style preference: Sophisticated & minimal)

Superdry Code

(Style preference: Sportstyle)

Superdry X

(Style preference: Energy)

Performance Sport

(Style preference: Sportswear)

"Style is a very broad word and something used to describe so much in the fashion industry. For me, style is about inclusivity and versatility.

The ability to evolve; something Superdry are proving effective at as they continue to create and elevate their collections, providing clothes for everyone in an industry-admired sustainable manner."

Elgar Johnson
Deputy Editor and Fashion Director, GQ

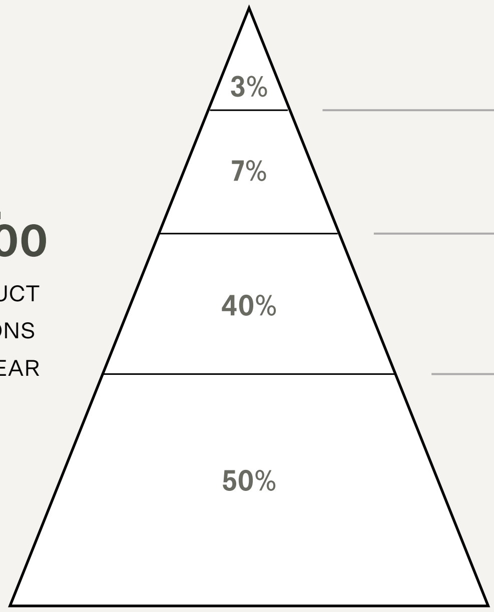
Provide outstanding product choice and value

We improved our range architecture to better position our brand, create style aspiration and drive sales.

From →
An approach solely based on gender and product class (t-shirts, sweats, jackets, shirts).

To →
A 'position and harvest' segmentation product model targeting specific consumer profiles.

c. 8,000
PRODUCT OPTIONS PER YEAR



Concept collections
The most elevated expression of our brand

Brand positioning product
The most 'talkable' product in the range, which sets the tone for the season

Business growth product
Product to target new consumer segments and an opportunity to take additional market share

Foundation product
Key volume driving product, including longer lifecycle continuity products

To increase perceived value, we are progressively reviewing our pricing strategy with the following principles:

1. **Pricing architecture** determined by collection/in the context of competitor brands and across focus markets.
2. **Reduced discounting** to protect margin and brand equity.
3. **Differentiated margin structures** depending on range architecture position (foundation product etc.).

Our new short-order strategy

To respond quickly to consumer defined opportunities, broaden choice online and increase our ability to trade, we will work closely with our suppliers to implement an agile short-order process to maintain a competitive advantage.

We will be implementing a short-order strategy with three key aims:

Pure short-order (<12 weeks)

- Specific product opportunities within a collection (i.e. a new dress shape/graphic language)
- Product delivered in-season – averaging less than 12 weeks' turnaround
- Focus on distribution through the Ecommerce channel (increasing choice online)
- Focus on consumers under 25 years old, females, with a fashion-follower mindset

New product initiatives (<18 months)

- Broader product initiatives within a collection (i.e. new vegan retro trainer range)
- Product delivered in less time than the standard 18 month critical path
- These product initiatives have the potential for broader distribution including through Ecommerce, physical retail and wholesale
- Broader consumer target – potential across all life stages and genders

Influencer engagement – personalised product

- Using the short-order process to create bespoke products for influencers to promote on their social media accounts
- Key influencers for each collection have the opportunity to personalise a product, such as organic cotton t-shirts or hoodies, as an exclusive value proposition for their followers
- Focus on distribution through the Ecommerce channel – directed from influencers' social media accounts
- Focus on consumers under 25, all genders, and with a fashion-follower mindset

Deliver inspiring brand experiences

Our focus on consumer segmentation means we can create inspiring brand experiences, which target specific consumer segments both digitally and physically.

DIGITAL EXPERIENCES

STYLE-LED NAVIGATION

Customers able to shop by style and product class. Including fully immersive digital SIS (Shop in Shop) experiences.

PREMIUM PRODUCT PRESENTATION

Product models relevant to target consumers, premium product photography curated to enhance shopping experience.

INSPIRING EDITORIAL CONTENT

An online Style Editorial with regularly updated articles all relating back to product, style and culture.

ELEVATED MEMBERSHIP VALUE PROPOSITION

A 'Style Key' membership programme accessible through the website offering consumers exclusives and early access.

PHYSICAL EXPERIENCES

COLLECTION EXPERIENCE

A defined customer experience tailored to deliver the best expression of each collection.

STYLE-OBSESSED TEAMS

Recruit style-obsessed store teams and inspire current teams so they can inspire our customers.

RIGHT PRODUCT RIGHT PLACE

Profiling and ranging of collections through enhanced consumer understanding and analytics.

MASTER 'CRM' IN STORES

Help our people build personal and curated relationships with our customers through a CRM tool.

ENGAGE THROUGH SOCIAL

We are building on 'social-first brand marketing' to attract younger, fashion-follower customers, and to ensure sustained engagement across our different platforms.

Social media has levelled the playing field when it comes to sharing product and style content with style-obsessed communities on a global scale. This also applies to the consumption of content which is now, literally, at consumers' fingertips. We embrace this by engaging specific communities built around different aspirational lifestyles, segmented by style choice, and aligned to our collections.

Our affiliate influencer programme delivers authority and credibility to the five collections and ensures we are an active part of our 'hyper-segmented' communities. We collaborate with style advocates who are aligned with our collections and their respective values. Our focus on building earned content with such influencers will allow us to reach new audiences in an authentic way.

Ecommerce will drive a large proportion of our future growth. It is essential that we provide our customers with a leading Ecommerce experience that goes beyond simple transactions, and aids the pursuit of our brand mission.

To ensure we stay true to our social engagement commitment, we measure success through clear targets including social followers, engagement and web conversion rates, online traffic and our active customer database.

"We are an active part of our hyper-segmented communities."

Achieve best in class social engagement

To compete and attract a younger, fashion-follower consumer, we need to enhance our social media messaging:

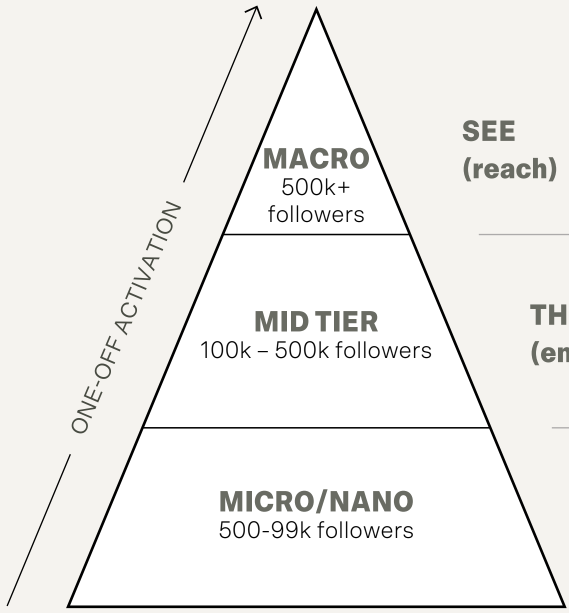
1. Move from top-down traditional retail-first communications to bottom-up social-first communication. Land the message in social channels and extend out through retail channels.
2. Engage in messaging segmented by each collection – tailored by social channel, consumer collection preferences and affinities.
3. Focus on obtaining earned content to build credibility by borrowing authority through a mix of influencers, creators, thought leaders, publishers, user generated content and affiliate advocates, reaching audiences outside our current community.

Building an influencer strategy

We will build a hierarchy of talent types that are fully engaged with each of our five collections to deliver reach, consideration and conversion in an authentic way. These influencers will form part of our collections' communities and be as passionate about sustainability as we are.

The best performing influencers will be retained directly to build an 'army' of advocates for each collection, consumer group and commercial activity.

We will create our own affiliate influencer programme, remunerating participants based on sales attributable to them.



SEE (reach)	'A list' talent to drive reach, credibility, awareness and engagement with new audiences, and reappraisal with existing community.
THINK (engagement)	Deliver consideration through authority and credibility by association.
DO (return)	Earned channels to enable segmented simultaneous collection-specific consumer conversation.

Provide a leading Ecommerce experience

We will improve our Ecommerce capabilities by prioritising a web platform upgrade, which will allow further enhancements to be made to website basics, sales and conversion, and customer satisfaction.

Website basics

→ Recently viewed items
→ Store stock checker
→ Next day delivery filter
→ Keep items in basket after session expires
→ Faster checkout
→ Abandoned cart follow up

Sales & conversion

→ Personalised emails
→ Personalised homepage
→ Mobile first
→ App notifications
→ Customer segmentation
→ Before you go messaging
→ Create community

Customer satisfaction

→ Faster site performance
→ Smoother scrolling
→ Personalised guides
→ In-pack messaging including returns information
→ Shipping updates

LEAD THROUGH SUSTAINABILITY

At Superdry we have an obligation to make better choices. The urgency of the climate crisis has broadened how we think about ourselves and the way we approach business. We want to effect positive change for the present and future generations and build a positive environmental legacy. Our ambition is to 'become the most sustainable listed global fashion brand by 2030'.

We are a business that is passionate about doing the right thing. That means doing what is right for our consumers, our products, our colleagues, our partners and perhaps most importantly, our planet. It is through the commitment and passion of everyone at Superdry that we will achieve our ambition.

Our sustainability strategy is built upon three key pillars: achieving net-zero carbon emissions, maximising the use of low impact materials, and leading positive change across our value chain. We are committed to supporting the Paris Agreement, in playing an active role in limiting global temperature rises to 1.5ºc.

The challenge ahead of us won't be easy. We know we don't have all the answers and that success will depend on us forming strong partnerships. Whilst we are worried about the climate crisis facing the planet, we are confident that we will collectively find ways to reverse the current climate trend. The time for action is now, and our strategic plan is already well underway.

This year we are proud to have won the Drapers Positive Change Award and topped the Financial Times Europe's Climate Leaders 2021 leader board. Our CEO also received the Soil Association's 2021 BOOM (Best of Organic Market) award for Best Organic Ambassador for organic initiatives at Superdry, as well as within his wider business portfolio. This is great recognition of our sustainability journey thus far.

Our first dedicated Sustainability Report, published in September 2021, provides additional detail on everything we have committed to, achieved, and ultimately challenged ourselves on in the past year. For more information visit corporate.superdry.com.

Drapers Positive Change Award

Financial Times Europe's Climate Leaders 2021

Best of Organic Market Award 2021

Low impact materials

Our vision for clothing made solely from low impact materials lies in our knowledge that it is the right thing to do. Organic farming regenerates ecosystems by building healthy soil that draws more carbon back into the ground, uses less water, and is safer for all involved. It also pays a better and more consistent livelihood to farmers.

We are also building our fully traceable supply chains back to the farmer, partnering with the Organic Cotton Accelerator (OCA) – utilising cotton from farmers who are supported by Superdry training partners to help them on their organic cotton journey, as well as securing our future organic supply routes.

We will be tracking our progress utilising three core KPIs:

Volumes of 'sustainably sourced' product bought: In FY21, one in three garments contained organic, lower impact or recycled materials; by 2025 we will see this build to two thirds of our garments including all 'pure' cotton, on our journey to 100% organic cotton by 2030. We are driving forward our ambitious plans to convert non-cotton garments to low impact or recyclable alternatives.

Water reduction: We aim to reduce the water we use in producing our garments by 40% by 2030, with an interim target of 20% by 2025. This will be achieved using water saving technology in our factories and wet processing sites and converting to materials with a lower water footprint.

We plan to measure our full product water footprint from FY22, utilising the HIGG Index and by working with our suppliers to measure usage.

Packaging converted to recyclable, reusable or compostable: As a signatory to the New Plastics Economy Global Commitment, we are tracking our journey utilising industry-leading targets and ensuring packaging solutions drive practical and scalable improvements. In FY21 we were tracking at 93% against our 100% 'recyclable, reusable or compostable' target.

Net zero emissions

Superdry has set a commitment to reach net zero carbon emissions by 2030. We are changing the way we do things: in fields, factories and stores. This will mean using more efficient technology, renewable energy, and changing how products are distributed.

The Financial Times' inaugural Europe's Climate Leaders 2021 table placed Superdry at the top of the list of the 300 companies across Europe that have achieved the greatest reduction in their greenhouse gas emissions intensity – for reducing our year-on-year core emissions by more than 50% between 2014 and 2019.

Taking collective action to limit global warming in line with the Paris Agreement (2015) to 1.5°c, in May 2021 we joined the UN Fashion Industry Charter for Climate Action to lead the way to a low carbon future. We will also continue to publish our CDP response, and aim to reach an A grade by 2023.

We know there is a lot more to do; we will continuously challenge ourselves and our partners to minimise our energy footprint, convert to renewable alternatives, and to meaningfully offset any remaining emissions.

- **Renewable energy –** we already have 100% renewable electricity in our own Head Office and Retail stores. By 2025, our stores, offices and global distribution and consolidation centres will be powered by 100% renewable energy.
- **More efficient technology –** working across the business, we have already reduced our energy usage in our global Retail stores and offices by 35%. Setting ourselves a new target this year, we will be optimising 100% of our estate achieving a further 25% reduction by 2025.
- **Changing how products are distributed –** having reduced our airfreight by 52% since FY19, we plan to cap airfreight at a maximum of 2% per year from FY22. Making better decisions at the right time means we can significantly reduce our indirect emissions.

Lead positive change

As a global business, we know we can touch the lives of many people. We are committed to treating everybody equally and fairly. We lead positive change because it's the right thing to do.

FARMER TRAINING

Converting 20,000 farmers to organic practices by 2025 – working with our suppliers and with market-leading organic training organisations, we will ensure all organic farmers, or farmers in conversion to organic farming, earn a premium for their cotton while being provided with the tools they need to grow organic cotton sustainably.

RESPECT AND DIGNITY

Building on the work we have undertaken to support fair and safe conditions in our supply chain, we will ensure all workers operating in our third party Tier 1 factories have the means to raise issues and address inequality through our Respect and Dignity programme.

SUSTAINABILITY WARRIORS

Engaging colleagues across the business we have established our Sustainability Warriors – 50 colleagues operating through all departments taking the lead on sustainability.

Leading positive change, we continue to share our journey through our Truth series at corporate.superdry.com, as well as tracking wider metrics including premium access for organic farmers and wage levels in our Tier 1 factories from FY22.

Our sustainability performance

Transparency is a core component of our roadmap. This section provides further information on how we are measuring progress for each of our sustainability initiatives, while continuing to identify and manage environmental and human rights risks within our business and third party operated supply chain.

This report is prepared in accordance with the EU's Non-Financial Reporting Directive (NFRD).

This section covers:

1. Sustainability KPIs and their associated assumptions/methodology.
2. Additional mandatory compliance information disclosures.

For further information about our sustainability journey, please refer to our dedicated Sustainability Report at corporate.superdry.com

Key Performance Indicators (KPIs)

Within this section we provide our performance and further information on how we have calculated our KPIs.

	FY17 – Baseline	FY19	FY20	FY21	FY22	GOAL (2025)	GOAL (2030)
% Product volume converted to organic, in transition and recycled cotton							
1 Product containing organic, recycled and lower impact materials		5%	17%	33%	**39%**	65%	96%
% Packaging converted to recyclable, reusable or compostable alternatives							
2 Packaging converted to recyclable, reusable or compostable alternatives		–	90%	93%	**95%**	100%	100%
Supply chain waste							
3 % Water recycled out of the production process		–	–	–	**Baseline**	20%	40%
Renewable energy							
4 % Renewable energy used in our stores, offices and distribution partner sites	55%	75%	79%	84%	**90%**	100%	100%
Net zero carbon emissions – Scopes 1, 2 & 3							
TOTAL EMISSIONS (tCO_2e)*	76,776	99,679	38,865	33,308	–	–	–
5 % Change in normalised emissions (tCO_2e/ £million)	–		-46%	-41%	–	-60%	-100%
% Change in total emissions (tCO_2e)	–		-49%	-57%	–	–	–
Leading positive change							
6 Organic farmer conversion – Total # farmers enrolled in training			869	1,824	**6,500**	20,000	–
7 % Factory workers engaged in Respect and Dignity programme			11%	13%	**18%**	50%	100%

* Market-based emissions reporting will account for the use of renewable electricity at an emission factor of $0gCO_2e$/ kWh. See below for more detail on how this metric is calculated.

LOW IMPACT MATERIALS

SUSTAINABLE PRODUCT MIX

This target is tracked on the volume of product bought within our financial year. For FY21, this covers our AW20 and SS21 seasons and their associated capsules:

- Certified organic cotton represents 30% of our cotton range.
- Certified recycled content, Responsible Down Standard (RDS) or wider sustainable materials including Tencel, linen and hemp represents 36% of our non-cotton range.

Our Environmental Policy defines materials included within our Sustainable Product Mix KPI in line with Textile Exchange's Preferred Fibre and Material Exchange Index. We separately report our MT per fibre type on our corporate site for organic cotton, recycled and low impact materials.

PACKAGING

Aligning with the Ellen Macarthur Foundation's New Plastics Economy Global Commitment (NPEGC), we track our packaging KPI annually utilising their reporting methodologies.

- We report our figures based on packaging that is practically recyclable, reusable and compostable.
- We have updated our figures in line with updated guidance from the NPE defining 'practically recyclable', the FY20 figure has therefore reduced to 90% (from 91% reported).

WATER USE

We are currently mapping the water used through the full production process and plan to start reporting this KPI from FY22.

NET ZERO EMISSIONS

CARBON EMISSIONS REDUCTION

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) which implement the Government's policy on Streamlined Energy and Carbon Reporting (SECR).

This year, we completed a biennial verification of both FY20 and FY21 emissions declared within Tables 1, 2 and 3. This verification was undertaken by Avieco Ltd to the ISO 14064-3:2019 standard. Their full statement of verification can be seen at corporate.superdry.com.

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 1: Direct use of fuels within our owned Company facilities

Total usage was 182 tonnes CO_2e from the direct combustion of fuels, most notably natural gas. During FY21, we switched our UK gas supply to 'green gas' through a Renewable Green Gas Certificate (RGGO) supply.

Scope 2: Purchased electricity, steam, heating and cooling for own use within our owned Company facilities

We have sourced electricity use across our global owned operations from 100% renewable sources since FY18.

The below table provides further detail on our location-based Scope 1 and 2 emissions, which use a 'grid average' greenhouse gas (GHG) emissions for all generating technologies. This provides us with insight into where our largest climate impacts are, to set appropriate and positive ambitions.

SCOPE	LOCATION-BASED	% CHANGE AGAINST BASELINE	FY21	FY20	FY17 (Baseline)
1	Combustion of fuel and operation of facilities (tCO_2e)	-51%	182	163	369
2	Electricity, heat, steam and cooling purchased for own use (tCO_2e)	-51%	4,738	7,264	9,598
1+2	TOTAL (tCO_2e)	-51%	4,920	7,426	9,968
1+2	EMISSIONS PER £1M SALES REVENUE (tCO_2e)	-33%	8.8	10.5	13.3

Table 1: Superdry greenhouse gas emissions, Scopes 1 and 2 (location-based) – absolute and normalised by sales revenue.
The reported carbon dioxide emissions that relate to the UK and offshore area is 42.3% (2,082 tonnes CO_2e; location-based).

The below table provides further detail on our market-based Scope 1 and 2 emissions. Our market-based emissions reporting accounts for our use of renewable electricity with an emission factor of 0gCO_2e/ kWh.

We have reduced our Scope 2 emissions by 95% between FY17 and FY21 – from 3,112 to 150 tonnes CO_2e, by exclusively using renewable electricity within our store and Head Office estate.

The remaining 150 tonnes CO_2e relate to a small volume of heating and cooling purchased for certain stores, where we are not yet able to switch the source of energy to renewable directly.

Our absolute Scope 1 and 2 emissions have decreased by 8% year-on-year; however, due to the impacts of Covid-19 our revenue has reduced by 21%, which has resulted in an increase in our normalised emissions (0.6 tonnes CO_2e per £million revenue in FY21 vs. 0.5 in FY20).

SCOPE	MARKET-BASED	% CHANGE AGAINST BASELINE	FY21	FY20	FY17 (Baseline)
1	Combustion of fuel and operation of facilities (tCO_2e)	-51%	182	163	369
2	Electricity, heat, steam and cooling purchased for own use (tCO_2e)	-95%	150	200	3,112
1+2	TOTAL (tCO_2e)	-90%	332	362	3,481
1+2	EMISSIONS PER £1M SALES REVENUE (tCO_2e)	-87%	0.6	0.5	4.6

Table 2: Superdry greenhouse gas emissions, Scopes 1 and 2 (market based) – absolute and normalised by sales revenue.
The proportion of carbon dioxide emissions that relate to the UK and offshore area is 27.8% (92 tonnes CO_2e; market-based).

Scope 3 – Voluntary: Indirect emissions associated with upstream and downstream activities in our value chain
Recognising our ambitions to achieve net zero carbon emissions, we have disclosed all Scope 3 emissions categories currently measured – 'fuel related activities', 'upstream distribution & transportation', 'staff business travel', 'upstream leased assets' and 'franchises'.

We are aware of the importance that Scope 3 emissions have on understanding our complete emissions inventory, which is why during FY22 we will be undertaking a full Scope 3 analysis across all 15 categories. This will provide us with a better understanding of our impact as well as allowing us to start tracking improvements which we are already undertaking in those areas.

- We have seen a 62% reduction in our Scope 3 upstream distribution & transportation emissions compared to our FY17 baseline. This is due to a significant reduction in airfreight of 52% since FY19 (and 62% since FY17), by switching to sea freight to get our goods from factory to distribution centre. We have also made improvements to other modes of transport: in Belgium we have switched 39% of shipments to our distribution centre from road to river barge; and in Turkey we have introduced lower carbon transport modes (sea and rail) for half a million garments, reducing our reliance on road transport.
- Across the other four Scope 3 categories that we report on, we have also seen year-on-year reductions, including a 93% reduction in our staff business travel emissions, due to the impacts of Covid-19.

SCOPE	MARKET-BASED	% CHANGE AGAINST BASELINE	FY21	FY20	FY17 (Baseline)
3	TOTAL EMISSIONS (tCO_2e)	-55%	32,976	38,502	73,294
3	EMISSIONS PER £1M SALES REVENUE (tCO_2e)	-39%	59.2	54.7	97.5

Table 3: Superdry Scope 3 greenhouse gas emissions, absolute and normalised by sales revenue.

GHG EMISSION METHODOLOGY

Data utilised in Tables 1, 2 and 3 is reported for each full financial year, which runs from 1 May to 30 April. Data has been prepared in accordance with the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard (revised edition), WRI/WBCSD GHG Protocol Scope 2 Guidance 2015, WRI/WBCSD Corporate Value Chain (Scope 3). We calculate our direct emission figures using actual consumption data from smart meters and accurate meter reads/invoicing. However, access to this type of data is not always possible; in FY21 12% of our direct emissions were calculated from estimated source data.

ENERGY CONSUMPTION

The scope of our energy reporting includes all our direct energy consumption associated with our Scope 1 and 2 emissions reporting. We measure our energy performance through absolute consumption and an efficiency measure using both our total floor area occupied and our annual revenue.

Our absolute energy use decreased, both on the prior year (FY20) by 22.5% and our baseline year (FY17) by 27.9%. This is, mostly, due to the impact of Covid-19, which impacted our global business operations significantly at various points for the whole of our financial year, notably through store and office closures.

We previously set a goal to improve energy efficiency (kWh/m_2) across our global retail estate by 35% by 2020 compared to a FY14 baseline. We met and exceeded that goal last year (FY20) with a 38.5% reduction.

We have therefore, as part of our strategy update in FY21, set a new target of a 25% reduction in total energy used across our global operations (retail and offices) by FY25, compared with a FY17 baseline.

As can be seen in Table 4, our FY21 results indicate we have already met this target with a 33.5% improvement, however this KPI will be significantly skewed by the impacts of Covid-19, and we therefore expect this to rise next year (FY22).

ENERGY EFFICIENCY

We are also working to reduce our overall energy footprint utilising efficiency measures. To date we have installed LED lightbulbs in 45% of our stores, saving 3.5 million kWh per annum; and Building Management Systems (BMS) panels (controlling lighting, heating, and cooling across 55% of our store estate – with an average saving of approx. 20% (26,000kWh) per store per annum.

In January 2021, we approved a three-year capex investment programme to extend energy optimisation technologies – LED lighting and BMS, designed to control energy intense equipment – to 100% of our owned stores.

RENEWABLE ENERGY

This KPI relates to energy used in our stores, offices and distribution/consolidation network. We account for renewable energy contracts, certification through Energy Attribute Certificates (EACs), and on-site generation.

	% CHANGE AGAINST BASELINE	FY21	FY20	FY17 (Baseline)
Total Global Energy Use (MWH)	-27.9%	19,337	24,946	26,837
Global Energy Efficiency (KWH/M2)	-33.5%	150.5	183.0	226.4
Global Energy Efficiency (MWH/£M)	-2.7%	34.74	35.42	35.69

Table 4: Superdry Global Energy Use. This table refers solely to energy used within Superdry direct global operations across our stores and offices. Data reported for each full financial year runs from 1 May to 30 April. The proportion of energy consumption reported that relates to the United Kingdom and offshore area is 45.9% (8,532,673 kWh electricity, 72,535 kWh gas). Our energy consumption inventory comprises 4% direct combustion of natural gas, 3% supplied heating and cooling and 93% electricity.

LEADING POSITIVE CHANGE

RESPECT AND DIGNITY

We work with third party manufacturers to produce our products. We have a dedicated ethical trading function and strict standards in place to ensure these manufacturers are operating factories that meet our baseline Code of Practice requirements.

Our Respect and Dignity KPI builds on baseline ethical compliance standards, and establishes systems to enable workers to raise issues and address inequality.

Utilising third party local experts including Swasti and Change Alliance, all factories that have undertaken Respect gender empowerment programmes are baselined in line with the UN Women's Empowerment Principles (WEP). By tracking the percentage of workers enrolled in this programme, we can more accurately track progress in line with Guiding Principles and report our progress in line with Sustainable Development Goal 5 (SDG 5, Gender Empowerment).

FARMER TRAINING

All farmers participating in our organic cotton conversion training programme are registered with the Organic Cotton Accelerator (OCA), who track the impact of the training and validate the payment of the organic or organic in conversion premium to farmers.

ADDITIONAL MANDATORY COMPLIANCE DISCLOSURES

The below section provides additional material updates pertinent to our mandatory compliance disclosures as well as links to relevant information available at corporate.superdry.com.

RISKS AND OPPORTUNITIES

Superdry aims to take a leading position both in addressing some of the most critical risks, and in seizing the opportunities arising in the fashion industry, using our size and innovative approach to influence change.

While our sustainability strategy is designed to leave a positive legacy, we have processes in place to identify, assess and respond to ongoing and emerging climate, human rights and wider environmental risks, to enable us to address our impacts effectively. Our Risk Management Policy and accompanying Risk Management Framework account for both Superdry's activities as well as the environment in which we operate, accounting for our business structure.

Our supply chain is outsourced to third party suppliers and factories. We are aware that this business model presents human rights and environmental risks and have established mechanisms to closely monitor these risks – the selection of factories for production, ongoing monitoring of their compliance to our policies and, if required, responsible exit should any major non-conformities be identified and not remedied.

We have published all relevant policies and provide further detail on how we monitor our supply chain at corporate.superdry.com.

Material climate and human rights related risks are included in 'How We Manage Our Risks' on page 56. Superdry will be required to align with the Task Force on Climate-related Financial Disclosures (TCFD) from our FY22 report. We will also take TCFD into account within our CDP report later this year, which will be available at corporate.superdry.com.

GOVERNANCE

Superdry has a robust governance framework in place to ensure effective oversight, ownership and accountability for the implementation of our sustainability programmes. This includes Board and Executive level ownership and accountability, with six monthly reporting to our Audit Committee in line with our Risk Management Framework. We have established teams dedicated to the delivery of our sustainability programmes, as well as a group of 50 Sustainability Warriors to provide a collective voice to drive change across the brand.

Full information on our governance and general follow up procedures for environmental, human rights and sustainability is provided at corporate.superdry.com.

SUPERDRY'S COMMITMENT TO 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), in adopting the principles of leveraging change and utilising effective due diligence and remedial actions to detect and manage risk. Our Code of Practice represents our baseline requirements, and wider human rights policies work alongside local laws to ensure a minimum standard of protection is afforded to our colleagues, and for our supply chain partners to uphold in relation to their employees.

We review our core human rights risks annually and publish our assessment at corporate.superdry.com, alongside wider policies designed to provide additional protection to vulnerable workers.

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

MAKE IT HAPPEN

Executing our strategy all starts with our amazing people who, together, create our unique Superdry culture. We are proud of our strong and diverse community, full of talent, drive and desire to inspire and engage our style-obsessed consumers while leaving a positive environmental legacy.

We encourage everyone at Superdry to bravely challenge the status quo. Founded by a truly inspirational entrepreneur, the spirit of adventure is at the forefront of Superdry's heritage and is a fundamental part of who we are today. Everyone in the Superdry team is supported to be their best self and is empowered to push their own limits. Our values have been defined with this in mind; they help shape our character and personality, and guide us in everything we do, every day. Please turn to 'Our People' on page 48 to find out more about our amazing people.

Further information can be found in:
'Our People' on page 48

We know we work better together, and so we reward our team for their contribution to Superdry's success. Cross-functional collaboration is crucial to ensure we achieve our objectives and take the brand forward.

Our integrated 'Go to market' strategy ensures our team collaborate to get the right product to market in the right place, at the right time, to deliver our brand's best expression and ensure we are creating inspiring customer experiences consistently.

We are conscious that in order to continue inspiring and engaging consumers we need to be able to leverage technology more and more. We are investing in core systems fit for the future, and through our technology transformation journey, we will harness the power of data to maximise efficiency and gain the right insights.

MAKE IT HAPPEN

Inspire our workforce through the spirit of adventure	A fully integrated 'Go to market' strategy	Establish core systems and data insight

Inspire our workforce through the spirit of adventure

Central to our success is being able to build a strong and diverse organisation, full of amazing talent. We are looking to build on this through:

Diversity and inclusion
We are recruiting from as wide a talent pool as possible to ensure that there are no barriers to entry or progression.

Opportunities
Kick start careers for young people (<25) in fashion through apprenticeships and work experience.

Partnering
A UK shared service model and business partners bringing agile thinking to business teams.

Reporting and insight
Make decisions using a clear and consistent measurement framework and publish key data.

Talent development
Everyone, everywhere has the opportunity to access role-specific learning, underpinned by an agile prioritisation and personal development framework.

Society
Ensure colleagues have a greater voice and impact through two-way feedback and employee consultation.

Further information can be found in:
'Our People' on page 48

Our values are:

We do it together
We do it by being real
We do it with passion
We do it with fearless creativity and the spirit of adventure

Survey result
78%
of colleagues are proud to work for Superdry

Survey result
76%
agree that the culture at Superdry is a 'good fit' for them

A fully integrated 'Go to market' strategy

We will become more efficient with our stock, which will free up cash flow from our working capital cycle. This in turn can be deployed as investment for key strategic initiatives. Achieving this requires a fully integrated 'Go to market' strategy to ensure our seasonal planning and execution is first class, and our customer experience across channels consistently inspires and engages consumers.

Seasonal planning and execution excellence

- Create freshness through short-orders, giving us the ability to test products and re-buy best-selling styles.
- Deliver continuity through foundation product that can be bought on a regular buying pattern to even out intake profiles and stock cover.
- We have identified multiple improvements in our buying, merchandising and wholesale processes that can unlock opportunities to reduce buying risk and increase stock cycle efficiency.
- Leveraging data through AI & DI to ensure we are allocating stock to the right locations more intelligently.
- Maximise the flow of product at full price through positioning the stock in the most brand enhancing and profitable way.

Segmented multi-channel experiences

Each channel has its own reason for being, each offering the customer a unique brand and shopping experience. This creates a flexible, wide-reaching and varied distribution network with channels which do not negatively impact each other.

The key to unlocking market opportunities is our ability to create authentic, inspiring and engaging experiences for each of our five collections – understanding the differences in how each of the hyper-segmented consumer targets behave across channels will be key to achieving our ambitious growth.

STORES

Physical brand experience and availability

Through our stores, we provide:

→ Product interaction

→ Brand environment immersion

→ Consistency

→ Best seller availability

→ Local market awareness

→ Human interaction

ECOMMERCE

Full brand expression and ultimate choice

Through our Ecommerce channels, we provide:

→ Social amplification

→ Full product offer

→ Branded editorial content

→ No geographic limits

WHOLESALE

Market access and awareness

Through our wholesale channels, we provide:

→ Market position/adjacencies

→ Product category consideration

→ Credibility through association

→ Capital light

→ Collection themed 'zones' within stores offering collection immersion

→ Collection merchandising to ensure most locally relevant product reaches stores

→ Single collection store tests which, if successful, will be rolled out to access new markets

→ Collection enabled navigation

→ Product shots differentiated by collection

→ Collection landing pages with editorial content

→ Click-through links from social channels to collection pages/product

→ Segment current customer base by collection based on end consumer profile

→ Target new customers with single collection ranges

→ Mix of product determined by how brand enhancing the account is which determines level of product available from foundation to pinnacle collections

Establish core systems and data insight

We have recruited a Chief Technology Officer to lead our technology transformation programme.

We recognise the need to continuously update our core systems and processes to maximise efficiency, improve customer experience and ensure the business is set for future growth.

Our priorities and how we aim to achieve them are set out below.

Technology roadmap priorities

Merchandising system replacement
Replacement of our existing merchandising and sourcing system, to improve our core product management capabilities.

Ecommerce re-platform
Replacement of our existing Ecommerce platform allowing for increased agility, flexibility and speed in how we develop our Ecommerce capabilities for the future.

System integration platform
Upgrade of our central system integration platform, allowing increased connectedness and alignment between our various operating systems throughout the business, improving efficiency and ensuring one version of the truth.

- → Wholesale CRM system
- → Radio-frequency identification (RFID) enhancement
- → Customer app
- → Single stock pool completion
- → Distribution centre automation
- → Store stock optimisation

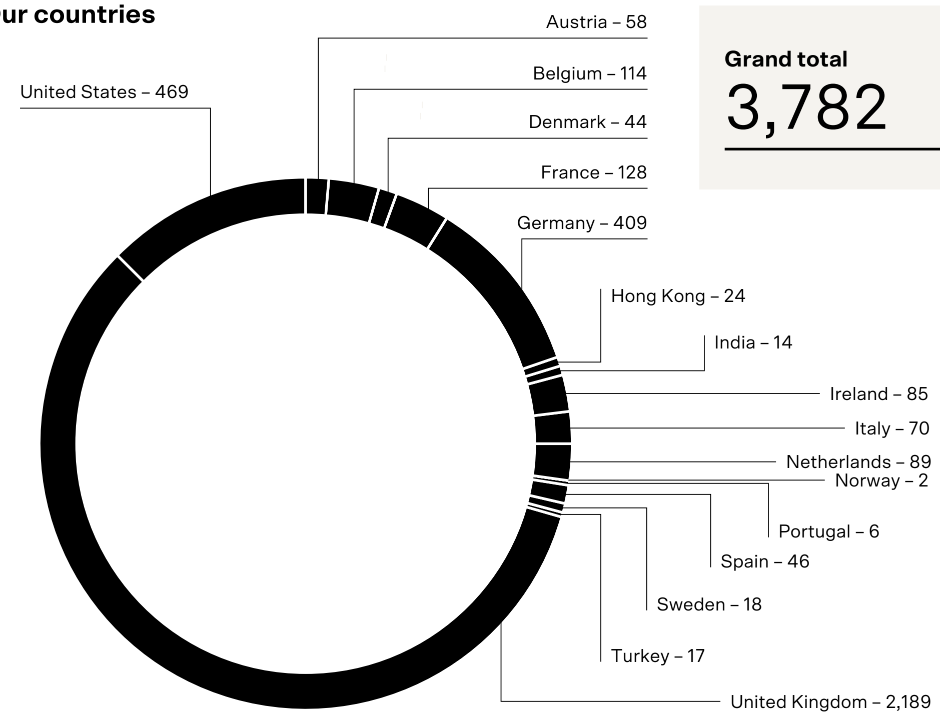
OUR PEOPLE

Superdry continues to be a truly diverse global community. We employ 3,782 colleagues across 17 countries (as at 24 April 2021). Whilst most of our workforce are young (71% are under 30 years of age) we are a multi-generational team.

Our generations

	Global Head Office		Global Retail		
Generation	# Colleagues	%	# Colleagues	%	**Total**
Traditionalists - pre-1945	0	0%	0	0%	0
Boomers - 1946-1964	19	2%	4	0%	23
Gen X - 1965-1980	196	23%	101	3%	297
Gen Y - (Millennials) 1981-1995	511	61%	1,128	38%	1,639
Gen Z - 1996-2010	114	14%	1,709	58%	1,823
Grand total	**840**	**22%**	**2,942**	**78%**	**3,782**

Our countries



Grand total
3,782
Number of colleagues

Gender

Gender identity	Global Head Office		Global Retail		
	# Colleagues	%	# Colleagues	%	Grand total
Female	492	59%	1,747	59.38%	2,239
Male	348	41%	1,191	40.48%	1,539
Non-binary		0%	1	0.03%	1
Unknown		0%	3	0.10%	3
Total	**840**		**2,942**		**3,782**

FY20 and FY21 have seen unprecedented change and challenge, and during this time we have continued to put our colleagues at the forefront of our communications and decisions. We know that our colleagues are critical to Superdry's success and are the people who make it happen. We are proud that our teams have shown tremendous resilience, camaraderie and leadership.

Culture

As Superdry returns to its design-led roots, continuing to grow a unique culture is a core part of our People vision.

During FY21, and in partnership with colleagues across all parts of our business, we revisited our values, which were originally launched in 2017, and refined them to further reflect our brand. To articulate this and engage colleagues, we created the Superdry Playbook: a simple recipe for who Superdry is and what to expect, no matter what job level, country or role. From our position on leadership, to how we engage with communities, the Playbook is intended to align our colleagues behind a shared aspiration and to give freedom within a framework.

Our evolved values are at the heart of the Superdry Playbook. We know that a team that embodies our values of **passion, being real** and **doing it together**, underpinned by a **true spirit of adventure** will help to drive our business forward as we attract new, highly talented colleagues and keep our existing colleagues engaged as we grow.

Throughout the recent difficult economic and trading environment, we have continued to put colleagues at the centre of what we do. Some of the actions taken include:

- Engaged with, and encouraged feedback from, our colleagues around key issues through our Pulse Surveys on Diversity and Inclusion, Well-being, Learning and Development, and Engagement and Culture. Through these, we have taken into consideration over 2,000 individual viewpoints and using this information, we have committed to take the feedback from the SD Voice (our colleague engagement forum) on board;
- Granting c.550 additional global colleagues, including our store leaders, restricted share awards through the Superdry Leadership Share Plan. This share grant[1], in October 2020, was designed to provide a greater number of colleagues a chance to share in the future success of Superdry. For those not included in this Plan, we delivered £100 of Superdry vouchers in December 2020 as a 'thank you' in consultation with the SD Voice;
- Working in partnership is part of the Superdry culture. In FY19 we launched the SD Voice for Retail and Head Office, represented by nine and 17 elected colleagues respectively. Over the last 12 months, we have worked closely with this group on a number of topics including business restructuring, communications, Covid-19 policies, recognition and strategy. The SD Voice is supported by our designated independent NED for employee representation, Helen Weir. The group also had the opportunity to present their involvement, reflections and priorities to the Executive Committee and to the Board (please refer to the Governance section starting on page 84 for further details of Board and Committee activities). Employee engagement forums have also been extended globally, and in April 2021, elections were held in the USA for the first SD Voice, USA. This will be extended to our EU teams in FY22;
- In July 2021, we gained feedback from the UK Retail and Head Office SD Voice groups after 15 months in their roles, to review progress and to identify what could be improved:
  - 65% of SD Voice members believed that the SD Voice reflected Superdry values.
  - 94% of SD Voice members wanted to continue their role within the group.

Several themes emerged, including having more opportunities for collaboration, providing feedback on business-wide projects, and influencing strategic initiatives. Some areas for improvement included ways of working, defining the agenda for monthly meetings and the principles of the group. Feedback sessions were held and the learnings will be applied to new US and EU SD Voice groups in FY22.

- Throughout the Covid-19 pandemic we have done everything we can to make sure our colleagues feel supported. This includes:
  - Where we have been able to (in the UK and certain overseas territories[2]), ensured that those furloughed never received less than 80% of their take home pay when government assistance schemes did not allow for this;
  - Allowing the rollover of annual leave that had not been taken, due to the pressures of workload in Head Office;
  - Privately funding lateral flow tests for Head Office colleagues who needed to be on site during lockdown periods; and
  - Enhancing our sickness policies to ensure they covered extended periods of absence due to Covid-19 quarantine rules.
- Despite recent challenges, colleagues have continued to come together to help to support local charities and the NHS, as part of the Grow Future Thinking programme, some examples of which are set out below and in the Sustainability section on page 40:
  - In December 2020, we turned our Café at Head Office into a production facility to provide hot meals to those in the local area. Over this period we provided 4,000 hot meals to individuals through a charity network which was funded on behalf of Superdry and enabled by Superdry colleagues;
  - In June 2021, led by the SD Voice, Superdry donated £6,703 to a local charity that supports bereaved families, Winston's Wish, raised through an auction of donated items; and
  - Following a devastating fire at the home of one of our store leaders in the USA, Superdry donated $7,500 through GoFundMe, to help them to get their life back on track.
- We have focused on supporting the well-being of our colleagues over the period of the pandemic, appreciating that some of our furloughed and non-furloughed colleagues will have struggled in different ways. We maintained and extended our network of Superdry Mental Health Ambassadors, growing a network of 21 trained ambassadors to help provide first-line support to colleagues, and we aim to develop more in future. We also produced educational materials to help colleagues struggling with anything from how to spend their time, to where to get help, all of which was made available through our internal communication platform, Workplace.
- Following on from the success of 2017, even though disrupted, Superdry continues to be a partner of the Invictus Games at The Hague, now scheduled for 2022. This includes providing:
  - UK Team Trials t-shirt;
  - UK Team Announcement Kit and Team Games Kit;
  - Netherlands Team Games Kit;
  - USA Team Games Kit;
  - Games Organisers – volunteers, officials and staff games Kit;
  - Invictus Games Foundation Kit; and
  - Kit for the USA, Iraq and Afghanistan nations.

Superdry looks forward to continuing its relationship with Invictus.

1. For international colleagues outside of the United Kingdom this was a Phantom Cash Award.
2. Store leaders in the USA and Germany.

Diversity and Inclusion

At Superdry, we aim to create environments where individuality and authenticity can thrive. In 2019, 86% of colleagues felt that they were treated fairly, regardless of their diverse backgrounds[3].

93% of our colleagues feel included at Superdry, regardless of who they are.

In Summer 2020, as part of our response to the 'Black Lives Matter' campaign, Superdry engaged with and listened to colleagues, obtaining more than 600 views and opinions on how we should improve our diversity and inclusion culture. We created an action plan from this and have made progress on several of our diversity and inclusion commitments:

- Led by our Senior Women's Forum, which launched in 2019, we enhanced our UK family-friendly policies. We increased maternity and adoption leave from 12 weeks' full pay to 18 weeks' full pay for colleagues with two or more years' service in the UK, and increased paternity leave from two weeks' full pay to four weeks' full pay;
- We introduced a workplace nursery partnership for colleagues at our Head Office in Cheltenham with Tinies Nursery, to support working parents with quality and affordable tax-efficient childcare, close to their place of work;
- Our Senior Women's Forum has continued to meet every month, raising the profile of female leadership and ensuring that issues surrounding gender equality are being discussed and acted upon;
- Superdry signed up to the Diversity and Inclusion Charter, launched by the British Retail Consortium in March 2021, committing to actions around responsible people, data and recruitment practices;
- In March 2021, a Diversity and Inclusion Group was launched, made up of global colleagues, to support and influence the global diversity strategy. The purpose of the group is to ensure that ideas, opinions and thoughts are shared and heard from all backgrounds and to put our colleagues at the forefront of decision making. This group will be a central part of ensuring diversity and inclusion remains at the top of Superdry's agenda;
- We launched a data survey to improve the data we collect and analyse and to ensure that we are able to properly monitor and report on changes;
- We updated our Diversity, Inclusion and Equality Policy in 2020, to include a zero-tolerance approach for any behaviours that were contrary to our value of togetherness. In addition, we continue to give full and fair consideration to applications for employment by disabled people. In the event of an employee becoming disabled, every effort would be made to ensure that their employment with us continues and that appropriate training and support is arranged; and
- We delivered a programme of unconscious bias training for our managers and leaders to help ensure decisions were being made free from factors that could lead to discriminatory outcomes.

Greater diversity at our Head Office and in our stores will help us to understand our customers and what matters to them.

Our gender pay gap

We have recently published our Gender Pay Gap Report 2020.

Our published Gender Pay Gap Report:
Available at: corporate.superdry.com

We count this as one of many measures of our progress. This year, on the snapshot date of 5 April 2020, a proportion of our UK workforce had been furloughed, so in accordance with relevant guidelines, they were excluded from the Gender Pay Gap Report. As a result, the gender pay gap for the Group was 35.9%. Since the number of colleagues furloughed during FY21 greatly distorted this number, we have chosen to voluntarily report on our gender pay gap as if none of our colleagues had been furloughed, as we believe this is a more accurate picture and, therefore, a better measure of our progress.

This alternative way of reporting indicates that if we assumed our colleagues were not furloughed, our gender pay gap would have continued to shrink by 3.3%, to 19.3%[4] across the Group.

3. Taken from the 2019 Great Place To Work Report from a sample of 3,793 respondents.
4. Using the pay gap assuming no colleagues were furloughed, the legal figure is 35.9%.

Gender and ethnicity diversity targets

Superdry has already committed to gender and ethnic diversity targets for its Board. A gender diversity target of 33% female representation is in place. In FY21, the figure for female representation was 29%. An ethnic diversity target of at least one Director from a Black or Minority Ethnic background is in place, and this target was met in FY21.

During FY21, we set three-year targets for gender and ethnic diversity, reaching beyond our Board, to include our Executive and Senior Leadership Teams.

Our three-year targets, commencing in April 2021, are set out below.

The Executive Committee

On the 'snapshot' date of 24 April 2021, the Executive Committee comprised 11 individuals (CEO, COO, Retail Director, General Counsel and Company Secretary, Chief Marketing Officer, Wholesale Director, Global Sourcing and Sustainability Director, Group HR Director, Merchandising Director, Global Creative Director and Logistics and Business Transformation Director).

Gender target	Performance (24 April 2021)
A minimum of 33% of the Executive Committee to be female	Male 73% Female 27%
Ethnicity target	**Performance (24 April 2021)**
A minimum of 14% of the Executive Committee to be from Black, Asian or Minority Ethnic backgrounds	13% from Black, Asian or Minority Ethnic backgrounds

The Leadership Team

Our Leadership Team is defined as the Executive Committee and their direct reports, excluding administrative roles, and excluding four contractor roles on the 'snapshot' date of 24 April 2021.

Gender target	Performance (24 April 2021)
A minimum of 50% of the Leadership Team to be female	Male 61% Female 39%
Ethnicity Target	**Performance (24 April 2021)**
A minimum of 14% of the Leadership Team to be from Black, Asian or Minority Ethnic backgrounds	7.5% from Black, Asian or Minority Ethnic backgrounds (27 individuals submitted data out of 61)

We will continue to report on our targets. In addition to this, we have taken the following actions:

- Future Thinks – A bursary scheme to encourage applications from individuals from ethnic minority backgrounds into roles at Head Office;
- The establishment of a female senior leader mentor programme to help support talented female potential leaders;
- Introducing balanced shortlists into every management hire across the business, to ensure opportunities are fair, as well as diversity and inclusion training during the hiring process;
- Building marketing partnerships to aid in the attraction of diverse talent;
- Keeping the conversation around diversity topics live, including hosting more frequent online panel discussions on issues such as LGBT during Pride month; and
- The introduction and embedding of flexible working rules to help widen the talent pool and to make working at Superdry more accessible.

Survey result

63%

Colleagues who felt that Superdry's approach to diversity and inclusion was positive

Communication and feedback

In times of crisis, communication is important. This year has been unlike any other in the history of Superdry, but we are proud to report that we have made several changes and improvements to our communications structure, to keep colleagues engaged and informed and to provide support.

74% of colleagues felt that Superdry's communication during the Covid-19 pandemic was 'good'.

We decided in FY21, following consultation with the SD Voice, to review the annual SuperSay survey and to introduce Pulse Surveys, focusing on real-time topics that are important to the brand, colleagues and society. Since August 2020, we have carried out four Pulse Surveys: Diversity and Inclusion, Well-being, People and Development, and Engagement and Culture. Participation has consistently increased, with 485 responses from 15 countries; growing to 756 for the second survey, 1,130 for the third, and 1,503 for the fourth. Here were some of the key messages:

Diversity and Inclusion Pulse:

- 93% of participants positively responded to the statement, "I feel I am included at Superdry regardless of who I am".
- 89% of participants responded positively to the statement, "I feel I am treated fairly at Superdry".
- In 2019, 86% of colleagues felt they were treated fairly regardless of their diverse backgrounds.

Well-being Pulse:

- 78% of participants agreed with the statement, "I can deliver my role and my priorities successfully whilst managing my work/life balance effectively".
- 74% of participants said that the Company's communication during the Covid-19 pandemic was good.
- In 2019, 65% of colleagues felt they were encouraged to balance their work and personal life.

Survey result

78%

Colleagues who felt that they could deliver their role and priorities while managing their work/life balance

People and Development Pulse:
- 78% of colleagues have clear priorities agreed between themselves and their line manager.
- 80% of colleagues are clear on their departmental goals.

Survey result

78%

Colleagues who have clear priorities agreed between themselves and their line manager

Engagement and Culture Pulse:
- 78% of colleagues are proud to work for Superdry.
- 60% of colleagues are fulfilled by their role at Superdry.
- 71% of colleagues agree that Superdry is a great place to work.

The Pulse Surveys reinforced some positive beliefs about Superdry's unique culture, but they also provided challenge and opportunities for change. These opportunities have been built into action plans, shared with the SD Voice and published openly. Actions included:

- Putting in place a nine-point diversity action plan;
- Evolving our talent framework to increase the focus on well-being and encourage more frequent '1-2-1s' between line managers and their teams through a new digital performance management platform;
- The creation of a 'Blackout Hour' during the pandemic to help ensure colleagues take time away from online meetings and work; and
- Agreeing to the launch of a new global digital learning platform, which will be accessible to every colleague in FY22.

We will be continuing Pulse Surveys in FY22, gaining feedback on relevant topics and communicating the steps and changes delivered as a consequence.

Workplace

We use Facebook Workplace as our principal internal communications tool. All colleagues and the Board of Directors have access to Workplace, on which a range of Company information and resources are shared, for example:

- Our latest social media campaigns
- Previews of new product and design
- Events, promotions, competitions
- Colleague health and well-being
- Training events
- Retail news and updates.

This tool helps the Board to monitor culture at Superdry.

Other engagement tools have been used to keep colleagues informed in FY21:

- The first SD Live event was launched in January 2021. These virtual 'town-hall' sessions are streamed on Workplace every six to eight weeks, providing colleagues globally the opportunity to hear the latest business news and updates from Executive members and project leaders. As we revert to a more normal environment in FY22, we will continue to hold these events;
- Online hubs available to all colleagues providing support and information on topics such as mental health and well-being on Workplace;
- Members of the Executive Team, such as the Retail Director, HR Director and CEO, gave presentations on Workplace to update colleagues in person; and
- Regular updates for colleagues on Workplace with information around Covid-19 policy changes, health and safety protocols and trading performance.

Talent

Recruiting and retaining talent continues to be an important strategic objective for Superdry. Some of the actions implemented to support our talent strategy include:

- Due to the closure of our Head Office in March 2020, and in order to support well-being, we launched a new employee talent platform, OpenBlend. This digital platform encourages line managers to focus on fulfilment, well-being, work priorities and actions. The tool is designed to drive engagement and to align colleagues to our strategy, whilst supporting our hybrid working framework;
- We have prepared for the transition back to work in a post-Covid-19 world. There will be roles that will always need a physical presence (such as in Retail and some creative roles). In consultation with colleagues, we recently released our 'Hybrid Guide', aiming to give colleagues more flexibility in when, how, and where they work. This enhances the trust and respect of our colleagues, asking them to work with their manager and teams to strike the right balance between what works well for them, and what is right for the business. Superdry applies a 'more in than out' approach, which means that when restrictions are eased, we expect every colleague in Head Office to connect with one another at some point in the week, as we believe this is key to emotional health and to teamwork;
- Our approach to learning and development is evolving, focusing on 'rapid learning sessions' with our Senior Leadership Team, and moving to a 'digital-first' approach to develop those identified as having future growth potential, through our emerging talent programme;

- Superdry continues to hold regular reviews of talent, to enable the succession planning process. In October 2020, talent reviews were held for all middle to senior management roles to ensure forward thinking in our approach to the development and retention of our future leaders; and
- As we cautiously start to return to our Head Office and Retail spaces, we have worked to ensure colleagues are familiar with our strategy, health and safety regulations, as well as culture and communications. As FY22 progresses, we are re-onboarding our colleagues confidently, driving engagement and re-building our teams.

Conclusion

FY21 has been a year unlike any other. During this year, the Board and Executive Team have taken decisions in relation to our people that support Superdry's evolved values and the strategy, recognising that our colleagues are the people who will make it happen.

How we manage our risks

We understand the need for an effective system of risk management. To ensure processes to identify and prioritise those risks of greatest exposure to Superdry and that the benefits of risk management can be achieved, we have continued to embed the enhancements made to risk management practices last year.

These enhancements included changes to the composition and focus of our Risk Committee, a new Risk Management Policy, and research into both the global risk landscape and risks specific to the retail sector.

The output of these activities culminated in a revised set of principal risks and uncertainties (PRUs). These were consolidated and further prioritised so that the ongoing assessment of risk, through quarterly reviews with senior management, the Executive Team and Audit Committee, is focused on the most significant risks faced by Superdry, and also ensures that emerging risks that could, for example, impact the Group's ability to continue as a going concern are assessed.

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

Coronavirus

Throughout FY21, significant resource has been deployed in mitigating the many risks associated with Covid-19, to minimise the impact to the business.

The response to the virus has been overseen by our Covid-19 Incident Management Team (IMT), formed of members of the Group's Executive Team and Head of Internal Audit, Risk and Business Continuity. The IMT has been responsible for crisis and emergency management, incident management and business continuity management. At the time of writing, while we have seen restrictions easing, for example, the reopening of non-essential retail across the countries in which we operate, given the uncertainty, pace of change and wide-ranging impact of Covid-19, the IMT continues to meet regularly. The priority has been, and will continue to be, the safeguarding of colleagues and customers whilst maintaining delivery of business operations and taking actions to protect the long-term financial position of the Group.

In July 2020, PwC carried out an independent review of our response to the pandemic across the following areas: pre-pandemic planning, scenario planning and corporate strategy, crisis management, business continuity management, workforce safety, communications, workplaces, third party/supply chain, technology and restoration to a new business as usual.

Risk review process

Existing/ emerging risks

01
- Top down risk identification
- Global risk landscape
- Horizon scanning across the 1–5 year time frame

Risk Committee evaluation

02
- Deep dive into significant risks
- Risk assessment
- Review risk score
- Independent risk assessment

Executive Committee review and approval

03
- Monitoring risks
- Principal risks and uncertainties
- Assessing risk

Audit Committee review and approval

04
- Review of Risk Committee minutes
- Evaluation of effectiveness of risk management
- Management and strategic risk review

Board review and approval

05
- Setting risk appetite
- Principal risks and uncertainties
- Risk Management Policy

The review highlighted a number of areas of good practice that enabled the business to react swiftly and effectively to issues as they arose, with significant focus on ensuring the health and safety of both colleagues and customers, ensuring compliance with government requirements, and on ensuring the financial sustainability of the business throughout the crisis. Improvement areas related to being more proactive in considering potential risks and opportunities, so the business could plan and respond to issues in advance of them arising, for example, further waves of the virus and lockdowns. We have sought to implement these recommendations through various activities. For example, we have undertaken a number of Executive planning exercises that considered the impacts and leveraged the learnings so that we could react more quickly and minimise the impact of future waves of the virus. These included, but were not limited to, weekly cash flow forecasting and covenant monitoring, the well-being of colleagues and customers, and communication plans. These will be reviewed on an ongoing basis in light of further potential waves of the virus.

Further details and actions taken to preserve the long-term financial position of Superdry can be found in the CFO review on page 75 and the impact on the wider business to date can be found on page 20 as part of the Covid-19 statement.

Further action taken to protect the well-being, health and safety of our colleagues and customers included:

The closure of all our stores at various times in FY21 as a result of local government advice. During periods when our stores have been permitted to open, we have conducted an ongoing programme of 'Covid Secure' audits, to provide assurance that social distancing and hygiene protocols are being observed and that we are operating in environments where we can safeguard our colleagues and customers. We have also ensured that independent auditing has been undertaken across our factory base and distribution network.

A small number of colleagues continued to work from Head Office during FY21 because they were unable to perform their roles remotely. To support these colleagues, we made the decision to provide regular on-site Covid-19 testing, administered by a qualified nurse. All colleagues attending Head Office are required to complete a declaration to confirm they have read, understood and will adhere to the Covid-19 measures introduced. We have offered testing kits to our retail colleagues where possible.

It is highly likely the pandemic will continue to adversely impact the Group in FY22 and it is clear that Covid-19 has impacted the risk profile of the business, including the nature and severity of exposure faced, and this is reflected in the individual PRUs described below.

While our stores have reopened, there remains a risk of further government lockdowns caused by emerging variants of Covid-19, which could impact non-essential stores like ours and would be especially impactful during peak trading, for example, the Christmas period. Our supply chain has proven to be resilient throughout the pandemic but continues to represent an ongoing risk, especially where there are high transmission rates which could lead to the closure of some of our factories, such as India, during recent months.

We have seen lost store revenues being partially offset by increased Ecommerce channel revenues, and we may see a continued shift away from stores as a result of the virus impacting consumer habits and preferences, despite successful vaccination programmes. Additionally, Covid-19 has increased the probability of a sustained economic recession, which would have a significant and adverse impact on Superdry.

Risk	Mitigation	Movement in the year
Risk category: Brand Damage may occur to the **Superdry brand** or the brand may lose its resonance.	The deterioration of the Superdry brand is a 'risk theme' that underpins many of the principal risks and uncertainties identified by management – both in terms of cause and effect. **For example:** diminishing brand health caused by the failure to meet consumer needs, poor quality or counterfeit product, a failure to inspire consumers through aspirational and relevant content and loss of/unauthorised access to customer data. Associated effects include customer perception, investor sentiment, recruitment and retention of colleagues, revenue and margin detriment (across all channels), and financial penalties. As such, brand is identified as a significant risk that impacts multiple areas. Specific mitigating activities are considered within individual risk areas below.	↓ Significant progress has been made to deliver the brand reset. The Group has developed its strategy to adapt to a new marketplace which has seen uncertainty in the trading environment, competitors exit, and increased levels of environmental and social awareness. Focus has also been on connecting with new consumers with an accelerated shift towards digital, and engaging with new brand ambassadors. While it will take time to rebuild and optimise the brand, early indicators such as customer perception and investor sentiment are positive. As such, we believe the risk to have decreased since last year.
Risk category: Operational **Design and Product:** Superdry's ability to achieve success depends on setting a consumer centric and relevant commercial product strategy that is aligned to brand position, market dynamics and consumer perception. A key element of shaping consumer perception is through presenting best expressions of the brand in every retail channel, which has been difficult during the pandemic, with stores closed for significant periods and consumer mobility compromised. A poor product strategy will prevent us addressing 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.	A Creative Centre that is aligned to one brand, four style preferences and nine consumer groups, enabling the targeting of specific consumer segments. The groundwork set over the last 18 months has created our ability to have 'hyper-segmented' style conversations with consumers. **Product:** The Group's brand and product strategy, based on insight driven ranges and collections, continues to be embedded across the business, supported by our Brand and Channel Marketing teams. We have sought to align our product offering with consumer sentiment, targeting core markets initially. Enhancing our short-order capability has enabled us to respond to consumer demands, increase product choice online, and test products more effectively. **Design:** The CEO and Creative Director continually review the design, selection and performance of product ranges and trends to assess and correct any key selection or product issues.	↓ Significant progress has been made with the Group's revised product strategy underpinning the AW20 brand reset. We still believe the risk to be of significance, as it will take time to deliver collection objectives and change consumer perception. One of the key pillars of our new strategy is to 'Inspire through Product & Style', which will ensure continued focus. However, the ability to drive success as a result of our new product is subject to the retail and wider economic climate we are operating in. We believe the risk has reduced from prior year.

Key

↔ No change ↑ Increased risk ↓ Decreased risk

Risk	Mitigation	Movement in the year
Risk category: Operational **Significant business interruption:** Compromise to our key technological/physical assets would significantly impede our ability to trade, particularly during the peak trading period from November to January. The Group also remains exposed to further waves of Covid-19 and associated lockdown measures taken by governments, including the enforced closure of our stores. Key assets include: i. Ecommerce platform ii. Distribution centres iii. Critical IT iv. Head Office v. Large stores	Development of business continuity measures to improve capability in the event of significant interruption. For example, understanding where the Company is most exposed to interruption, the formation of an Incident Management Team with relevant, cross-departmental representation and ongoing review of Incident Management Plans. Ongoing, real life deployment of business continuity measures through the management of the Covid crisis and programme of desktop exercises designed to test responses to other significant business interruption scenarios. Implementation of recommendations from independent review by PwC that assessed management's response to the Covid-19 pandemic. Resilience is also considered for our key physical/ technological assets. For example, operating a series of multi-channel distribution centres capable of serving all channels in a specific geographic region, with a common operating system, provides built-in resilience in the event of the failure of a single distribution centre. We are also in the process of bonding our warehouse at The Duke. The Baron site was bonded during the financial year, allowing us to both defer duty payments and avoid duty altogether on exports. Our current Ecommerce platform is hosted in a secure cloud environment with performance testing of customer peak loading, around the clock monitoring of key interfaces, user experience and support team availability. Our new Ecommerce platform will extend our resilience capability by leveraging additional cloud security and continuity functionality.	↓ The risk has various components across different asset types, which are often interlinked. The development, communication and deployment of scalable and adaptable business continuity measures has demonstrated the Group can effectively respond to significant business interruption incidents, not least in response to the Covid-19 crisis. While further waves of the virus represent a risk in terms of our ability to trade without interruption, the likelihood and impact when compared to last year is considered to have lessened.
Risk category: Operational **Stock levels:** Elevated stock levels represent a risk in terms of shortfall in cash flow and additional storage costs. Trading volatility, such as that caused by Covid-19, may create an excess of stock to clear that may be brand damaging if continued discounting and third party clearance operators are regularly used.	Robust, data driven 'Open To Buy' process with regular meetings with a sub-set of the Executive to determine buy levels for each channel per season. This ensures that buying decisions reflect the need to meet changing stock levels across the estate. Stock reporting continues to be a standing agenda item at Executive Committee meetings and regularly communicated to the Board. In the short term, to tackle trading volatility associated with Covid-19 and to reach year end target stock levels, we rephased around 1 million units of the recent SS21 buy. We also continually review our supplier base to reduce over-reliance on individual suppliers. We have revised our clearance strategy with a focus on Ecommerce and physical outlet growth, whilst maintaining our full price stance within stores. Our contracted clearance partner has assisted in further reducing stock levels during FY21.	↔ Progress has been made in terms of reducing year-on-year stock levels from c.17m units to c.15m units and responding to trading volatility caused by Covid-19. We believe the risk to remain at similar levels to last year. Enhancements to the wholesale sales order process to reduce returns, reshaping the season's buy to offer a deeper volume of best-selling lines, automating merchandising activity through a new ERP system, and our evolving clearance strategy, will reduce this risk.

Risk	Mitigation	Movement in the year
Performance across our global, omni-channel proposition represents a risk. Specifically:		
Retail store performance **Risk category: Operational** 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. This trend has been accelerated by the closure of the Superdry store estate due to Covid-19 during the multiple lockdowns across many of our key markets during FY21, leading to significant revenue reduction compared to prior year. While open, we have had to make changes to the number of customers allowed in store, closure of fitting rooms, introduction of sneeze screens etc. all of which adversely impacted performance.	As part of the Five-Year Plan, a corresponding five-year retail strategy has been developed to support the profitability of the store estate and address any loss-making stores. The strategy is based on our five key markets of UK, France, Germany, Netherlands and Belgium. Each store across our entire store estate has been classified in a specific category that will guide future action. For example: re-gear with a view to deliver significant rental savings, exit the store, relocate or amend size of store. 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. We have sought to be agile and be in a position to open stores and trade safely as guided by local government. Where other options exist, such as Fulfil From Store, we have sought to trade wherever it is commercially viable to do so. During FY21, where leases have been renegotiated, we continue to see significant savings.	↓ At the time of writing, while we are fully open and trading from a store perspective, uncertainty remains in terms of further lockdowns during FY22. We also anticipate suppressed footfall in our stores through the first half of FY22 as a result of uncertainty in consumer confidence and the continued shift to online. However, we anticipate being able to recoup a significant proportion of lost store revenue from prior year in FY22. As such, we believe the risk to the business to be lower when compared to prior year.
Wholesale performance **Risk category: Operational** Wholesale performance is at risk from a number of short-term factors relating to Covid-19, which has impacted the ability of our partners to trade and contributed to surplus stock levels where partners have returned and cancelled orders. Additional risks to performance include brand perception, grey market distribution (where product is obtained from an unofficial marketplace), and an inability to deliver on time and in full to customers.	We have sought to maximise the opportunity to sell to Ecommerce partners (wholesale revenues comprise c.70% sales through physical stores and c.30% through online partners) through the pandemic. We have maintained strong dialogue with partners to facilitate payments and shipment of product. A detailed action plan is being implemented to address surplus wholesale stock, including a review of the wholesale sales order process and our terms and conditions for cancelled orders. As a direct result of extended sourcing lead times, forward order fulfilment delivery windows have been rephased and extended to support seasonal sell through for customers, resulting in proactive cancellations of orders in some cases and the incentivisation to take stock arriving later. 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.	↔ While the majority of our wholesale store estate has reopened, uncertainty remains in terms of further lockdowns during FY22. By optimising the opportunity to sell to Ecommerce partners and addressing the issues exacerbated by Covid-19, we believe the risk to be at similar levels to last year. Our new product continues to be received very positively by our customers, improving brand perception.

Risk	Mitigation	Movement in the year
Ecommerce performance **Risk category: Operational/ Technology** Ecommerce performance represents a significant growth opportunity; however, it also represents a risk in terms of delivery of short/medium and long-term business objectives. 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. Consumers are drawn to Ecommerce platforms that make the experience of browsing, shopping, discovering and ultimately purchasing, engaging, efficient and cost effective.	We have made key hires to bolster the Ecommerce Team during the year, including a new Chief Marketing Officer. We have also hired specialist roles in areas to drive our new strategic initiatives, such as social channels and influencers. Key to our digital strategy is the introduction of the new Ecommerce platform, which will go live across our 21 websites in FY22. Accenture have been commissioned to provide support, oversight and challenge to ensure we optimise our chances of successful delivery. The foundations are now in place to deliver the platform which will enhance customer experience, respond to changes in consumer trends, and enable continuous innovation by facilitating quicker integration of technologies to meet this demand. We continue to build on brand marketing activity across PR, social media and influencers.	↔ We continue to invest in our digital capability and have recently recruited a Chief Technology Officer, and continue to refine team structures and ways of working to optimise performance when the new technology is implemented. As such, we believe the risk to have remained at a similar level to last year.
Risk category: Finance **Ineffective internal controls** There are a number of underlying causes that have increased the risk of significant control failure that could lead to financial loss, heightened risk of fraud and error, increased audit fees, and prior year adjustments. While we have designed and produced an Internal Control Framework (ICF) to cover key financial and non-financial processes, this is yet to be fully embedded. **People:** There has been a significant turnover of Finance Team members over the past few years, meaning a lack of continuity. **Processes:** Many current transactional processes are manual and result in significant requirements for reconciliation, review and analysis. This can cause, and has caused, significant backlogs which can cause difficulties in closing the accounts in a timely manner. **Technology:** Existing financial systems are not set up to make best use of functionality, or do not provide the functionality required to enable controls to be performed entirely efficiently and effectively. This increases the level of manual input required and increases the risk of errors.	The Group has sought to resolve the underlying issues associated with an ineffective internal control environment in the following areas: **People:** Our permanent CFO joined in April 2021 and we have finalised the recruitment of further roles across key areas of the Finance function, including a new Group Financial Controller who joined the team in March 2021. **Processes and Technology:** With the support of an Interim Finance Transformation Leader, we have sought to understand and enhance upstream processes from the Finance function that lead to backlogs, such as optimising workflows. We have then prioritised the clearance of these legacy backlogs. We have started to introduce technology to automate manual processes wherever possible, as well as review and enhance current system configurations. From a governance perspective, we have launched a new Internal Control Questionnaire to improve management oversight and provide assurance over the effective operation of controls within the ICF on a regular basis. Issues with controls are also reported and escalated on a regular basis with management focus on root cause and resolution.	↑ The inclusion of ineffective internal controls as a risk within the Group's PRUs for the first time reflects the exposure identified through various external and internal audit activity during the financial year. While exposure remains, the dedicated focus directed at addressing underlying causes, such as the clearance of a significant proportion of backlogs with the new people on board, has seen recent improvements that will continue during FY22. Please see the Audit Committee Report on page 97, where control issues are considered more fully.

Risk	Mitigation	Movement in the year
Risk category: Finance **Exchange rates and bad debt** Our financial results could be impacted by changes in exchange rates. The majority of our stock purchases are made using foreign currency (US$ or €) and, therefore, our costs are exposed to foreign exchange movements. This is partially offset by a proportion of sales receipts being in foreign currencies. At a macro level, it is expected that the impact of Covid-19 and a post-Brexit environment will lead to exchange rate fluctuations in the short to medium term, creating uncertainty around GBP profit and cash equivalents. **Bad debt:** Almost 40% of Group revenue is from our wholesale channel, made up of over 2,000 individual accounts. The risk of one or more of these accounts being unable to pay debt represents a bad debt risk. Covid-19 continues to put pressure on our partners' ability to repay debt, with the aftermath of Covid-19 likely to last for some time.	The Group's operations are geographically diversified, introducing a partial natural currency hedge. Our forecast foreign exchange exposures are hedged in accordance with the Group's approved Treasury Policy. We have sought to streamline and simplify foreign exchange activity with increased involvement of the CFO in the management of foreign exchange exposure in the year. Oversight is managed through Audit Committee review and a Treasury Committee, which considers foreign exchange exposure and opportunities and uses forward foreign exchange contracts to provide planning certainty in the major currencies in which we trade. Board approval is required if additional hedges are required that are over and above existing Treasury Policy thresholds. The Group's Credit Risk Policy is designed to govern the wholesale process, from the setting up of customers, for example, review of the financial health of our wholesale partners and obtaining credit insurance, through to timely payment and management of debt. The Group's bad debt provision is reviewed on a monthly basis including a review of the provision against the current debtor position.	↔ Since last year, despite being in a better position to understand our hedging position through improved reporting and working in line with an approved Treasury Policy, we are operating in a volatile (Covid-19, post-Brexit) foreign exchange market. In addition, as a result of Covid-19, trading conditions continue to be challenging for our wholesale partners and their ability to pay us. While our bad debt risk remains elevated, relative to pre-Covid-19 levels, an element of the provision has been released in FY21, recognising the improving outlook when compared to FY20. As such, we believe the risk to be similar to prior year.

Risk	Mitigation	Movement in the year
Risk category: Finance **Cash management** For significant parts of FY21 we have seen widespread closure of our stores as a result of Covid-19, removing a key cash generating channel from the Group's trading capabilities. In addition, given the cyclical nature of the Group's revenue and expenditure, there are points within the year when there are significant outflows of cash, for example, payments in September for Black Friday and Christmas stock – the timing of which can change. Significant cash inflows, for example, peak trading, do not align with the timing of the peak outflows of cash. As such, there is a requirement to manage working capital within the business to ensure we have sufficient cash at all times to meet our payment obligations, receive stock on time and, therefore, fulfil orders and ensure compliance with our borrowing obligations. This is also important in terms of maintaining relationships with suppliers and therefore, protecting our payment terms. Historically, the Group has had significant cash reserves. However, with recent trading, for example, as a result of Covid-19, pressure on the cash balance has increased resulting in the need for closer cash management.	Significant liquidity is provided by an Asset Backed Lending (ABL) facility (up to £70m), agreed in August 2020, and an overdraft (£10m) being sufficient to meet our cash requirements in the short term. Cash management has been very closely managed and scrutinised throughout the pandemic, with a more detailed cash flow forecast enhancing our ability to effectively manage our cash position as well as managing the ABL facility. The Board continues to monitor headroom between forecast cash positions and facilities including Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) and net debt under multiple stress test scenarios. Despite the pandemic, the Group has not needed to draw down on the facility throughout FY21, maintaining a net positive cash balance throughout the year. Key operating teams across stock purchasing and property have focused on phasing and payment terms for our largest outflows, for example, renegotiation of leases with dedicated resource optimising relief and deferral opportunity. We have also managed our payroll extremely closely. For example, for three months, our Executive Team took a temporary pay cut of 20% and our CEO and the Board took a cut of 25% for six months. The Group has sought to utilise government assistance, such as job retention schemes, where available in the territories in which we operate, supported by third parties across tax and employment legislation.	↔ The Group has maintained healthy cash balances, despite the significant impact of Covid-19, and renegotiated facilities will provide the Group with additional funding and headroom. A recovery towards normal trading dynamics, most notably through sustained periods of trading in our store estate, will reduce the need for cash preservation measures required to mitigate liquidity risks. However, as a consequence of some of the deferred payments from cash preservation activities in FY21, particularly rent (c. £40m), amounts will need to be unwound through FY22, though management plans to further reduce structural stock holdings, offsetting much of this working capital impact. As such, we believe the risk to be in line with previous year.

Risk	Mitigation	Movement in the year
Risk category: Talent **Recruit, develop and retain quality leaders including key man risk** We need to recruit, develop and retain the calibre of leadership that will enable us to achieve our strategic goals. 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 our new strategy, for example, accelerated shift towards digital and hitting our new diversity targets, meaning that Superdry is more frequently considering applications outside of the local area of Cheltenham. The full impact of Covid-19 on recruitment and retention is yet to be seen. However, there is clearly increased demand for flexibility from candidates and more consideration across a range of factors such as brand strength, financial stability and sustainability. Julian returned to the business as Interim CEO in April 2019 with the appointment being made permanent in the current financial year. Julian is core to the operation of the business and his death, disability or absence could have a significant adverse impact to the business. Since this appointment there have been a number of changes to the Executive Team.	We have recently hired key Board and Executive roles including a new Chair, Chief Financial Officer, Chief Operating Officer and Chief Technology Officer. The Nomination and Remuneration Committees assist the Board in ensuring that the Board and Executive Committee retain an appropriate structure, size and balance of skills to support Superdry's strategic objectives and values. We continue to work with select third parties to ensure access to the right calibre of candidates. Restricted shares were awarded to c.550 Superdry colleagues in October 2020, focusing on the retention of key senior talent. A relaunch of the Employee Value Proposition has been undertaken, with a refresh of Group values and making positive changes in how to partner with colleagues to increase the strength of the employer brand and drive engagement within the business. A new approach to talent management, including the performance review process, was launched during the year to develop leaders of the future and promoting from within the business wherever possible. Adjustments, such as flexible working arrangements, have also been made to modernise working practices in a post Covid-19 environment. Succession plans have been developed to ensure the business has leadership and decision-making ability in the short term if something untoward happened to Julian.	↓ With recruitment for the Board complete and hiring Executive roles nearing completion, we anticipate a strengthened alignment to strategic direction, an understanding of the brand and key operating principles. While there remains some job uncertainty in the marketplace, not least as a result of Covid-19, we believe our evolving resourcing model means we are well positioned to deliver the Group's new strategy. As such, we believe the risk to have reduced in the year.
Risk category: Strategy **Ineffective strategy** 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.	Significant work has been undertaken to define Superdry's future strategy, with workshops and updates frequently shared with the Board. This included a detailed five-year business plan to manage the business in the longer term. Central to this is a financially disciplined approach to forecasting, budgeting and control of costs, to return the Group to profitability, and maintain a strong cash position. We have previously engaged with a third party (PwC), to support with key elements of the strategy to ensure robustness of the strategic analysis undertaken and credibility of the plan. A new role, Strategy Director, has been created to deliver our Five-Year Plan. A structure to execute delivery has been developed and includes the identification of 11 strategic initiatives with defined accountabilities, governance and reporting that includes strategic KPIs.	↓ Having developed the core components of the strategy, where we have demonstrated good progress in a number of areas, we believe the risk to have reduced since last year.

Risk	Mitigation	Movement in the year
Risk category: Strategy/ Operational **Key markets** Failure to deliver on our growth aspirations in the Group's key future development markets, in particular the USA, could lead to investment without sufficient return in a reasonable timeframe and/or losses and the deployment of significant management resource at a time when we have multiple priorities.	Contractual negotiations with logistics partners are complete, and we have integrated our multi-site operation into a single site operation at The Eagle, reducing US logistics costs. Payroll savings have been implemented in the US during the year, and a property strategy has been developed to address elements of the store estate that drive the largest proportion of losses.	↔ Despite losses continuing in the USA in the year, a number of specific actions, mainly relating to retail, will reduce our exposure in this market. However, we believe the risk to remain at an elevated level, similar to last year.
Risk category: Strategy **Environmental** Awareness of environmental sustainability is increasing, and stakeholder expectations and regulatory attention are also developing at pace. Failure to meet expectations or adhere to regulatory standards would adversely impact our brand. A consequence of enhanced reporting is additional resource requirements. These factors also represent a risk in that they could influence the rate the business may need to cut its carbon emissions and add additional cost to achieve environmental compliance (for example, raw materials and lower emission technologies). In addition, the Group is heavily reliant on key raw materials which will be impacted by the effects of climate change in the long term making them harder and more expensive to source. A longer-term risk is shifting customer preferences as result of climate change, requiring the brand to adapt further.	'Lead through Sustainability' is one of the key pillars of our new strategy. The Group has set milestones so that we can 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. Our sustainability goals are in line with established material impacts for a fashion brand and align with the United Nations Sustainable Development Goals (SDGs). We currently use a number of reporting, certification, verification and assurance mechanisms to understand, calculate, manage and publish our impacts. These include the Carbon Disclosure Project (CDP), global carbon emissions calculated to global standard (GHG Protocol) which is independently verified by AVIECO. Moving forward, we will also align to regulatory requirements such as the Task Force on Climate-related Financial Disclosures (TCFD). We recently topped the list of the Financial Times 'Europe's Climate Leaders 2021', recognising the improvements to reduce our CO_2 emissions. Our low impact materials goals seek to address longer-term risks such as raw material availability and shifting consumer preferences.	↑ The inclusion of environmental risk to our PRUs for the first time reflects the increased exposure and regulatory attention in this area. While scrutiny is increasing, we believe we are well placed to mitigate associated risks through the emphasis we are placing on our environmental credentials.

Risk	Mitigation	Movement in the year
Risk category: Compliance/ Technology **Information security and threat of data privacy breach** 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, regulatory scrutiny, litigation or fines, and cause damage to the brand. The cyber threat landscape has seen an increase in organised crime groups using Covid-19 to carry out targeted campaigns against a number of organisations, including our own.	We have a Data Protection and Information Security Steering Group which meets regularly. It is a cross-functional group which reviews and checks the proactive steps our business takes in managing the risks around data privacy and information security. With regard to data privacy, we have devised and launched a new consumer-facing Privacy Policy and review technical and organisational risk management strategies. The group also monitors internal education and communications to promote a culture of compliance. With respect to information security, the Steering Group helps to monitor the threat landscape and works to embed key policies and controls. We continue to enhance controls associated with the National Cyber Security Centre's guidance, including: managing user privileges, incident management, monitoring, home and mobile working, secure configuration, removable media controls, malware prevention, user education and awareness, and network security. We continue to enhance our capability by further investment in dedicated information security resource to complete a road map associated with an external, independent review of our cyber capability and maturity assessment. Risk events associated with information security and data protection are reviewed during the year by both the Risk Committee and the Audit Committee, promoting a programme of continuous improvement.	↑ Actions taken in the year have enhanced our understanding of the risk profile, and investments in people and systems are designed to protect us to within our risk appetite. The Steering Group provides a level of assurance over our exposure to a breach of data privacy – particularly in terms of our internal processes and culture. While we continue to improve our internal technical and organisational controls to reduce risk, the current climate continues to see a trend towards cyber-attacks becoming more prevalent and sophisticated. There is a heightened risk when compared to that seen 12 months ago in this area.
Risk category: Compliance **Ethical (human rights)** Failure by suppliers to adhere to our Ethical Trading Code of Practice could erode our reputation as a responsible brand. Customer enquiries on ethical trading continue to increase, awareness is also growing in line with the modern slavery and the fast fashion debate, and failure to demonstrate our credentials in this area could also lead to reputational damage. Increased risk of human rights issues through the supply chain, as a result of changing local conditions, for example, Covid-19.	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. In April 2021, we won the inaugural Positive Change Award as part of the Drapers Sustainable Fashion Awards, which recognised our concerted efforts to improve our operations as well as our new environmental initiatives. The Audit Committee receives regular reporting on compliance with our Ethical Trading Code of Practice.	↑ The inclusion of ethical risk to our PRUs for the first time reflects the increased awareness of our responsibilities as a leading fashion brand alongside an increase in scrutiny within our own supply chain to drive best practice.

Non-Financial Information Statement

Non-Financial Information Statement

The table below shows where information can be found in relation to the requirements of the Companies Act 2006 section 414CA and 414CB, including information on policies and policy outcomes (where applicable):

Reporting requirement	Annual Report section(s)	Page number	Related policies/standards
Review of the business	CEO Review and CFO Review	23, 75	–
Principal risks and uncertainties	How We Manage Our Risks	56	• Risk Management Policy and Framework
The main trends and factors likely to affect the future development, performance and position of the business	CFO Review, How We Manage Our Risks, Viability Statement	75, 56, 83	–
Business model	Strategic Report – business model section	16	–
Environmental matters, including the impact of the business on the environment	Sustainability Report	40	• Our Mission • Environment Policy • Sustainable Development Goals (SDGs) • REACH Standards (chemical compliance) • CDP (climate change disclosure)
Social and Community matters	Sustainability Report, Section 172 Statement	40, 68	• Grow Future Thinking initiative
Employees	Sustainability Report, Our People	40, 48	• Code of Conduct • Health and Safety Policy • Whistleblowing Policy • Diversity, Inclusion and Equality Policy • Flexible Working Policy • Education and Professional Qualifications Policy • Maternity, Paternity and Shared Parental Leave Policies
Respect for Human Rights	Sustainability Report	40	• 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	Directors' Report	124	• Anti-Bribery and Corruption Policy • Code of Conduct
Culture	Section 172 Statement and Sustainability Report	68, 40	• The Superdry Playbook • Our Values and Behaviours • Code of Conduct
Non-Financial Key Performance Indicators	Sustainability Report	40	

Section 172 Statement

In compliance with sections 172 and 414CZA (Companies Act 2006), the Board makes the following statement in relation to FY21.

The Board recognises that the medium and long-term success of the Group, and its social licence to operate, is linked to value creation for its stakeholders. Our stakeholders, what matters to them and how engagement happens, are set out in the table below.

Our purpose, culture and values and full details of our employee engagement and feedback mechanisms can be found in 'Our People', which starts on page 48.

Superdry strives to meet the highest standards of conduct and has policies and procedures in place to support this goal (for example – our Code of Conduct, Using Social Media Policy, Anti-Bribery and Corruption Policy and training, and our Modern Slavery Statement and Ethical Supplier Code of Practice (both published at corporate.superdry.com)).

A Whistleblowing Policy is in place and an independently run whistleblowing line operates for the reporting of unethical behaviour (please turn to page 103 for more details of our Whistleblowing arrangements).

Superdry aims, at all times, to act fairly as between its members regardless of the size of their shareholding. Our financial results, notices of meetings and a range of information about Superdry are published at corporate.superdry.com. Our AGM provides an opportunity for all shareholders to meet with and ask questions of our Board (subject to any Covid-19 related restrictions in place at the time of the meeting). At this year's AGM, shareholders will be able to join a live webcast. We respond to queries and requests for information from all shareholders on a prompt basis, via company.secretary@superdry.com and investor.relations@superdry.com.

Stakeholder engagement

What matters to them	Engagement mechanisms	How feedback reaches the Board
Shareholders		
• Financial results • Dividends and EPS • Sustainability/ESG matters • Strategy • Efficiency • Remuneration	• Annual General Meeting • Annual/interim results • Corporate website • Consultation with investors and voting advisory organisations • Investor events/ roadshows • Stock market news • Liaison through corporate brokers • Media • Company Secretary and Investor Relations inboxes	• Investor Relations reports and analysis at scheduled Board meetings • Reports from corporate brokers • Face-to-face meetings with investors • In person at AGM and investor events • Media • Reports from investor advisory agencies
Consumers/Trade Customers		
• Value for money • Accessibility of product • Garment quality and reliability • Design • Customer service • Store and website experiences • Sustainability and ESG matters	• Direct contact in stores • Global Sales Meeting • Monitoring/reporting of sales, footfall, website traffic and internet search analyses • Customer satisfaction surveys • Customer services direct contact • Social media and websites • Annual Report • KPIs	• Financial, sales, trading and footfall reports / analysis and KPIs are reported at scheduled Board meetings • Trading analysis and sales data is also shared with the Board in a weekly report • Net Promoter Score as an internal KPI • Previews of collections presented to the Board • Strategy days

What matters to them	Engagement mechanisms	How feedback reaches the Board
Colleagues (Employees)		
• Employment • Pay and benefits • Job security • Work/life balance • Mental health • Diversity and Inclusion • Career opportunities • Sustainability and ESG matters • Health and safety	• SD Voice/Retail Voice meetings • Pulse Surveys • Senior Women's Forum • Diversity and Inclusion Forum • Workplace (internal communications platform) • All staff events (Head Office) • NED for workforce engagement – please refer to 'Our People' on page 48 • 'Threads' magazine for store colleagues • Sustainability Warriors • A survey was undertaken in June 2021 to gauge the effectiveness of the SD Voice. Further details of this can be found in 'Our People' on page 48	• NED for workforce engagement attends SD Voice meetings • People reports at scheduled Board meetings • Annual pay review and reports to the Remuneration Committee • Results of Pulse Surveys are shared with the Board (four surveys to date) • SD Voice reports and presentations to the Board • Diversity recruitment targets were approved in FY21 (see 'Our People' on page 48) • Health and safety reports at scheduled Board meetings
Environment		
• 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 website • Social media • Engagement with organic cotton farmers – please refer to the Sustainability Performance report and targets on page 40 and to the Sustainability Report at corporate.superdry.com • Awards/recognition of our work	• Sustainability reports and presentations at Board and Committee meetings • Supply chain reports and 'deep dives' • Sustainability news on Workplace
Community/Wider Society		
• Corporate governance • Health and safety • Employment and conditions • Charitable donations • Sponsorship • Sustainability	• 'Family and friends' events at Head Office • College placements and work experience • Social media and websites • Volunteering in the community • Support for local charities • Invictus Games support	• CEO reports at scheduled Board meetings • Board briefings from public relations advisers • Health and safety reports at scheduled Board meetings • Sustainable stories on our corporate website

What matters to them	Engagement mechanisms	How feedback reaches the Board
Suppliers		
For example contractors, banking partners and landlords		
• 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 and Dignity programme	• Operational updates in CEO report to the Board at scheduled meetings • Supply chain 'deep-dives' at scheduled Board meetings • Risk Committee updates • Ethical audits and reports to the Audit Committee
Media		
• Reports and stories • Regular communication • Sustainability	• News releases/stories • Stock market announcements • Interviews • Visits and meetings • Social media • Websites	• Reports are circulated from our communications advisers • Analysis of investor sentiment is reported in Investor Relations reports at scheduled Board meetings and as necessary • Social media
Government/Regulators		
• Compliance with law and best practice • Corporate governance • Health and safety • Modern slavery • Data security	• Meetings/briefings • Consultations • Dialogue with trade bodies • Specialist advisers • Interactions with tax authorities	• Legal, Governance and Risk reports at scheduled Board and Committee meetings • 'Deep dives' on areas of risk as they arise (e.g., in FY21 on ethical supply chain and auditing)

Principal decisions

The Board considers its principal decisions to be those that have significant long-term implications for the Group and its stakeholders. At its 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 the likely impacts for investors and wider groups, and to ensure that stakeholders are considered as part of the Board's decision-making process.

The principal decisions taken by the Board in FY21 were:

- Continued Covid-19 pandemic response
- Board and Executive Committee appointments (several during FY21, please see below)
- Approval of an Asset Backed Lending Agreement (August 2020)
- Approval of a new Board Diversity and Inclusion Policy (October 2020) and diversity targets for recruitment (March 2021)
- Approval of a sustainability initiative – 'Grow Future Thinking' (November 2020)
- Approval of the new Strategy, Five-Year Plan and FY22 Budget (April 2021)

Further consideration of four of the principal decisions taken in FY21 follows, to demonstrate the ways in which the Board had regards to the matters set out in Companies Act section 172(1) (a) to (f).

Please note that in respect of dividend policy, no dividend has been approved or recommended by the Board since December 2019 and no dividend is recommended in respect of FY21. For information about capital allocation, please refer to the CFO Review on page 75.

Principal decisions, how stakeholders were considered by the Board, linkages to strategy and outcomes for stakeholders

Decision:

Continued response to the Covid-19 global pandemic

Context:

Maintaining our operations as far as possible and as safely as possible, in the face of global lockdowns, health and safety concerns, store and Head Office closures and pressure on supply chains. Implementing a range of measures to mitigate the global impact of the pandemic.

"Our team has responded incredibly well and above all we've been focused on looking after our colleagues and customers and ensuring everyone is keeping safe."

Julian Dunkerton

For a detailed explanation and analysis of our complete response to Covid-19 please refer to page 20. The following section considers some, but not all, of the impacts on stakeholders, to provide examples of the Section 172 matters considered by the Board.

How the Board considered our stakeholders

The Board and Executive Committee's chief concerns were for the health and safety of stakeholders including community, colleagues, customers and suppliers. It was necessary to balance the performance of the Group against health and safety considerations and the restrictions put in place by government and regulators worldwide. The Board also considered the need to avoid social or economic hardship for any stakeholder in the context of needing to ensure the stability of the Group, and that staffing structures would be in place for a 'post-Covid world'. Appropriate Covid-19 health and safety measures were applied to all workplaces to protect our colleagues, including rapid testing and contagion tracing at Head Office. Mental health support was increased to all colleagues, including a dedicated Pulse Survey on health and well-being and the implementation of a 'blackout hour' at Head Office, from 12.00noon to 1.00pm each day, to ensure colleagues were taking adequate breaks. Working arrangements changed during the Covid-19 pandemic, with remote arrangements becoming routine for many colleagues and appropriate support needing to be put in place, for example, the provision of suitable office style chairs and headphones. Furlough schemes have been applied to store and Head Office colleagues, wherever government assistance has been offered, to protect jobs and the long-term interests of the Group.

In the Autumn of 2019, Superdry embarked on an ambitious reset of the brand, which has been slowed down by the pandemic. A new strategy was developed over the course of FY21 and it has been important for the Board to ensure that the Group is able to implement that strategy as conditions return to normal.

Linking stakeholder consideration to strategy

The Board considered stakeholder impact and feedback alongside Superdry's purpose and mission (see page 15) and supported activity that would achieve its short-term strategic objectives in a 'Covid' environment, whilst prioritising the needs of colleagues, customers, suppliers and communities. An Incident Management Team implemented the global Covid-19 response from Head Office and the Board monitored activity by way of additional remote Board calls and regular updates.

Outcomes for stakeholders

The Executive Committee's Covid-19 mitigation strategies and activities, supported by the Board, created the following outcomes for stakeholders:

- Preventing the spread of disease
- Early detection of disease through testing, helping to keep our workforce healthy
- Mental health support during and after the lockdowns
- Job preservation
- Our stores were able to re-open when lockdowns ceased and conditions allowed, offering customers product and choice in a safe environment
- We accelerated reviews of our online platforms to improve their quality
- Contracts with suppliers were safeguarded
- Our ability to operate has allowed us to continue to achieve our Sustainable Development Goals, with positive impacts on the environment and on our communities, e.g., recyclable packaging, organic cotton targets
- Learning and development for colleagues can continue, increasing the skills of our workforce

‘Principal decisions’ continued

Decision:

Board and Executive Committee appointments

Context:

Several new Board and Executive Committee appointments were made in FY21. Julian Dunkerton was appointed permanent CEO in December 2020. In April 2021, Peter Sjölander was appointed Chair of the Board and Shaun Wills was appointed as an Executive Director and CFO. Executive Committee appointments were also made during the year: Justin Lodge was appointed Chief Marketing Officer and Silvana Bonello was appointed Chief Operating Officer.

“The Board, Julian and the Executive Team have a clear vision for the business and have made a great start on the reset. I am really looking forward to working with everyone to restore Superdry to its rightful position as a leading global brand.”

Peter Sjölander

For biographical details of our Board, please refer to page 84 and for biographical details of our Executive Committee, please refer to corporate.superdry.com.

How the Board considered our stakeholders

Each appointment was made by the Board with the interests of all stakeholders and the long-term sustainable success of Superdry in mind, as the Board put in place a leadership team that had the right blend of skills to implement the developing strategy. Peter Sjölander brought further digital, transformational and turnaround experience to the Board, and Silvana Bonello brought significant international and operational brand experience. Justin Lodge’s digital and social media marketing background was important to the Group’s digital strategic objectives. Shaun Wills’ significant financial retail experience, combined with his knowledge of the Group’s operations and of Superdry, made him the right choice for CFO. The Board also had regards to the interests of colleagues when considering these appointments, as the long-term success of the Group is dependent on putting the right leadership in place: creating job security in the short term and career progression opportunities and financial opportunities in the medium to long term. Suppliers would also be positively impacted by the Group’s improved financial performance in the form of continued business and better payment terms. Consumers/trade customers are positively impacted by improved performance, in the form of investment in stores and improved product ranges. The turnaround of the Group and improved business performance are important to investors.

Linking stakeholder consideration to strategy

The appointments made allowed the Board to continue to implement the strategy, particularly our digital and sustainability ambitions – for full details of our strategy please refer to page 26.

Outcomes for stakeholders

The implementation of our strategy is anticipated to yield a range of positive outcomes for all stakeholders:

- Increasing our social and digital engagement and user experiences, such as an improved website with increased functionality
- Operational efficiencies, potentially contributing to increased profit margins
- The successful reset of Superdry will lead to increased job security for colleagues
- The achievement of our sustainability goals will positively impact the environment
- The local community around our Cheltenham Head Office is positively impacted by Superdry’s continued operations. In our stores, jobs are secured, and skills are developed in workforces around the globe

“We now have the right operational leadership to steer the business through these most uncertain times and drive the brand reset as we seek to inspire our customers with design-led, sustainable product and engage with them through our digital channels.”

Julian Dunkerton

‘Principal decisions’ continued

Decision:

Board Diversity and Inclusion Policy and diversity recruitment targets

Context:

A new Board Diversity and Inclusion Policy was put in place and the Board approved the setting of recruitment targets for diversity.

> *“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.”*

Board Diversity and Inclusion Statement

The Board approved a new Diversity and Inclusion Policy in October 2020 and approved the setting of recruitment targets for ethnic and gender diversity at Executive Committee and senior leadership level in March 2021. Please refer to ‘Our People’ on page 48 for more information.

How the Board considered our stakeholders

Diversity and inclusion have always been important to Superdry, and gender and ethnic diversity targets are already in place for the Board. The ‘Black Lives Matter’ campaign that began in the Summer of 2020 and subsequent feedback from social media and from colleagues, caused the Board to ask if Superdry was doing enough to promote diversity and inclusion, particularly with respect to ethnic diversity. A dedicated Pulse Survey was issued to colleagues to gauge opinion on diversity and inclusion, and a dedicated diversity focus group was established to discuss diversity and inclusion at Superdry. The Board also considered the views of customers and public opinion on social media channels, and the media coverage of the events that took place following the murder of George Floyd. ‘Black Lives Matter’ was discussed by the Board at its meetings and strategy days throughout FY21 and has informed and influenced the sustainability pillar of the developing strategy. Government and regulators have also been considered – the recommendations of the Parker, McGregor Smith and the Hampton Alexander reviews were incorporated into the reports that were prepared by management to support the consideration of the diversity and inclusion strategy. Investors and investor advisory agencies have also been considered as stewardship becomes more focused on diversity and inclusion.

Linking stakeholder consideration to strategy

The new Board Diversity and Inclusion Policy is in place and diversity recruitment targets for the Executive Committee and Senior Leadership Team were agreed at the start of FY22, with three-year goals for achieving greater ethnic and gender diversity. For further information on the diversity of our Board, please refer to page 88 and for more information about our diversity recruitment targets, please refer to page 52.

Outcomes for stakeholders

- Diversity at senior level at Superdry is targeted to increase by 2025
- Greater diversity at leadership level will positively impact the rest of our workforce, providing role models and mentors to inspire colleagues and to increase opportunities
- Greater diversity leads to better decision making and a more sustainable future
- Our communities are also positively impacted by increased diversity in our workforce, creating social and economic opportunities for a greater number of people

'Principal decisions' continued

Decision:

Approval of the new Strategy, Five-Year Plan and FY22 Budget

Context:

During FY21, the Board and Executive Committee held several strategy days, in addition to focused meetings and discussions, to develop the new strategy. The Five-Year Plan and FY22 Budget will support the implementation of the strategy.

> *"We took the opportunity to sharpen our strategy this year despite the challenges posed by the pandemic."*
>
> **Julian Dunkerton**

Please refer to page 26 to read about our strategy and to page 83 to find out more about our Five-Year Plan and the FY22 Budget.

The Board and Executive Team considered that Superdry's stakeholders were adapting to a new marketplace in the post-Covid world, consisting of an uncertain trading environment, a shift towards local consumerism, an accelerated switch to digital, increased environmental and social awareness, combined with new working patterns and environments. Three key consumers were identified within this market and carefully considered – Generation Z, Fashion Followers and Womenswear. Three broad strategic objectives were developed to reach those consumers: Inspire through Product & Style; Engage through Social; and Lead through Sustainability.

How the Board considered our stakeholders

The Board and Executive Team considered colleagues in the development of the strategy. The retention of colleagues, the development and nurturing of talent from within our existing teams to lead Superdry in the future, and increasing our workforce diversity, were key considerations.

In creating the strategy, the Board and Executive Team have also considered the long-term impact on our suppliers, who depend on their contracts for their continued success. Our digital enhancement strategies will produce further opportunities for existing and new technology partners.

An important part of Lead through Sustainability is about leading positive change for our supply chain. This includes farmers, factories and factory workers, and colleagues. Various social initiatives have been established to help improve farming practices, working conditions and practices, and to ensure fair pay in our supply chain.

In putting in place sustainability objectives, the Board has considered the environment as a stakeholder group and that the achievement of sustainability goals over time will positively impact local and global environments.

When Julian Dunkerton returned to Superdry in 2019, his intention was to reset the brand with the aim of restoring Superdry as a leading global retailer. The careful development of the strategy and ensuring that it will endure in a post-Covid world, balancing short-term needs against longer-term business risk as set out in our Covid-19 statement on page 20, is designed to eventually return the Group to profitability, which will benefit investors and wider stakeholders alike in the long term.

Linking stakeholder consideration to strategy

Please refer to page 26 to read more about our strategy.

Inspiring through Product & Style will be achieved by providing outstanding value and product choice for our consumers and by delivering inspiring brand experiences – enhancing the overall consumer experience.

The foundation of our Lead through Sustainability strategic pillar is the enhancement of our core systems and oversight of information, leading to continuous improvement in our internal controls and systems of governance.

Outcomes for stakeholders

- Returns on investment and earnings for our shareholders
- Job and economic security for colleagues in the short term and financial, career and development opportunities in the longer term
- Our supply chain will be provided with support to improve farming practices, working practices and conditions, and ensure fair pay
- The achievement of our sustainability objectives will have positive outcomes for the environment
- Suppliers will benefit from our continued operations, with the possibility of increased orders and more favourable terms
- The fulfilment of our digital ambitions will lead to improved digital offerings and experiences, such as Ecommerce sites with greater functionality
- Consumers will continue to enjoy well-designed, high quality clothing and accessories and exceptional value for money
- Enhanced core systems and processes will ensure high standards of business conduct

CFO Review

Shaun Wills, Chief Financial Officer (CFO)

Group revenue decreased by 21%, largely driven by the forced closure of our store estate as a result of Covid-19. Despite the significant number of store days lost this year, the adjusted loss before tax reduced by 70%, with cost saving measures and government support helping to offset trading shortfalls. Whilst significant uncertainty remains, we expect a recovery in FY22.

"Despite the significant number of store days lost this year, the adjusted loss before tax reduced by 70%, with cost saving measures and government support helping to offset trading shortfalls."

Group profit or loss

		2021 £m	2020* £m	Change %
Revenue:	Stores	**140.5**	287.2	(51.1)%
	Ecommerce	**201.8**	151.6	33.1%
	Wholesale	**213.8**	265.6	(19.5)%
Group revenue		**556.1**	704.4	(21.1)%
Gross profit:	Stores	**93.6**	192.5	(51.4)%
	Ecommerce	**117.5**	90.5	29.8%
	Wholesale	**82.0**	94.9	(13.6)%
Group profit		**293.1**	377.9	(22.4)%
Gross profit margin %		***52.7%***	53.6%	(0.9)%pts
Selling and distribution costs		**(258.7)**	(342.0)	(24.4)%
Central costs		**(62.9)**	(70.1)	(10.3)%
Impairment credit/(losses) on trade receivables		**3.8**	(9.2)	(141.3)%
Adjusted other gains and losses**		**19.3**	9.1	112.1%
Adjusted operating loss**		**(5.4)**	(34.3)	(84.3)%
*Adjusted operating margin***		***(1.0)%***	(4.9)%	(3.9)%pts
Net finance (expense)		**(7.2)**	(7.5)	(4.0)%
Adjusted loss before tax**		**(12.6)**	(41.8)	(69.9)%
Adjusting items:				
	Unrealised (loss)/gain on financial derivatives	**(4.7)**	1.9	(347.4)%
	IFRS 2 charge – Founder Share Plan	**(0.5)**	(0.3)	66.7%
	Restructuring, strategic change and other costs	**(1.0)**	(1.9)	(47.4)%
	Intangibles asset impairment	**(2.1)**	–	100.0%
	Store asset impairment charges and reversals and onerous property related contracts provision	**(15.8)**	(124.8)	87.3%
Total adjusting items		**(24.1)**	(125.1)	(80.7)%
Loss before tax		**(36.7)**	(166.9)	(78.0)%
Tax (expense)/credit		**0.6**	23.5	(97.4)%
Loss for the period		**(36.1)**	(143.4)	(74.8)%

* Fulfil From Store (FFS) sales reallocated to Ecommerce in the current year (£8.3m) and prior year (£1.6m) comparatives. The gross margin impact is £5.2m in the current year and £1.0m in the prior year comparatives. FFS relates to sales made online, but fulfilled from store stock.

** Adjusted operating loss, adjusted margin and adjusted loss before tax are defined as reported results before adjusting items as further explained in note 6. The comparative in the prior year Annual Report was referred to as 'Exceptional'.

Group revenue decreased by £148.3m to £556.1m. This 21.1% reduction was driven largely by the forced closure of a significant part of our store estate as a result of Covid-19 related national or regional lockdowns and the corresponding impact on our Wholesale partners.

Under IFRS 8 'Operating Segments', Superdry has historically reported the performance of Stores and Ecommerce under one segment entitled 'Retail' (FY21 £342.3m; FY20 £438.8m). However, due to a significant shift in consumer behaviour and a material increase in the Ecommerce sales mix during the pandemic, the Group has chosen to focus on these channels separately in the management of the business with distinct reporting and decision making. The Board has therefore taken the decision to report across three segments for revenues and gross profit from FY21 onwards – Stores, Ecommerce and Wholesale.

The prior year comparatives have been restated to provide the same level of information for those three segments. The term Retail will continue to be used to group together the Ecommerce and Stores segments for multi-channel reporting.

Stores

Store revenue declined 51.1% to £140.5m in FY21. The significant impact of the enforced store closures was felt throughout the year, with an average of 39%[1] of store trading days lost in FY21 (FY20: 10%).

Lost store days %[1]	Q1	Q2	Q3	Q4	FY
FY20	–%	–%	–%	42%	10%
FY21	**43%**	**4%**	**43%**	**69%**	**39%**
YoY	*43%*	*4%*	*43%*	*27%*	*29%*

Even when the stores were able to trade, the high street experienced substantially reduced footfall from social distancing measures. There was no material change to the permanent store footprint in FY21 with only 10 net store closures (FY20: seven net closures), bringing the total owned estate to 231 stores at the year end (FY20: 241). Post year-end we announced the exit from our Regent Street store and our forthcoming move to a prime high-footfall location on Oxford Street, due to open in late 2021.

Though it currently appears unlikely we will see further widespread lockdowns in our major trading markets, we do anticipate ongoing suppressed footfall to continue throughout FY22.

Store revenue by territory**	2021 £m	2020* £m	Change
UK and Republic of Ireland	**57.4**	143.2	(59.9)%
Europe	**64.6**	107.4	(39.9)%
Rest of World	**18.5**	36.6	(49.5)%
Total Store revenue	**140.5**	287.2	(51.1)%

* Fulfil From Store (FFS) sales reallocated to Ecommerce in the current year (£8.3m) and prior year (£1.6m) comparatives. FFS relates to sales made online but fulfilled from store stock.

** Please note for all channels the geographic territories have been aligned to the internal management operational structure.

Ecommerce

Ecommerce performance, which is a combination of sales made through our owned websites and those made online through third parties, was strong throughout the year, up 33.1% year-on-year. This partially offset lost Store sales, benefitting from Covid-driven changing shopping habits, improved product and increased digital marketing, as well as our influencer led strategy.

Ecommerce participation as a percentage of total Retail revenue (defined as the total of Store and Ecommerce revenue) increased from 34.5% to 59.0% which in turn drove Ecommerce revenue as a participation of total Group revenue from 21.5% to 36.3%.

Retail revenue	2021 £m	2020* £m	Change
Stores	**140.5**	287.2	(51.1)%
Ecommerce	**201.8**	151.6	33.1%
Total Retail revenue	**342.3**	438.8	(22.0)%
Ecommerce revenue as a proportion of Retail revenue	**59.0%**	34.5%	24.5%pts
Ecommerce revenue as a proportion of Group revenue	**36.3%**	21.5%	14.8%pts

* Fulfil From Store (FFS) sales reallocated to Ecommerce in the current year (£8.3m) and prior year (£1.6m) comparatives. FFS relates to sales made online but fulfilled from store stock.

At the end of the year, Superdry had 21 branded websites, translated into 13 languages (FY20: 18; 13).

Ecommerce revenue by territory**	2021 £m	2020* £m	Change
UK and Republic of Ireland	**109.1**	69.5	57.0%
Europe	**78.0**	68.7	13.5%
Rest of World	**14.7**	13.4	9.7%
Total Ecommerce revenue	**201.8**	151.6	33.1%

* In the prior year all eBay sales were allocated between UK and RoW. In FY21 eBay has been allocated to the relevant territory for clarity. To ensure consistent comparatives, this methodology has been applied retrospectively to FY20.

** Please note for all channels the geographic territories have been aligned to the internal management operational structure.

Wholesale

Wholesale sales to third parties, which includes online platforms where the partner fulfils the order, faced similar pandemic-related market shifts as our owned channels. This led to sales ending the year down 19.5% at £213.8m and higher levels of stock carried forward.

At the end of the year, the Group had Wholesale operations in 53 countries (FY20: 61) including 448 franchise stores (FY20: 473) and 27 Superdry branded licence stores (FY20: 26).

Wholesale revenue by territory**	**2021 £m**	2020* £m	Change
UK and Republic of Ireland	**31.0**	41.8	(25.8)%
Europe	**140.9**	170.6	(17.4)%
Rest of World	**41.9**	53.2	(21.2)%
Total Wholesale revenue	**213.8**	265.6	(19.5)%

* In the prior year Russia and Ukraine were included within Europe. In FY21 these territories have been reallocated to Rest of World in line with the internal management structure. To ensure consistent comparatives, this methodology has been applied retrospectively to FY20.

** Please note for all channels the geographic territories have been aligned to the internal management operational structure.

Gross margin

The gross margin has reduced by 90bps to 52.7%, partly driven by the mix effect of sustained stores closures (our highest gross margin channel) which contributed (1.4)%pts and elevated levels of discounting whilst the business focused on cash generation during the pandemic. These elements were partially offset by an improvement in the Wholesale gross margin.

Encouragingly, there was positive momentum in Q4 21 as we began to return the business to a full price trading stance, with particular success online where the full price mix[2] increased by 11%pts to 46%.

Gross margin by channel	**2021**	YoY Sales mix change	2020*	Change
Stores	**66.6%**	(16%)pts	67.0%	(0.4)%pts
Ecommerce	**58.2%**	15%pts	59.7%	(1.5)%pts
Wholesale	**38.4%**	1%pts	35.7%	2.7%pts
Total gross margin	**52.7%**		53.6%	(0.9)%pts

* Fulfil From Store sales have been reallocated to Ecommerce, with an impact on margin of £5.2m in the current year and £1.0m in the prior year comparatives.

Total operating costs

	2021	2020	Change
Selling and distribution costs	**(258.7)**	(342.0)	(24.4)%
Central costs	**(62.9)**	(70.1)	(10.3)%
Impairment credit/(losses) on trade receivables	**3.8**	(9.2)	(141.3)%
Other gains and losses	**19.3**	9.1	112.1%
Total operating costs pre-adjusting items	**(298.5)**	**(412.2)**	**(27.6)%**

Total operating costs, pre-adjusting items, reduced by £113.7m to £298.5m (FY20: £412.2m) and includes store, distribution, marketing, Head Office, central and depreciation costs, impairment credit/(losses) on trade receivables and other gains and losses. The decrease was partially caused by the disruption from Covid-19 in FY21, predominantly related to the temporary closure of stores, together with other continued cost actions taken to improve efficiencies as we preserved cash through the pandemic. There are some material movements in lease costs which are addressed more fully below.

Store costs reduced substantially by £47.9m, as a result of both one-off benefits and the impact of operational efficiencies. In FY21 we received £7.9m of furlough support for store employees and a further £2.5m of government grants, as well as a £15.7m benefit from UK rates relief. We have made good progress on recurring cost reductions in order to drive cost efficiencies, with payroll reducing £11.5m year-on-year, as we optimised our store staffing.

Distribution, marketing and head office costs decreased by £21.8m. The main driver was the reduction in the Wholesale bad debt charge, as a result of cash collections throughout FY21 being better than initially expected at the FY20 year-end. This was partially offset by volume-driven Ecommerce distribution costs, and a planned investment in both brand and performance marketing in line with the brand reset.

Depreciation and amortisation totalled £53.4m (FY20: £87.2m). The year-on-year reduction of £33.8m was predominantely due to the impact of the prior year impairment of store-related assets.

Adjusted other gains and losses (which include royalty income and other income, largely related to lease renegotiations under IFRS 16) were £19.3m (FY20: £9.1m), an increase of 112.1%. Although there was a reduction in royalty income following the decrease in Wholesale revenue, this has been more than offset by £14.3m of accounting gains on termination of leases, lease breaks or lease modifications under IFRS 16.

Adjusted other gains and losses	2021	2020	Change
Royalty income	**4.2**	7.2	(41.7)%
IFRS 16 lease modification and renegotiations	**14.3**	–	100.0%
Other income	**0.8**	1.9	(57.9)%
Total adjusted other gains and losses	**19.3**	**9.1**	**112.1%**

Central costs (£62.9m) includes Head Office costs and related depreciation which are not attributable to any of the trading channels, and have decreased by £7.2m as a consequence of cost control activities including a reduction in professional fees and discretionary spend.

Lease renewals

The majority of our leases meet the requirements to be accounted for under IFRS 16 'Leases'. Where leases are turnover rent only or expire within 12 months, they are outside of the scope of the standard. In FY21, only £5.6m (FY20: £8.9m) is recognised within Store costs for the gross rental charge on these leases.

In the current year we recognised a £7.7m credit in Store costs within the Group Profit and Loss for one-off rent savings in relation to 82 leases:

Lease category	No. of leases	One-off saving £m
Leases under IFRS 16	62	4.0
Leases not recognised under IFRS 16	15	1.9
No lease payment due to Covid-related closures (not IFRS 16)	5	1.8
Total	**82**	**7.7**

We expect to continue this work and deliver similar results in FY22, anticipating in excess of £10m further one-off rent savings.

In addition to these one-off savings, we renewed 39 store leases (FY20: 17) for an average lease commitment of three years (FY20: three years). Primarily as a result of those renewals, the annualised cash rental payments have reduced by a total of £5.3m[3] (FY20: £1.8m).

For leases which are recognised under IFRS 16, the benefit of the future lease modifications will be seen in the Group Profit and Loss through a reduction in depreciation and interest payments and in the Cash Flow Statement through a reduction in lease payments. In some cases where the lease liability exceeds the right-of-use asset, there may also be an element recognised within the other gains and losses on modification (£14.3m in FY21).

Finance costs

Net finance costs were roughly in line with the prior year at £7.2m (FY20: £7.5m). £5.5m (FY20: £5.7m) relates to interest expense on leases under IFRS 16.

Adjusting items

£m	2021	2020	Change
Adjusted loss before tax	**(12.6)**	**(41.8)**	**(69.9)%**
Unrealised (loss)/gain on financial derivatives	**(4.7)**	1.9	(347.4)%
IFRS2 charge – Founder Share Plan	**(0.5)**	(0.3)	66.7%
Restructuring, strategic change and other costs	**(1.0)**	(1.9)	(47.4)%
Intangibles Asset impairment	**(2.1)**	–	100.0%
Store asset impairment charges and reversals and onerous property related contracts provision	**(15.8)**	(124.8)	(87.3)%
Total adjusting items	**(24.1)**	**(125.1)**	**(80.7)%**
Statutory loss before tax	**(36.7)**	**(166.9)**	**(78.0)%**

Adjusting items relate primarily to store asset net impairment charges (£10.7m) and an onerous property related contracts provision (£5.1m), totalling £15.8m (FY20: £124.8m). The net impairment charge of £10.7m (FY20: £136.8m) has been allocated between right-of-use assets (£7.4m, FY20: £121.2m), property, plant and equipment (£3.3m, FY20: £15.5m) and intangibles (£nil, FY20: £0.1m), largely due to the extended period of forced store closures from Covid-19 restrictions and the consequent impact on expected future footfall.

Other significant adjusting items include a £4.7m loss in respect of the fair value movement in financial derivatives (FY20: £1.9m gain) which has been driven by changes to the timing of derivatives used to hedge Euro receivables and US Dollar payables and by rate movements during the hedging period.

Further details on adjusting items can be found in note 6.

Loss before tax

Despite the significant number of store days lost this year, the adjusted loss before tax reduced by 69.9% to £(12.6)m, with cost saving measures and government support helping to offset trading shortfalls. FY21 includes a £33.8m year-on-year benefit from reduced depreciation and amortisation, primarily due to the FY20 impairment charge, and a £14.3m non-cash credit from lease modifications.

In addition to the above, the statutory loss before tax, after charging net adjusting items of £(24.1)m (FY20: £125.1m), reduced by 78.0% to £(36.7)m.

Taxation in the period

Our tax credit on adjusted losses is £3.3m (FY20: £6.1m tax credit on adjusted profit). This represents an adjusted effective tax rate of (26.2)% (FY20: 14.6%).

Our tax charge on statutory losses is £0.6m (FY20: £23.5m tax credit on statutory loss). This represents an effective tax rate of 1.6% (FY20: 14.1%).

The Group's adjusted effective tax rate is lower than the statutory rate of 19% (FY20: 19%). This is primarily due to movements in deferred taxation recognised in respect of leases, tax losses and the provision made for uncertain tax position as required by accounting standards.

The net tax credit on adjusting items totals £3.9m (FY20: £17.3m tax credit), which arises primarily as a result of impairments to the right-of-use asset values, and impairments to property, plant and equipment (PPE), at the balance sheet date.

Loss after tax

After adjusting items, Group statutory loss after tax for the year was £36.1m, compared to a £143.4m loss in FY20.

Loss per share

Reflecting the loss achieved by the Group during the year, adjusted basic EPS is (19.4)p (FY20: EPS (43.5)p).

The adjusted performance of the business, offset by the adjusting items outlined above, results in a reported basic EPS of (44.0)p (FY20: EPS (174.9)p) based on a basic weighted average of 82,028,188 shares (FY20: 82,001,955 shares). The increase in the basic weighted average number of shares is predominantly due to 31,032 5p ordinary shares being issued during the year under Buy As You Earn schemes.

Adjusted diluted EPS is (19.4)p (FY20: EPS (43.3)p) and diluted EPS is (44.0)p (FY20: EPS (174.1)p. These are based on a diluted weighted average of 82,028,188 shares (FY20: 82,389,450 shares). Due to the loss-making position of the Group at the year-end, all potential ordinary shares are considered to be antidilutive.

Dividends

Given the ongoing uncertainty 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 FY21.

Cash flow

There has been a continued focus on cash preservation this year and the Group has maintained strong liquidity, ending the year with net cash of £38.9m, up £2.2m year-on-year and having not drawn down during the year on the ABL facility at any point.

£m	2021 £m	2020 £m
Operating cash flow before movements in working capital	**29.7**	75.5
Working capital movement	**20.4**	12.0
Taxes	**2.5**	(2.2)
Net cash generated from operations	**52.6**	85.3
Purchase of PPE and intangible assets	**(13.6)**	(13.9)
Proceeds from disposal of assets held for sale	**–**	2.4
Dividend payments	**–**	(3.4)
Net interest paid	**(7.2)**	(7.5)
Proceeds of issued share capital	**0.1**	–
Drawdown of RCF	**–**	(30.0)
Repayment of RCF	**–**	30.0
Repayment of lease liability principal	**(39.9)**	(61.1)
Net (decrease)/increase in cash	**(8.0)**	1.8
Other (including foreign currency movement)	**10.2**	(1.0)
Net cash and cash equivalents at end of period	**38.9**	36.7

Superdry remains a strongly cash-generative business, with net cash generated from operations of £52.6m (FY20: £85.3m). This has decreased year-on-year due to significant impact from the forced store closures during the year as a result of the ongoing disruption from Covid-19.

Movements in working capital generated a cash inflow of £20.4m (FY20: £12.0m) driven by a decrease in inventories of £6.2m, a net increase in trade and other receivables of £10.8m and an increase in trade and other payables of £25.0m, largely due to deferred rent arising from Covid-19 related store closures. We expect to repay the majority of the deferred rent through FY22, though anticipate that a proportion will crystallise as a permanent benefit as a result of ongoing lease negotiations.

Working capital

£m	2021 £m	2020 £m	Change
Inventories	**148.3**	158.7	(6.6)%
Trade and other receivables	**102.3**	91.6	11.7%
Trade and other payables	**(126.5)**	(103.3)	22.5%
Net working capital	**124.1**	147.0	(15.6)%

Inventory levels decreased by 2.3m units, 14% in FY21, despite lower sales and enforced store closures. The average cost per unit increased due to a higher mix of Autumn/Winter product in the stock at year end (39% vs 35%), resulting in an overall decrease in the inventory balance of 6.6% to £148.3m. We would expect this mix to normalise as the operational disruption from Covid reduces.

The inventory balance is net of a provision of £9.1m (FY20: £9.8m). This is after a £(3.8)m release of a £6.1m Covid-related provision booked in FY20 against SS20 product following better than expected recovery. This release was broadly offset by a one-off £4.1m provision in relation to high-end AW20 concept product, which has proven to be unsuccessful particularly considering the launch in a Covid-19 environment (FY20: £nil).

Total trade and other receivables increased 11.7% to £102.3m because of the disruptive impact on both shipments and sales to Wholesale partners in the prior year. Although cash collections have been ahead of internal expectations, the partner support programmes have led to a temporary increase in debtor days from 47.5 days to 67.3 days. However, there has been a reduction in the level of expected credit loss which is reflective of the quality in the current debtor book. See note 24 for more information.

Total trade and other payables increased by 22.5% to £126.5m largely due to deferred rent for non-IFRS 16 leases of £11m included within the balance and the later timing of inventory shipments towards the end of FY21. The deferred rent for IFRS 16 leases of £24m is included within lease liabilities.

Net working capital decreased by 15.6% to £124.1m (FY20: £147.0m) and as a proportion of Group revenue was 22.3% (FY20: 20.9%).

Capital expenditure

Additions in property, plant and equipment and intangible assets totalled £13.8m (FY20: £13.7m). Capital expenditure has remained suppressed as a result of short-term cash preservation initiatives during Covid-19. Spend has been and will continue to be focused on IT systems and technology as we support Ecommerce as our channel of growth.

At 24 April 2021, the net book value of property, plant and equipment had decreased to £29.4m (FY20: £41.7m) as a consequence of the store impairment and depreciation charges. During the year, £6.8m (FY20: £6.5m) of capital additions were made, of which £2.3m (FY20: £1.6m) related to leasehold improvements across the Group. The remaining balance of capital additions includes furniture, fixtures and fittings (£3.5m) and computer equipment (£1.0m).

Intangible assets, comprising goodwill, lease premiums, distribution agreements, trademarks, website, and computer software, stood at £41.7m at the year end (FY20: £48.4m). Additions in the year were £7.0m (FY20: £7.2m), comprising mainly website and software additions.

Internal controls

In the prior year, a number of accounting and control issues were identified in the business. In response to this a review of the internal control environment was carried out by the Audit Committee. External advisers (PwC) were engaged to support the development of an improved internal controls framework, which included mapping key risks to business processes and developing controls to mitigate these risks. Priority was placed on delivering material improvements for the FY21 year-end close, including remediating balance sheet controls around inventory, accounts payable, cash, and the month end close and review processes.

Although there has been improvement leading up to the end of FY21, work remains and will continue through FY22. The process of establishing a fully robust control environment remains one of our top priorities and we are confident in the progress being made. Further details can be found in the Audit Committee Report on page 97.

Outlook

Whilst significant market uncertainty remains, we do expect a recovery in total revenue in FY22, driven by:

- Improving store trading from gradually improving footfall throughout the year, although not reaching historic levels;
- Strong two-year Ecommerce growth compared to FY20, but suppressed year-on-year as we anniversary tough promotion-driven comparatives and some online trade switches back into physical stores; and
- A modest, but sustainable revenue recovery in Wholesale.

We expect margin to increase across all channels as we transition towards a full price stance, supported by further mix benefits from the switch back into stores.

We expect to generate operating leverage from reduced store rents and payroll compared to pre-Covid levels, although we anticipate a £35-45m year-on-year increase in costs due to one-off benefits recognised in FY21, such as the return of UK business rates, the end of furlough support, and the normalisation of other variable and discretionary costs.

We are continuing to focus on cash generation and working capital efficiency in FY22. We expect to reduce inventory by a further 2m units, which will partially offset the unwind of deferred rent and service charges (£40m, inclusive of VAT), some of which we expect to crystallise as permanent savings as we continue to negotiate lease terms.

Recognising the structural growth opportunity in Ecommerce, as well as the geographic and customer segmental targeting opportunities in our Wholesale business, we expect revenue to exceed peak historic levels in the medium term. Disciplined full price trading, continuing rent renegotiations, and the operating leverage from cost savings will also return the business to historic operating profit margins.

Assessment of Group's prospects

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 34).

Background – Impact of continuing lockdowns and social distancing restrictions in FY21

The lasting impact of the pandemic saw unprecedented levels of disruption throughout FY21. Following the 'initial wave' of lockdowns, beginning March 2020 and impacting much of the first quarter of FY21, infection rates in our key markets substantially reduced by late September 2020 and, with the majority of our owned store estate reopening, the prevailing view at that time was that further widespread lockdowns appeared unlikely.

However, the announcement of a second wave of lockdowns resulted in temporary store closures in the UK and certain EU markets from late October 2020, albeit with a brief opening period before a further hard lockdown from January through to April 2021. Together with the wider factors affecting open stores, such as social distancing measures and broader economic and health concerns, the Group saw a continued suppression of footfall in stores which was only partially offset by Ecommerce sales.

In total, the business lost an unprecedented 39% of store trading days in FY21 (FY20: 10%); a conservative measure which does not reflect other impacts such as shortened trading hours, appointment-only openings, and general operational disruptions from the ever-changing government regulations. By the end of June 2021, most of our owned stores had reopened although footfall remains subdued as the economic recovery continues.

Though there is no certainty that there will not be further lockdowns, vaccine rollouts are progressing well in many of our core markets, and government communications reflect an increasing pressure to re-open economies.

There are several key mitigations that the Group has undertaken to partially offset the adverse revenue impacts of these lockdowns:

- As a consequence of the protracted lockdown periods in FY21, we recognised £7.7m of one-off rent savings relating to the disrupted periods, with at least a further £10m expected to be realised in FY22. These one-off rent benefits are in addition to the ongoing lease renewal savings that have been achieved to date, which we expect will continue to be realised as we review our store estate.
- In many markets, governments have extended furlough support where store closures have been mandated. Superdry has received £9.2m of furlough support in FY21, predominantly relating to store colleagues. We have also claimed £2.5m in government grants for business disruption support.
- A reduction in future stock purchases, aided by the carry over and recoding of core product, remains our largest cash mitigation. In addition to the volume of intake, we will continue to work closely with our suppliers to manage payment terms, particularly through our cash trough ahead of the Autumn/Winter season.

Liquidity headroom

On 10 August 2020 the Group announced that it had completed a refinancing of its facilities, moving from a Revolving Credit Facility (RCF) of £70m, due to expire in January 2022, to a new Asset Backed Lending (ABL) facility for up to £70m, due to expire in January 2023, with amended covenants (detailed in the Covenant testing section below) and the option to extend, at the discretion of the lender, for a further 12 months.

The Group's ability to preserve and manage cash has been clearly evidenced (and detailed in the Mitigating actions section, below), with the business maintaining a positive net cash balance in excess of £20m throughout FY21, despite the pressures of the pandemic.

In addition, the Group has an overdraft facility of up to £10m available on a rolling annual basis, albeit as this is not committed, it has not been considered by management as part of the going concern or viability assessment.

Base case

The Group's going concern assessment has been based on a 12-month financial plan (the Plan) derived from the latest FY22 and FY23 forecasts. Though the effects of Covid-19 on consumer behaviour long term are yet to be fully understood, the trading outlook for the Group has improved relative to the prior year, which is reflected in the Plan.

In determining the Plan, management has made a number of assumptions regarding the Group's trading performance in light of the coronavirus pandemic. The most significant of those 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 ongoing store closures in FY21.
- Stores trade for substantially all of FY22 following the reopening of those European markets which remained closed at the start of the financial year. Trading is assumed to recover steadily over the duration of FY22 as stores reopen and consumer demand returns, reflecting the macroeconomic uncertainties in FY22 and the ongoing channel shift towards online. Profitability will be delivered through full price trading margins, the recurring benefits of renegotiated leases and store payroll optimisation in FY21, but with store revenues remaining below pre-Covid levels in FY22.
- UK property rates are conservatively assumed to return from April 2022 (£16m annualised cost), following the end of the current rates relief measures announced by the government.

- Ecommerce trading benefits from the underlying and recently accelerated channel shift towards digital from physical retailing, together with planned investments to improve the website user experience. However, the plan reflects a tougher comparable period in 2021 and an element of targeted promotional activity to clear excess stock and generate cash, with modest growth forecast in the balance of FY22.
- Wholesale performance begins to recover in FY22, reflecting the latest forward order book and the continuation of FY21 trends such as increased in-season orders to online partners, recovering to pre-Covid-19 levels over the medium term.
- Gross margin rate recovers as we reduce the level of promotional activity from FY21 and return to a full price stance in FY22. Channel mix benefits will be realised as stores (our highest margin channel) trade for the duration of the year.
- Increased marketing spend in FY22 to reflect increased performance marketing in the short term together with longer-term brand investment as part of the turnaround.
- As a consequence of the impact of Covid-19 on global trade, the Group and the Company are aware of constraints to the global supply of containers for shipping goods from Asia to Europe and, while the Group remains confident that the majority of goods will be shipped, it is expected that the cost of these shipments will increase in FY22.

Reverse stress test

Given the base case reflects both the results of the turnaround plan and the uncertainties surrounding forecasts due to Covid-19, the Group has modelled a ‘reverse stress test’ scenario.

A reverse stress test calculates the shortfall to forecast sales in the Plan that the Group would be able to absorb, after implementing feasible mitigating actions, before either:

a. requiring additional sources of financing, in excess of those that are committed; or

b. breaching the lending covenants on our committed facility.

Given the projected headroom over our covenants, and our proven ability to manage cash, management considers the likelihood of breaching our facilities to be remote.

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. The principal risks are outlined in the ‘How We Manage Our Risks’ section on page 56.

Mitigating actions

If performance deviates materially from the Base Case Plan, the impact could result in a reduction in liquidity and/or a longer period of lower profitability, which in turn could risk covenant breaches. Management has considered what plausible mitigating actions are available to them, including:

- a reduction in uncommitted capital expenditure;
- a reduction in Head Office costs and discretionary spend; and
- reducing the purchase quantities of new season stock in line with the lower sales projections.

Consequently, management believes that the likelihood of further downsides in revenue, beyond those modelled in the reverse stress test, that cannot be mitigated adequately, to be remote. However, should the mitigating actions outlined above not be sufficient, management would likely adapt the current store portfolio strategy to exit a greater proportion of stores.

Covenant testing

Our facilities include an Asset Backed Lending (ABL) facility for up to £70m, together with a £10m uncommitted overdraft.

Our relationship with our lending group remains strong, with covenant resets agreed in both January and July 2021 as the macroeconomic impact of social distancing and lockdown restrictions continued to extend past initial expectations when the financing was agreed in August 2020.

The amended covenants in the ABL facility are tested quarterly and are based around the Group’s adjusted EBITDAR (relative to the Base Case Plan) until the end of Q2 22 and fixed charge (rent and interest) cover thereafter. The covenants are tested on a ‘frozen GAAP’ basis and hence accounting under IFRS 16 does not impact them.

Under the reverse stress test, which tests for the breakeven point against our borrowing facilities (liquidity and covenants are tested separately), the July 2022 (Q2 23) covenant test would breach first. However, management considers the likelihood of experiencing revenue shortfall required to cause this breach to be remote. The Directors are confident that under the mitigated reverse stress test there is sufficient liquidity headroom over the going concern period.

If this scenario was to occur, management would approach lenders for a covenant waiver. Whilst there would be no guarantee that such a waiver would be made available, in making their assessment management notes that it currently has a good relationship with the Group’s lenders and has held positive discussions throughout the year. These lenders have been made aware of all key inputs into the Base Case Plan, as well as the implications of the short-term disruption, and have now agreed to re-gear the covenants on two occasions, to reflect the unforeseen duration and magnitude of the impact from Covid-19. In addition, it should be noted that the Group expects to be cash positive for most of the year, allowing for the normal seasonal working capital cycle, with substantial liquidity maintained throughout the going concern period.

Significant judgements

In using these financial forecasts for the going concern assessment, the Group’s Directors recognise that significant judgement was required to decide what assumptions to make regarding the impact of the coronavirus pandemic on the retail sector and wider economy and specifically to Superdry, and the ability to execute the turnaround plans required to recover brand health and return the business to profitable growth. Consequently, though the level of visibility has improved year on year, there remains more uncertainty than would usually be the case in making the key judgements and assumptions that underpin the financial forecasts for the business. The Directors believe that this uncertainty is reflected in the Base Case Plan, and trading year to date continues to give us confidence that we are through the worst effects of the pandemic.

The Plan does not anticipate a further, extended period of store closures, and the likelihood of this scenario is deemed remote. While it is conceivable that there is a further territory-wide lockdown, key factors in making this judgement include:

- vaccine rollouts are progressing well in many of our core markets;
- social distancing restrictions have been relaxed far more significantly than in between previous lockdowns, with broader cultural acceptance of the need for hygiene measures (e.g. mask-wearing and hand sanitising);
- government communications reflect an increasing pressure to re-open economies, with furlough support coming to an end on 30 September 2021 in the UK.

In the event that this were to happen, it could cause revenue declines to exceed those in the reverse stress test, however, this would likely result in corresponding government support (e.g. in the form of furlough and rent moratorium) being available to mitigate the worst effects, together with implementing similar cash preservation measures as were deployed in FY21.

Summary

After considering the forecasts, sensitivities and mitigating actions available to management and having regard to the risks and uncertainties to which the Group is exposed, the Directors have a reasonable expectation that the Company and the Group has adequate resources to continue operating for the foreseeable future, and to operate within its borrowing facilities and covenants for a period of at least 12 months from the date of signing the financial statements, taking into account the working capital troughs in both FY21 and FY22. Accordingly, the financial statements continue to be prepared on the going concern basis.

Viability

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 FY26 using the medium-term financial plan (the 'Medium Term Plan'). This Medium Term Plan is in its early stages of implementation (having been delayed due to the Covid-19 pandemic). It assumes the successful execution of the turnaround strategy to reset the brand, reversing the decline in performance which began in FY19 and returning the Group to FY18 revenues and profitability over the medium/ longer-term horizon.

The five-year viability period coincides with the Group's strategic review period. Furthermore, beyond this period, performance is increasingly difficult to predict, exacerbated by the impact of Covid-19.

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 Plan. In making this statement, the Directors have considered the resilience of the Group under varying market conditions together with the effectiveness of any mitigating actions and the availability of financing facilities.

As already described in the statement regarding going concern, as part of this assessment the Directors have considered an extended reverse stress test over the viability period with similar mitigations as under the going concern assessment, and have taken account of the availability of the Group's ABL.

Whilst recognising the challenging retail environment will increase the risks and costs around the future refinancing of this facility, based on current market conditions and our proven ability to manage cash during the pandemic, the Directors believe that Superdry has the appropriate plans, current assets, and mitigations in place to maximise the prospects of a successful renewal in advance of the January 2023 ABL expiry. The viability assessment therefore assumes that the Group renews on existing or better terms through the duration of the viability period.

Under the reverse stress test, which tests for the breakeven point against our borrowing facilities (liquidity and covenants are tested separately), the July 2022 (Q2 23) covenant test would breach first, in line with the going concern test. Given the assumed recovery in trading post-Covid in the Medium Term Plan, both liquidity and covenant headroom in the outer years of the plan are higher than in FY23. The reverse stress test indicated that, after taking account of the mitigating actions highlighted in the going concern assessment above, the Group would be able to operate within its funding facilities for the five-year assessment period. However, a sustained downturn as a result of the new strategy not turning the business around, or an unexpected failure to renew the ABL in January 2023, would threaten the viability of the business over this five-year assessment period.

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 2026.

Julian Dunkerton	**Shaun Wills**
Chief Executive Officer	Chief Financial Officer
15 September 2021	15 September 2021

1. 'Lost trading days' calculated as the simple average number of stores closed each day of the period as a percentage of total potential trading days in the period, excludes impact of restricted trading hours.
2. Full price sales mix relates to the proportion of retail sales made at RRP in full priced stores and owned websites only.
3. Cash annualised saving has been calculated based on the effective date of the lease agreement.

Board of Directors

Peter Sjölander
Independent Chairman

Appointed: 29 April 2021
Tenure*: 5 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 Dometic Group AB (listed in Sweden) and Fiskars Oyj (listed in Finland).

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.

Skills, knowledge and experience

- International exposure
- Brand transformation
- Digital expertise
- Retail
- Extensive commercial experience
- Company turnaround experience

Julian Dunkerton
Executive Director

Appointed: 2 April 2019
Tenure*: 2 years 6 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.

Skills, knowledge and experience

- Entrepreneurial insight
- Retail
- International exposure
- Founder of Superdry
- Extensive knowledge of Superdry product and brand
- Sustainability

Shaun Wills
Executive Director

Appointed: 26 April 2021
Tenure*: 5 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 and 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.

Skills, knowledge and experience

- Extensive financial expertise
- Retail
- Listed companies
- Multi-brand business
- Digital expertise
- Change and transformation
- International exposure

Helen Weir
Independent Non-Executive Director

Appointed: 11 July 2019
Tenure*: 2 years 3 months

Helen is the Senior Independent Director and is also the designated NED for colleague engagement. She has extensive experience of both publicly quoted companies and retail businesses, having been Finance Director of Marks and Spencer, John Lewis, Lloyds Bank (where she was also the CEO of the Retail Bank) and Kingfisher. Helen is a member of the Supervisory Board of Koninklijke Ahold Delhaize N.V. where she chairs the Governance and Nomination Committee, and a Non-Executive Director of Greencore Group, where she chairs the Audit Committee. Helen is also a Trustee of Marie Curie. 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 commitment to colleague engagement and her work with the SD Voice.

Helen has shown extraordinary commitment to Superdry over the past year when the Company was impacted by Covid-19.

Skills, knowledge and experience

- Digital expertise
- Extensive financial expertise
- Retail
- Listed companies
- Brand
- Change and transformation
- Governance
- International exposure
- Supply chain
- Colleague engagement

Faisal Galaria
Independent Non-Executive Director

Appointed: 29 July 2019
Tenure*: 2 years 2 months

Faisal brings extensive digital expertise to the Superdry Board. Faisal is the CEO of Blippar, a global Augmented Reality technology company. Previously, he was the Chief Strategy and Investment Officer of GoCompare Group, where he helped lead its listing on the London Stock Exchange in November 2016 and oversaw several successful acquisitions. He has held senior roles at a number of leading global digital businesses including Spotify, Kayak.com and Skype and has extensive experience in management consulting, as a partner at Alvarez & Marsal and Andersen.

Contribution to the long-term success of Superdry
Faisal is an experienced CEO in the digital sector and brings international, company turnaround and M&A experience. He also spends additional time with the Board and Executive Team offering digital and technological expertise.

Faisal has shown extraordinary commitment to Superdry over the past year when the Company was impacted by Covid-19.

Skills, knowledge and experience

- Listed companies
- Digital expertise
- Extensive commercial experience
- Company turnaround experience
- M&A experience

Georgina Harvey
Independent Non-Executive Director

Appointed: 29 July 2019
Tenure*: 2 years 2 months

Georgina is an experienced Non-Executive Director and is a member of the Board of McColls Retail Group plc, where she is Senior Independent Director and Chair of the Remuneration Committee, and a member of the Board of Capita plc, where she is Chair of the Remuneration Committee. 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, including investor consultation on remuneration policy. Georgina has spent additional time working with our Global Sourcing and Sustainability Director on sustainability matters.

Georgina has shown extraordinary commitment to Superdry over the past year when the Company was impacted by Covid-19.

Skills, knowledge and experience

- Retail
- Listed companies
- Remuneration expertise
- Extensive commercial experience
- Digital expertise

Alastair Miller
Independent Non-Executive Director

Appointed: 11 July 2019
Tenure*: 2 years 3 months

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 experience in finance and audit, his leadership of the Audit Committee and his work with the Executive Team on finance and audit related matters.

Alastair has shown extraordinary commitment to Superdry over the past year when the Company was impacted by Covid-19.

Skills, knowledge and experience

- Extensive financial expertise
- Audit related expertise
- Retail
- Listed companies
- Brand

* At time of AGM (22 October 20)

Ruth Daniels
Group General Counsel and Company Secretary

Appointed: 3 February 2020

Ruth joined Superdry in February 2020 and brings 30 years of legal, governance and commercial experience from private practice, as well as in-house roles at Ancestry.com, CPA Global and Global Media & Entertainment. Ruth has acted for key brands and brings extensive experience of working in digital and international environments, as well as those undergoing transformation. Before qualifying as a lawyer, Ruth began her career in Retail.

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

Departures during FY21

- Nick Gresham resigned on 15 October 2020
- Peter Williams resigned on 29 April 2021

Election or re-election at AGM

Board/ Committee member	Election	Re-election
Peter Sjölander	●	
Julian Dunkerton		●
Shaun Wills	●	
Faisal Galaria		●
Georgina Harvey		●
Alastair Miller		●
Helen Weir		●

Introduction from the new Chair

Welcome to my first Corporate Governance Report as Chair of Superdry plc. I am committed to leading a culture which applies the spirit of the Code and of corporate governance best practice across our organisation, and to the continuous development of strong, robust and efficient governing structures at Superdry.

Responding to the Covid-19 pandemic

The Covid-19 pandemic, which began in FY20, continued to severely impact our operations throughout FY21. The Board held weekly virtual meetings in the early part of the financial year to continue to monitor the organisation's responses to the lockdowns and store closures, putting the health and safety of our colleagues and customers first, and monitoring our cash flows carefully. The Incident Management Team of our Executive Committee met as necessary to manage day-to-day operations and to respond to events quickly. Our response to Covid-19 is fully explained in the Strategic Report on page 20.

"I am committed to leading a culture which applies the spirit of the Code and of corporate governance best practice across our organisation."

Peter Sjölander

Guiding the strategy

During FY21, the Board held several strategy days with the Executive Committee to work together on a long-term strategy. These days were important opportunities for the Board and Executive Team to share information on a more informal basis, and to discuss new ideas – please refer to the Board activities and discussions section of this report on page 91 for more information. Please turn to the Strategic Report from page 3 to read about our strategy. Regular updates on the development of the strategy were received by the Board at its scheduled meetings throughout FY21, in the CEO reports to the Board.

Prioritising People, diversity and inclusion and culture

The Board has made People at Superdry one of its priorities this year in several ways: reviewing colleague Pulse Surveys, a dedicated Board meeting session on workforce engagement, receiving regular People updates at Board meetings, visiting stores and Head Office (when safe to do so), and through the work carried out by Helen Weir, the designated NED for colleague engagement. Our Board Diversity and Inclusion Policy was reviewed and updated, and targets for the recruitment of a more diverse workforce were put in place – please refer to 'Our People' on page 48 for details.

Sustainability

Superdry has committed itself to a more sustainable future. The Board approved the Group's 'Grow Future Thinking' initiative in November 2020, which combines sustainability and environment, people and culture, creative and talent, and supply chain responsibility and community, to enable Superdry to become a truly sustainable brand. Please turn to the Sustainability Report on page 36 for more information.

Compliance with the UK Code of Corporate Governance 2018 (Code)

During FY21, Superdry has complied with all of the provisions of the Code, except for part of provision 38. Part of provision 38 requires the pension contribution rates for Executive Directors to be aligned with those available to the workforce. The remuneration agreements of the Executive Directors who served during the period under review provided for pension contribution rates in excess of those of the workforce. During FY20, the Group revised its Remuneration Policy, with a target to align pension contributions for the Executive Directors with those of the workforce by FY21. Superdry's Executive Director pensions were fully aligned to the workforce from 1 April 2021 and will remain aligned. Full details of Executive Director remuneration can be found in the Directors' Remuneration Report on page 104.

The rest of this report provides further information about how we have applied the principles of the Code to Superdry, our governance framework, and the Board's activities and discussions in FY21.

Peter Sjölander
Chair

15 September 2021

Applying the principles of the Code

Board leadership and Company purpose

Superdry is led by a Board of Directors consisting of individuals with commercial, retail, digital and financial expertise – please refer to the biographies on page 84 for full details. The Section 172 Statement on page 68 explains how the Directors have fulfilled their duty to promote the success of the Group for shareholders, whilst having regard to a range of other stakeholders, including the wider community. Our recruitment and selection processes, as documented in the Nomination Committee Report on page 93, ensure that suitably experienced and high calibre candidates from diverse backgrounds are found. Anticipated time commitments are noted to potential candidates during that process and are set out in service contracts. Our induction processes provide our Directors with sufficient information about our culture, practices and expectations. Our annual Board review helps to ensure that Board dynamics, functions and processes are working and continue to work well – please refer to page 92 in this report for full details. Information about our Board induction process can be found in the Nomination Committee Report on page 93.

Superdry has a clearly defined purpose (our Mission) which has been approved by the Board: to inspire and engage style-obsessed consumers while leaving a positive environmental legacy. There is a clearly defined and Board approved strategy (please refer to page 26 in the Strategic Report). Our purpose and strategy have been clearly communicated to colleagues through our colleague engagement mechanisms – primarily through the SD Voice, but also through Superdry Live sessions on Workplace (our internal communications platform), via Workplace posts, by obtaining feedback though the SD Voice and Pulse Surveys, by using StorIQ to communicate with store colleagues, and by using direct communication through senior leadership at team meetings across the business. There is a designated NED for colleague engagement, Helen Weir, and during the year she and the Board have met with the SD Voice. Regular People briefings are included in the CEO report that is received at each scheduled meeting to assist the Board in relation to the oversight of culture at Superdry. Please turn to 'Our People' on page 48 for further information about colleague consultation and engagement, about our culture, and the ways in which we keep in touch with colleagues. Each of the NEDs has spent time with members of the Executive Team, the Senior Leadership Team and colleagues. The Board holds regular scheduled meetings and strategy days, at which it reviews detailed information from all areas of the business to allow it to monitor progress against strategic objectives. The Board receives detailed analysis of financial and non-financial information, including key performance metrics, to enable the appropriate allocation of resources.

A framework of internal controls is in place, and the effectiveness of the controls framework is reviewed on an annual basis. In FY20, the Group commenced a thorough review of the effectiveness of its internal controls framework. A number of control deficiencies were identified, and remediation plans were put in place. The Audit Committee has monitored progress of the remediation project during FY21, and regular updates have been provided. Whilst improvements have been made, progress has been impacted by Covid-19 and this will remain a top priority for the Audit Committee in FY22. Please refer to the Audit Committee Report on page 97 for further information.

A risk management and mitigation framework is in place, to allow the Board to have oversight of risk through regular risk reports – please refer to 'How We Manage Our Risks' on page 56 for further details.

The Group's stakeholders and its means of engaging with them have been identified. For further information please refer to our Section 172 Statement on page 68.

Superdry's workforce policies and practices are aligned to its culture and to the strategy (for further details on our strategy please refer to page 26). Colleagues can raise concerns through traditional escalation processes via their manager, through the SD Voice, through the designated NED for colleague engagement, or by using our whistleblowing line. A forum for female leaders in the business meets regularly and escalates any concerns to the Executive Committee. An Employee Assistance Helpline is in place – a free and confidential service which offers advice and information. Pulse Surveys offer a further opportunity to express opinions on Group policies or practices, or to simply feed back views to the Executive Team. We operate an independent and confidential whistleblowing line, Safecall, so that colleagues can report unethical behaviour on an anonymous basis.

DIRECTORS' SKILLS MATRIX

Board/Committee member	Operational	Financial	Retail	Branding & Marketing	Risk	Sustainability	Digital Expertise
Peter Sjölander	●		●	●			●
Julian Dunkerton	●		●	●		●	
Shaun Wills	●	●	●		●		
Faisal Galaria	●		●				●
Georgina Harvey	●		●	●	●		●
Alastair Miller	●	●	●		●		
Helen Weir	●	●	●		●		

Division of responsibilities

The Superdry Board is led by the Chair, and, with the support of the Company Secretary, they ensure that the Board receives the right level of information about the operations and performance of the Group in advance of meetings, to allow the Directors to discharge their duties fully. The Chair ensures that Board meetings are a forum for open and constructive debate and that decisions are reached by group consensus. Each of our NEDs, including the Chair, was considered by the Board to be independent on appointment (for further information on independence, please see below); and each NED continues to be considered independent by the Board. There is a clear division of responsibilities between Executives and NEDs. During FY21, due to the Covid-19 pandemic, the NEDs have devoted an exceptional amount of additional time to Superdry, beyond the requirements of their service contracts.

Composition, succession and evaluation

As detailed in the Nomination Committee Report on page 93, a process is in place for the appointment of new Directors to the Board. Candidates are examined to ensure that the skills, knowledge and experience they have will balance those that are already in place. Succession plans are reviewed by the Nomination Committee at regular intervals, and a component of our strategy is to nurture talent from within, wherever we can. The Board considers length of service on an annual basis, prior to sending out notice of its AGM. An annual Board performance review is undertaken and externally facilitated every three years. Composition, diversity, how effectively the Board works together and the effectiveness of each Director's individual contribution are assessed. A Board Diversity and Inclusion Policy is in place. Further information can be found in the Nomination Committee Report on page 93.

Audit, risk management and internal control

Responsibility for the oversight of the internal and external audit functions and their independence is delegated by the Board to the Audit Committee. Full information about the responsibilities and the work of that Committee can be found in the Audit Committee Report on page 97. Formal and transparent processes are in place to ensure the integrity of the financial statements, and the Board reviews the annual financial report to ensure that it presents a fair, balanced and understandable assessment of the Group's position and prospects. A Risk Committee is in place and risk management and internal controls frameworks have been established. The Group's principal risks are set out in a risk register, which is reviewed by the Board and by the Executive Committee at regular intervals. Superdry's main Board and Committee structure is shown on page 90 of this report. Further information about our risks and how they are managed can be found on page 56.

Remuneration

A Remuneration Committee, whose membership is made up entirely of independent NEDs, is in place. The Group has a Remuneration Policy, which is reviewed every three years in consultation with our largest shareholders and with investor advisory agencies. The policy is set before shareholders for approval at our AGM. Full details of our Remuneration Policy, our procedures for developing our policy on Executive remuneration, and this year's consultation, can be found in the Directors' Remuneration Report (DRR) on page 104. The DRR also includes details of how we align remuneration to the Group's purpose and values, and how we link remuneration to the successful delivery of our long-term strategy. No Director is involved in deciding their own remuneration outcome. The full terms of reference for the Remuneration Committee can be found at corporate.superdry.com.

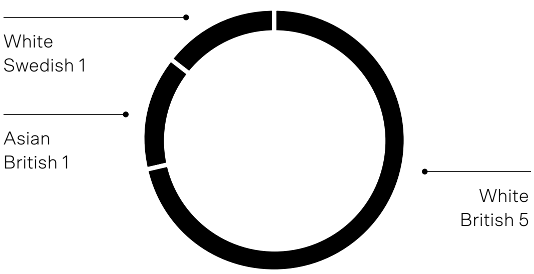
Our Board, governance framework and activities in FY21

The Board has collective responsibility for promoting the long-term sustainable success of the Group for all stakeholders, and for ensuring that effective governance processes and frameworks are in place.

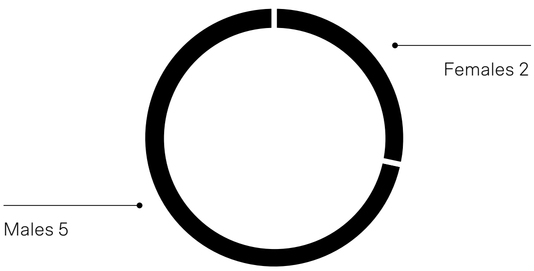
For full biographical details of our Board members and the Committees they serve on, please refer to page 84.

Board diversity information

Ethnic diversity



Gender diversity



Board meeting attendance

The Board held 10 scheduled meetings in FY21 – the attendance of Board and Committee members is set out in the table below. The Chair ensures that regular meetings are held with the NEDs, without the presence of the Executive Directors.

Board and Committee meetings attendance table

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
Peter Sjölander	29 April 2021	0/0	N/A	0/0	N/A
Julian Dunkerton	2 April 2019	10/10	N/A	N/A	N/A
Shaun Wills	26 April 2021	0/0	N/A	N/A	N/A
Faisal Galaria	29 July 2019	10/10	6/6	7/7	7/7
Georgina Harvey	29 July 2019	10/10	6/6	7/7	7/7
Alastair Miller	11 July 2019	10/10	6/6	7/7	7/7
Helen Weir	11 July 2019	10/10	6/6	7/7	7/7

Board/Committee member	Resigned on	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
Peter Williams	29 April 2021	10/10	N/A	7/7	N/A
Nick Gresham	15 October 2020	5/5	N/A	N/A	N/A

Superdry has a corporate governance framework with defined responsibilities and accountabilities. The Board has delegated specific responsibilities to its committees – terms of reference for the Audit, Nomination and Remuneration Committees are reviewed by the Board on an annual basis and, in FY21, were completely revised. Each Committee is chaired by a different independent NED. The Board maintains a schedule of matters reserved, which is reviewed annually. Matters reserved for the Board include long-term strategic plans, capital expenditure over a certain level, budgets, and approval of financial results and dividends. The duties of the Chair and Senior Independent Director are set out in documents which are reviewed regularly. All documents and terms of reference are available at corporate.superdry.com.

Responsibility for the day-to-day running of the Group is delegated to the CEO who, in turn, delegates certain responsibilities to the COO and to business area heads through the Executive Committee. To ensure that decisions are taken at the right level and to reduce business and operational risk, a Delegation of Authority (DoA) matrix is in use, which clearly sets out the authorities given to individuals in the business. The DoA is reviewed regularly to ensure it remains relevant to Superdry's structure and activities.

Agendas for scheduled Board meetings are discussed and agreed by the Chair, CEO and CFO with the Company Secretary several weeks in advance of each meeting and contain standing items to ensure that reporting is balanced and consistent: these include Committee reports, the CEO report, Finance reports (including management accounts and capital expenditure plans), Investor Relations, 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. A level of information is contained in Board packs that allows consideration of strategic matters, whilst not over-burdening the Board with an unnecessary level of detail on operational or 'business as usual' matters.

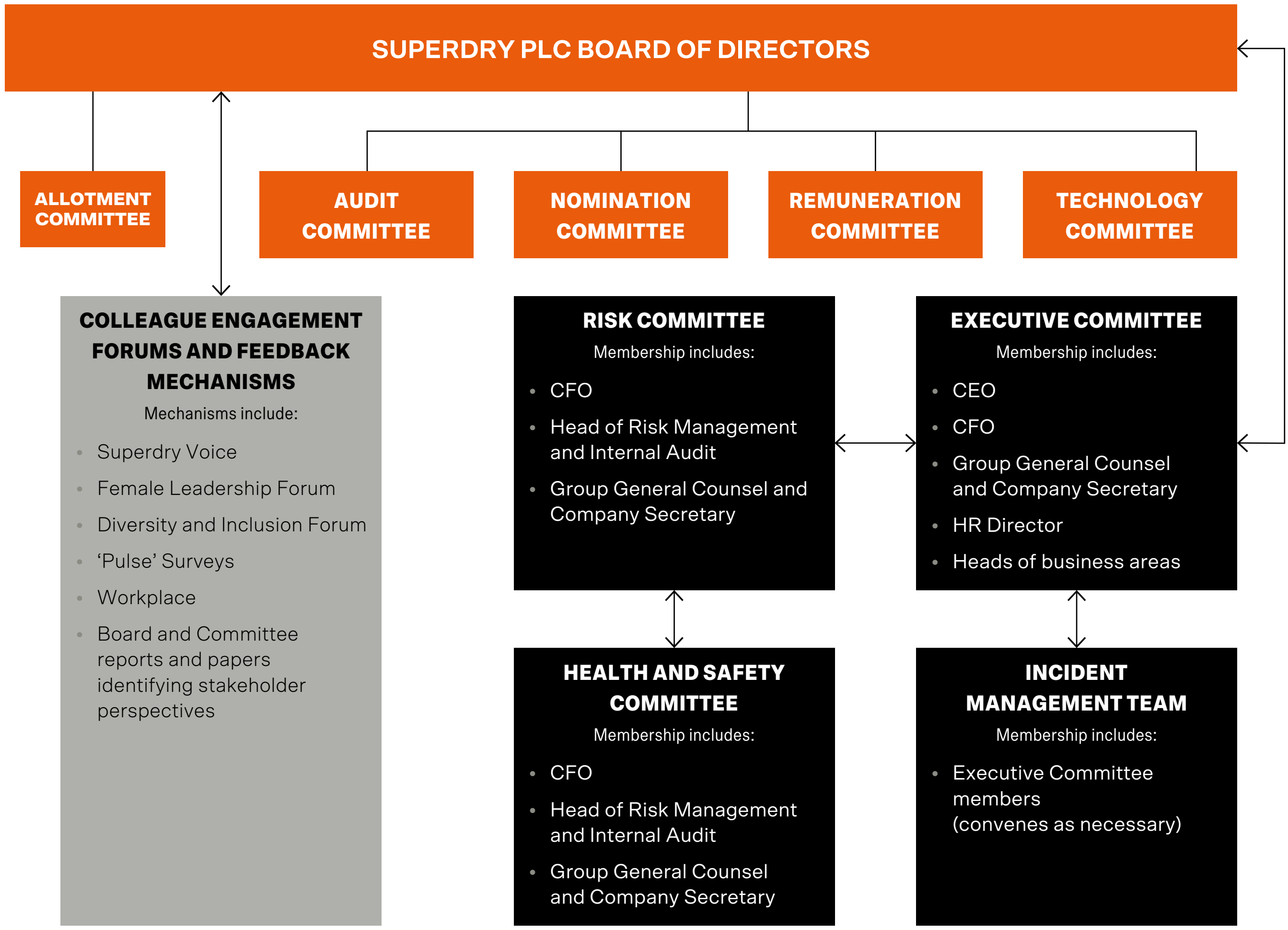
Where Directors are not able to attend part of any Board or Committee meeting, they will have reviewed the papers circulated for that meeting and will have provided comments to either the Senior Independent Director or the Company Secretary. All Directors attended each scheduled Board meeting in FY21.

Following meetings, the minutes are drafted and circulated within one week and an action list is circulated with designated owners and specific time frames, for the completion of actions.

Governance calendars are used for Board and Committee meetings to ensure that items are reviewed at appropriate times in the year, and care is taken by the Chair and the Company Secretary to ensure that sufficient time is allowed for the discussion of agenda items, including stakeholder perspectives. Strategic and business area 'deep dives' are undertaken. For further information on the Board's activities and discussions in FY21, please see below.

Members of the Executive Team are invited to attend Board meetings to allow for more in-depth presentations and question and answer sessions. The table below highlights such occasions during FY21, although it should be noted that presentations were also given by Executive Team members at strategy days during FY21 (see below). Further details of our Executive Team can be found on the Leadership section at corporate.superdry.com.

SUPERDRY GOVERNANCE FRAMEWORK



Name of attendee	Role	'Deep dive'	Date
Phil Dickinson	Creative Director	Autumn/Winter 2020 range update	6 July 2020
Jon Wragg	Wholesale and Ecommerce Director	Ecommerce	6 July 2020
Shaun Packe	Global Sourcing and Sustainability Director	Sustainability strategy	10 August 2020
Gordon Knox	Business Transformation and Logistics Director	Information Technology and Information Security	18 September 2020
Craig McGregor	Retail Director	Retail channels strategy	11 November 2020
Guy Youll	HR Director	Colleague engagement	11 November 2020
Ruth Daniels	Group General Counsel and Company Secretary	Grow Future Thinking	11 November 2020
Guy Youll	HR Director		
Shaun Packe	Global Sourcing and Sustainability Director		
Phil Dickinson	Creative Director		
Justin Lodge	Chief Marketing Officer	Marketing strategy	28 January 2021
Guy Youll	HR Director	Colleague engagement	24 March 2021
Justin Lodge	Chief Marketing Officer	Technology and Digital strategic roadmap	24 March 2021
Gordon Knox	Business Transformation and Logistics Director		

Board activities and discussions in FY21 and early FY22

Activity/Discussions	Meeting in FY21
COVID-19 RESPONSE Additional Board update meetings were held throughout FY21 to monitor the Group's response to Covid-19 – please refer to page 20 for further information.	Throughout
STRATEGY DEVELOPMENT AND APPROVAL – BOARD STRATEGY DAYS Three Board and Executive Committee strategy days, at which the Executive Team shared their strategic vision with the Board, took place in FY21. Executive Committee members presented detailed proposals for their business areas. The Board provided objective feedback and challenge at these sessions to help to guide the strategy. In April 2021, the Executive Committee presented the final strategy to the Board – please refer to page 26, where the strategy is set out.	Three dedicated Board and Executive Committee strategy days on 14 October, 29 January and 28 April
DIVERSITY AND INCLUSION The Board has oversight of diversity and inclusion matters but delegates the consideration of those matters to the Nomination Committee – please see the Nomination Committee Report on page 93 for further information. A new Board Diversity and Inclusion Policy was approved in FY21.	22 October
SUSTAINABILITY The Board considered a presentation on 'Grow Future Thinking', an initiative to drive positive change throughout Superdry. Please refer to 'Our People' on page 48 for further information.	11 November
INVESTOR ENGAGEMENT The Group's corporate brokers attended a meeting to update the Board on investor activity and on the perception of Superdry by investors and analysts. An investor consultation on our Remuneration Policy was also carried out in April and May 2021 – please refer to the Directors' Remuneration Report on page 104 for further information.	11 November
MEDIA The Group's media relations advisers attended a Board meeting to present on Superdry's media relations and impact, including strengths, any weaknesses, and opportunities.	11 November
COLLEAGUE ENGAGEMENT The SD Voice presented to the Board – representatives from Head Office and from our stores presented on their top priorities, on the impact of Covid-19 on colleagues, and on the methods of communication used to ensure that the SD Voice is truly representative of all colleagues.	24 March
BOARD RESIGNATIONS AND APPOINTMENTS The Board considered and approved the appointment of Julian Dunkerton as permanent CEO and the appointment of Silvana Bonello as COO. Peter Williams announced his intention to step down as Chair in April 2021.	15 December
APPOINTMENT OF NEW CHAIR AND CHIEF FINANCIAL OFFICER The Board considered and approved the appointment of a new Chair, Peter Sjölander, and CFO, Shaun Wills.	9 April
FIVE-YEAR PLAN AND FY22 BUDGET The Group's Five-Year Plan and the FY22 Budget were presented to the Board, considered and approved.	28 and 29 April
FULL-YEAR AND HALF-YEAR RESULTS AND TRADING UPDATES The Board discussed Christmas and January sales trading results and considered the content of a trading update in early January. The Board considered its half-year results, preliminary results and this Annual Report.	7 January 18 January 15 September

Other governance matters

Non-Executive Director independence and time commitments

Our Board consists of five independent Non-Executive Directors (Georgina Harvey, Faisal Galaria, Alastair Miller, Peter Sjölander and Helen Weir) and two Executive Directors (Julian Dunkerton and Shaun Wills). Peter Sjölander was considered by the Board to be independent on his appointment on 29 April 2021 and is still considered by the Board to be independent. The independence of the NEDs is reviewed on an annual basis and was reviewed in FY21 as part of the Board performance review (see below for more information). 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. During FY21, due to the impact on the Group of the Covid-19 pandemic and to the time spent by the Board on developing strategy, the NEDs spent significant additional time on their Board duties, far exceeding the requirements of their service contracts.

Time commitments of the Chair of the Board
Peter Williams was Chair of the Board during FY21, stepping down on 29 April 2021. In addition to his role as Chair of Superdry plc, Peter was also Chair of U and I Group plc and of DP Eurasia N.V. From his appointment on 2 April 2019, Peter Williams demonstrated great commitment to his duties as Chair, in terms of the time he dedicated to the work of the Board and its Committees and working alongside the Executive Committee at Superdry.

Peter Sjölander was appointed Chair on 29 April 2021. Prior to that appointment, the Company Secretary explained to him the likely time commitments of the role, and his existing commitments were reviewed by the Board to ensure he would be able to dedicate sufficient time to his duties. Please refer to the Board biographies section on page 84 for details of Peter Sjölander's other commitments.

Directors' conflicts
The Board has established formal procedures for the declaration, review and authorisation of any conflicts of interest of Board members. The Board is satisfied that none of the Directors had any conflicts of interest during FY21 which could not be authorised by the Board.

Directors' indemnity insurance
We maintain 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.

Board performance review and objective setting
A performance review of the Board is completed every year, with an externally facilitated review carried out at least every three years. An externally facilitated review was carried out in March 2020 and an internally facilitated review was completed in March 2021 by the Company Secretary. The review was carried out using a questionnaire-based analysis, assessing the effectiveness of the Board's decision-making processes, dynamics and relationships. The Board and each Committee were reviewed – questions on induction, strategy days, composition, diversity, training, time management and Board effectiveness were included.

The results of the FY21 Board performance review were positive, acknowledging the challenge, value and support the Board had given during the previous year. A number of objectives for FY22 have been agreed with the key focus being on the following:

- Strategy – monitor the implementation of the Five-Year Plan, focusing on key deliverables and on holding the CEO, CFO and Executive Team accountable for its delivery, ensuring there is an appropriate governance framework that underpins it.
- Technology – oversee, through the Technology Committee, the effective delivery and implementation of the technology roadmap.
- Engagement – ensure Board members have ongoing engagement with Superdry colleagues to enhance the Board's understanding of colleague sentiment, culture and values.
- Diversity and Inclusion – actively monitor Superdry's diversity and inclusion targets and hold management to account for building a diverse, inclusive and respectful culture.
- Further consideration of Board composition and succession during FY22.

Risk management and internal controls
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 turn to 'How We Manage Our Risks' on page 56. For further information on our internal controls framework and the ongoing work to ensure it is robust, please refer to the Audit Committee Report on page 97.

Whistleblowing arrangements
The Group operates an independent and confidential, global whistleblowing service for the reporting of unethical conduct. For further information, please refer to page 103.

Re-election of Directors and AGM
At the AGM, all Directors will offer themselves for re-election. We consider the Directors offering themselves for re-election to be effective, committed to their roles and to have sufficient time available to perform their duties. For further information on the specific reasons why each Director's contribution is important to the Group's long-term sustainable success, please refer to pages 84 and 85.

Our AGM will take place on 22 October at 10.00am. The notice of the meeting can be found on page 202 and is also 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 and are available to answer questions during the meeting or to discuss matters more informally following the meeting, subject to any restrictions that may arise from the ongoing impact of Covid-19.

Approved and signed on behalf of the Board

Ruth Daniels
Company Secretary

15 September 2021

Nomination Committee Report

Introduction from the new Chair

Dear Shareholders

Welcome to my first report as Nomination Committee Chair. I would like to thank former Chair, Peter Williams, who stepped down from the Board at the start of FY22, for his work with the Committee from April 2019 to April 2021. During FY21, the Committee continued to strengthen the Executive Team with individuals possessing the necessary skills and experience to deliver short-term performance goals and who would play their part in the development of our longer-term strategy. Further information on this can be found in the Committee activities section of this report, below, and in the Strategic Report from page 4.

"During FY21, the Nomination Committee continued to strengthen the Executive leadership with individuals possessing the necessary skills and experience to deliver short-term performance goals and who would play their part in the development of our longer-term strategy."

Diversity and inclusion are very important to us and this year, the Committee spent considerable time reviewing and updating our Board policy on diversity and inclusion – please refer to the Board Diversity and Inclusion Policy section opposite.

Committee activities in FY21

Performance, talent and succession planning

In April 2020, the Committee reviewed and discussed individual performance at Executive Committee level, existing talent at Superdry, and succession planning needs for the Executive and Senior Leadership Teams. The agreement of short-term goals for the Group and the development of a long-term strategic plan had identified several areas where important skills or experience were needed to meet specific aims. The Committee identified the need for a Chief Operating Officer, for further digital capabilities, including a Chief Marketing Officer, as well as the ongoing need to recruit a permanent Head of Information Technology.

In July 2020, Justin Lodge was appointed Chief Marketing Officer, with a brief to review and modernise our marketing platforms, in line with one of our short-term strategic aims.

Executive Director and then CFO, Nick Gresham, left Superdry in October 2020 and the search for an interim CFO was concluded with the appointment of Benedict Smith in November 2020. Benedict oversaw the successful delivery of the half-year results, providing strong and detailed interim leadership to our Finance function. Following an extensive recruitment process, in which candidates for the CFO role were reviewed and discussed by the Committee and interviews held, Shaun Wills was appointed to the Board as an Executive Director and as CFO in April 2021.

Throughout the Autumn of 2020, the Committee, in conjunction with senior leadership, discussed the need to strengthen the Finance function at Superdry – please refer to the Audit Committee Report on page 97 for further details.

In November 2020, the Committee reviewed the Executive Committee structure and the business objectives set for the CEO, including KPIs. CEO objectives are cascaded to the Executive Committee, with personal objectives put in place for each member, to support the CEO and both the short and long-term strategy.

At its meeting in March 2021 the Committee reviewed the Executive Committee structure, composition and performance, and recommended that 360-degree analysis tools be used as part of individual performance reviews.

New Chair appointment

In December 2020, Chair, Peter Williams announced his decision to step down from the Board. At the same time, two further key changes to Superdry's leadership were announced – the appointment of Julian Dunkerton as permanent Chief Executive Officer and the appointment of Silvana Bonello as Chief Operating Officer.

The Nomination Committee led the process for the recruitment of a new Chair, which resulted in the appointment of Peter Sjölander in April 2021. Specific skills which Peter brings to the Board include international exposure and brand transformation, as well as significant experience in chairing growing digital brands.

Membership and attendance

The Nomination Committee was composed in FY21 of the NEDs of Superdry plc and was chaired by Peter Williams, who stepped down on 29 April 2021, when Peter Sjölander was appointed as Board Chair and as Nomination Committee Chair. The Committee held seven scheduled meetings in FY21, and all members attended each meeting. Regular attendees at meetings included the Group HR Director, the Group Company Secretary and General Counsel, and the Deputy Company Secretary. The role of secretary was performed by the Group Company Secretary or their nominee. A report of the Committee's activities is given to the Board at each of its scheduled meetings.

Composition and responsibilities

The Committee leads on the process for new appointments to the Board and to the Executive Committee at Superdry and ensures that those appointed have the required skills and experience to support the development of the Group's strategy.

The Committee regularly reviews the composition of the Board and Executive Team, taking into consideration the range and balance of skills, experience and knowledge. The Committee reviews and monitors diversity and inclusion throughout Superdry and formally reviews the diversity of the Board and its Committees on an annual basis, as part of the annual performance review. The Committee makes recommendations for change where appropriate and keeps under review the succession needs of the Board and of the leadership team at Superdry, considering the challenges and opportunities facing the Group, to ensure it remains competitive.

The Committee ensures that appropriate procedures are in place to enable the nomination, induction, training and evaluation of Board Directors and members of the Senior Leadership Team. The full terms of reference for the Nomination Committee can be found at corporate.superdry.com.

For further information on the skills and experience of the Committee members, please refer to the biographies on pages 84 to 85 in the Corporate Governance Report.

Prior to joining the Board, the time commitments and independence of potential NEDs are scrutinised to ensure that they have sufficient time to fully discharge their duties. The Committee keeps the time commitments, including other positions held by Board members, under review to ensure that each Director continues to have sufficient time to discharge their duties effectively.

Tenure of Board members is regularly reviewed by the Committee – each member of the current Board was appointed in FY20, apart from Peter Sjölander, who was appointed at the start of FY22.

Colleague engagement

The results of two colleague engagement surveys (Pulse Surveys) on Diversity and Inclusion (in August 2020) and on Well-being (in November 2020) were reviewed by the Committee. Both surveys led to the development of action plans for implementation throughout the business to address any concerns raised by colleagues. Please refer to 'Our People' on page 48 for more information about colleague engagement, including the work of the SD Voice, and to our Section 172 Statement on page 68 for information about colleagues as a stakeholder group.

Terms of reference

The Committee reviewed and adopted new terms of reference in January 2021. The Committee also reviewed its own standing agenda, which is based on a governance calendar followed by the Board and the Committees, at each scheduled meeting.

The Committee also reviewed, in March 2021, its own progress on the objectives set following the Board performance review in March 2020. Good progress on several objectives had been made, including training, the development of strategy at Board and Executive strategy days, and the development of KPIs to monitor the achievement of business objectives.

Board Diversity and Inclusion Policy

In April 2020, the Committee reviewed a revised Board Diversity and Inclusion Policy and made several recommendations for changes. The Executive Team was asked to review the Group's diversity and inclusion policies and arrangements and to consider how they could be changed to make Superdry, and particularly Head Office, a more diverse environment. The Committee reviewed a further revised Board Diversity and Inclusion Policy at its meeting in July 2020 but agreed, considering the recent 'Black Lives Matter' campaign, that the Policy was not progressive enough and that further work needed to be done, including stronger commitments to improve ethnic diversity at Superdry, the gathering and monitoring of ethnicity data, and the establishment of gender and ethnic minority recruitment targets beyond those already in place for the Board. It was also agreed that consultation on this subject was necessary to understand the views of Superdry colleagues.

Our Pulse Survey in August 2020 on Diversity and Inclusion found that most colleagues at Superdry felt positive about our work environment and the ability for them to be themselves at work, but there was negative feedback about the internal and external response to the 'Black Lives Matter' campaign, and about commitments by Superdry to visibly improve diversity, particularly in leadership roles. Following this feedback, a set of diversity and inclusion commitments were agreed by the Executive Committee and published internally, and an action plan was put in place. The action points included the extension of gender and ethnic diversity recruitment targets that were already in place at Board level, to Executive Committee and senior leadership levels, and a partnership with the Music of Black Origin (MOBO) awards.

The Committee approved a revised Board Diversity and Inclusion Policy in October 2020. Colleague diversity data is now collected, and a diversity focus group has been established. The group has met to discuss diversity and inclusion at Superdry, including personal perspectives and experiences at work.

In March 2021, an update was presented to the Committee on progress made on diversity and inclusion objectives and targets. Please turn to 'Our People' on page 48 for further details.

Board Diversity and Inclusion Policy Statement

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, gender, age, ethnicity 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 which the Board requires to be effective.

The Board fully supports the Hampton-Alexander Review targets to increase the number of women in senior leadership positions in FTSE companies. The Board also supports and is aligned with the recommendations of the Parker Review, which aims to improve ethnic diversity on FTSE boards. Superdry's present Board composition for minority ethnic communities is 14% and the percentage of women on our Board is 29%.

Please also refer to our reporting on page 52 and at corporate.superdry.com.

Process for Board and Executive Committee appointments

There is a formal and robust process for the appointment of new Directors to the Board. Candidate profiles are drawn up by the Committee, the Group HR Director and, where appropriate, the CEO, and long lists are prepared, often with the assistance of specialist search agencies. Under the instruction of the Committee, all external search agencies used in FY21 were scrutinised for their ability to deliver a diverse range of candidates. Initial interviews are conducted by the Chair of the Board (where appropriate) and Group HR Director and suitable candidates are shortlisted for longer, in-depth interviews that may include Committee members and/or the CEO. Candidates are scrutinised to ensure that they have sufficient time to dedicate themselves to the role and their relevant skills, knowledge and experiences are weighed up against those already in place. Once the best overall candidate has been identified, a recommendation is made by the Committee to the Board, which has responsibility for all Board appointments.

A similar process is followed for appointments to the Executive Committee, whereby candidate long lists are drawn up by the Group HR Director, often with the assistance of specialist search agencies. Interviews are then conducted by the Group HR Director and CEO. Shortlisted candidates are interviewed by a panel which may include other members of the Executive Committee and/or members of the Nomination Committee. A proposal is made to the Nomination Committee, which has responsibility for approving all appointments to the Executive Committee, to allow it to maintain oversight over all senior level appointments.

External search agencies used during FY21 were Heidrick and Struggles, Korn Ferry, Odgers Berndtson and The Up Group.

Where prospective Board and Executive Committee candidates are of equal merit, the Committee will advocate the selection of candidates that will increase diversity at Superdry. The establishment of gender and ethnicity diversity targets and the wider commitments on diversity and inclusion outlined earlier in this report, driven by the Board's Diversity and Inclusion Policy, help to support a diverse pipeline of candidates. However, we are aware that our work in this area is by no means complete and the Committee will continue to closely monitor diversity and inclusion targets and to find ways to improve diversity on the Board, the Executive Committee and throughout Superdry.

Board composition and succession planning

Board and Executive succession planning aims to ensure that the Board and senior leadership at Superdry have the optimal blend of skills, commercial experience, diversity and tenure. Appointments are based on merit, keeping in mind the needs of the Group, the desire to acquire new skills and the Board's focus on creating a more diverse environment.

The Committee, together with the CEO and Group HR Director, regularly reviews the existing and future needs of the business and promotes the appointment of candidates which will increase diversity at Superdry.

The Committee reviewed the organisational structure, talent management and succession plans of the Group at its meeting in April 2020 and approved several objectives and actions to ensure that effective succession plans were in place – please see 'Committee activities in FY21 and early FY22', above. The Committee was scheduled to review the organisation's succession plans again in April 2021; however, due to Board and Committee membership changes and the recent finalisation of the strategy in April 2021, it was agreed to carry out this review at a time appropriate for the business, during FY22. Succession planning needs will be considered in line with our strategic aims.

Induction, training and continuing development

During FY21, the Nomination Committee, in conjunction with the General Counsel and Company Secretary, oversaw the arrangement of Directors' training in relation to Directors' duties and liabilities and on Directors' and officers' insurance. A plan for training and continuing development for FY22 has been agreed with the Board.

Induction plans were prepared for new Board Directors, Shaun Wills and Peter Sjölander, including the provision of materials relating to the constitution, corporate structure and history of the Group, Directors' duties, the organisational structure of the Group and reports relating to previous results and to future strategy. Meetings with fellow Board and Executive Team members were facilitated and, where appropriate, meetings with internal and external stakeholders and partners were arranged. The Covid-19 pandemic made the timing of the usual tours of stores, Head Office and distribution centres difficult, and these will take place over the course of FY22, as and when conditions allow.

Board and Committee annual performance review

In April 2020, following an externally facilitated Board and Committee performance review in March 2020, the Committee met to discuss the findings of that review and to set itself objectives for FY21. An internally facilitated Board and Committee evaluation took place in March 2021. Please refer to page 92 in the Corporate Governance Report for details of these reviews, including outcomes and objectives set by the Committee for FY22. Board composition and diversity is reviewed as part of the annual performance review, as well as Board dynamics and relationships. The Committee will use the results of this year's review to inform discussions on Board composition, skills, diversity and dynamics in FY22.

Annual re-election of Directors

As required by the Code, each Director offers themselves up for re-election at the AGM. The Committee considered each Director's tenure, performance (including contribution to the activity of the Board and its meetings), independence and other external commitments to ensure that each Director continues to fulfil their responsibilities to Superdry plc.

Peter Sjölander
Nomination Committee Chair

15 September 2021

Audit Committee Report

Alastair Miller, Chairman of the Audit Committee

As Chairman of the Audit Committee, I am pleased to present the Audit Committee Report for the financial year ended 24 April 2021. This is my second report as Chair and I would like to take this opportunity to thank my fellow Committee members, the finance, risk and internal audit teams at Superdry and our external auditor Deloitte for the work that has gone into this year's audit. I would also like to extend my personal thanks to Benedict Smith, Interim CFO, for his work on the half-year results and on our review of the effectiveness of our internal controls.

I would like to start this report by briefly referencing the FY20 audit, which, as previously documented, was a very challenging process for everyone involved. Along with a number of other companies, our FY20 financial results were delayed to September 2020. Recommendations arising from that audit were taken forward by the Committee and by the Finance team into FY21, including increasing resource and resilience in our Finance function and improving our internal financial controls. Whilst progress has been made, this remains an ongoing programme and that has been reflected in the duration of the FY21 close process. I invite you to read about this work on page 101 in this report.

During FY21, we continued work that commenced at the end of FY20 to secure our credit facilities. An Asset Backed Lending Agreement was put in place in August 2020 – further information about this can be found later in this report on page 100.

FY21 has witnessed the continued impact of the Covid-19 pandemic and ongoing uncertainty about Brexit. Further national and global lockdowns led to a significant number of adjustments to ensure the continued delivery of operations, with most of the Group's teams working remotely. Cash management has taken priority, and applications for multiple government furlough schemes in the countries in which our stores are located added further complexity during the year. The Audit Committee worked with the Nomination Committee to find and hire an interim CFO and a new permanent CFO. The ongoing government 'stay at home' measures, resulting in a continuation of remote working arrangements, has created additional challenges for the teams working on our financial results.

"During FY21, the Committee has continued to focus on strengthening internal controls and monitoring risk in a year that has witnessed the continued impact of the Covid-19 pandemic and ongoing uncertainty about Brexit."

An examination of the full financial impact of the continuing Covid-19 pandemic on Superdry can be found in the Strategic Report section on page 20. The ways in which the pandemic has impacted our risks can be found in the 'How We Manage Our Risks' section of the report on page 56.

About this Audit Committee Report

This report records the activities of the Committee throughout FY21 and explains how the Committee has discharged the responsibilities delegated to it by the Board. The complete terms of reference for the Audit Committee were revised and updated by the Committee in FY21 and can be found at corporate.superdry.com. A summary of the Committee's responsibilities can be found below.

Principal roles 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, including in relation to critical accounting judgements and estimates;
- 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;
- 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; and
- reviews the Group's whistleblowing arrangements on an annual basis.

Committee membership

The Committee consists of the independent Non-Executive Directors (but not the Board Chair).

The biographies of Committee members (all of whom are independent Non-Executive Directors) can be found on pages 84 and 85 of this report. As required by the Code, at least two members of the Committee are considered by the Board to have competence in accounting and all members have recent and relevant financial experience, alongside significant retail sector expertise.

Committee meetings and attendance in FY21

There were six scheduled Audit Committee meetings during FY21, and each Committee member attended each Committee meeting. Representatives of the external auditor attended each meeting. The Chair of the Board, CEO, CFO (or interim CFO) and Head of Internal Audit, Risk Management and Business Continuity also attended each meeting. The Company Secretary or their nominee attended each meeting to record the minutes.

The Committee's meetings follow a standing agenda which covers the key Audit Committee areas of oversight according to its terms of reference: financial information, external audit, internal audit, risk management, internal controls and any other matters which it considers it should review. The Committee's work is governed by an annual calendar, which is reviewed each year.

Full details of the work of the Committee during FY21 can be found below. This is intended to provide shareholders with an understanding of the principal matters that were reviewed and discussed and our schedule of work throughout FY21. I will be available at our AGM to respond to any questions about the Committee's work.

Alastair Miller
Audit Committee Chairman

15 September 2021

How the Audit Committee operated in FY21

Financial reporting

The Committee reviewed and evaluated the appropriateness of the half-year and full-year financial statements with management. The full-year financial results were reviewed with the external auditor. The half-year results were reviewed by PwC, who were engaged to perform a limited procedures review, conducted 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 discussed the critical accounting policies, assumptions and estimates, including key accounting judgements, concluding that those estimates, assumptions and judgements were reasonable based on the information available. The Committee reviewed the going concern and viability of the Group over the longer term, as part of its assessment of the Group's risk. The Committee's work in FY21 focused on key accounting judgements and a range of matters, as set out in 'The Committee's work in FY21' below.

Key accounting judgements

Fixed asset impairment

The Committee reviewed and challenged management's determination, in line with IAS 36, that the continuing impact of Covid-19, and the further lockdowns across the UK and Europe throughout the financial year, constituted a 'triggering' event for assessing the potential impairment of property, plant and equipment (PPE) and right-of-use assets of the store cash generating units. The Committee also considered management's approach to the impairment review with a focus on the allocation of the medium-term financial plan across the store portfolio, and the judgement to assume no lease extensions in determining the forecast store cash flows. The Committee considered the methodologies, sensitivities and assumptions used in the modelling of the impairment assessment adopted by management. This included challenging the projected cash flows, long-term growth rates and discount rates used.

Inventory
The Committee monitored and reviewed inventory balances throughout FY21, noting, notwithstanding the reduction in inventory across the year, the impact on inventory levels caused by Covid-19 related lockdowns and store closures. With more evidence across the year of the impact of Covid-19 on sales and inventory, a revised approach was applied to assessing the requirement for any further inventory provision. The inventory balance was net of a provision of £9.1m (FY20: £9.8m). This was after a £3.8m release of the £6.1m Covid-related provision booked in FY20 against Spring/Summer 20 product following a better-than-expected recovery, which was broadly offset by a one-off £4.1m provision in relation to high-end Autumn/Winter 20 concept product, which had been unsuccessful (FY20: nil). The Committee reviewed the methodology used by management to determine the provision required at the end of FY21.

Debtors and bad debt provisioning
The Committee reviewed the debtor summary, ageing profiles and the provisions for bad debts to ensure they remained appropriate, considering the impact of the Covid-19 pandemic on expected credit losses within the trade receivables balance and taking account of performance in the year against last year's provision and cash collections post year end. 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. Further country-specific related credit risk arising from the impact of Covid-19 related business interruption on our customers' business was assessed by means of rating agencies' published data and credit scores. The impact of these two elements was an overall decrease in the total bad debt provision, primarily driven by a reduction in specific customer-level provisions.

Returns provision
The provision for sales returns was reviewed with particular reference to the impact of mandated lockdowns on the business of the Group's wholesale partners. Following increases in the volume of returns since the beginning of the Covid-19 pandemic, a revised approach was determined for assessing the year end returns provision. Evidence from the end of the last two completed seasons (Spring/Summer 20 and Autumn/Winter 2020-2021) was used to inform the estimate for the year-end provision, as well as analysis of actual returns after the year-end resulting in a decrease in the returns provision held, and a corresponding adjustment to cost of sales and inventory at year-end.

IFRS 16
The Group adopted IFRS 16 during FY20 and continues to recognise an onerous contract liability for the service charges element of the rental contracts, which is outside the scope of the standard. During FY21, due to the Covid-19 pandemic, there has been a significant amount of rent renegotiation which has been integrated into our IFRS 16 model. The Group has elected to adopt the practical expedient for Covid-19 related rent concessions for any rent modifications or renegotiations meeting the recognition criteria, which allows the Group to recognise rent concessions within profit or loss rather than treat them as a lease modification. Covid-19 related IFRS 16 rent concessions resulted in a credit to profit or loss of £4.0m. IFRS 16 lease modifications and renegotiations resulted in a further credit of £14.3m to other gains and losses. New specialist lease accounting software has been implemented to reduce the scope for calculation error.

Segmental reporting
The Committee reviewed and challenged management's proposal to amend external reporting under IFRS 8 to recognise three operating segments, as opposed to two in prior years. The decision was made to separate the Retail segment into Stores and Ecommerce, to better reflect the way the business is operated and monitored internally, in particular following the growth of the Group's Ecommerce operations since the start of the Covid-19 pandemic. The segmental allocation of goodwill was revised on the same basis.

Going concern and viability
The Committee reviewed and challenged management's FY22 Budget and medium-term forecast, including the detailed assessment of a number of downside scenarios, predominantly using a reverse stress-test approach. This review focused on the assumptions made regarding the impact of the Covid-19 pandemic on the retail sector and wider economy and specifically to Superdry; and the ability to execute the turnaround plans required to recover brand health and return the business to growth.

Following this review, the Committee noted that conditions had materially improved since last year and that, despite the impact of the pandemic, the Group had been able to manage its liquidity effectively and had not needed to draw down on the ABL facilities put in place last year.

It also agreed with management's view that the likelihood of further downsides in revenue, beyond those modelled in the reverse stress test, that cannot be mitigated adequately, is remote.

Other matters

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 Covid-19 and the macro economic outlook, the Committee's analysis supports the plan adopted.

Internal controls framework review
In FY20, the Group commenced a review of the effectiveness of its internal controls framework. A number of control deficiencies were identified and remediation plans

established. The Committee has been regularly updated on the progress of the remediation project during FY21. Whilst improvements have been made, progress has not been as originally planned and this will remain a top priority of the Committee in FY22. Further details are set out in the 'Review of the effectiveness of internal controls' section below.

Asset Backed Lending Agreement

In August 2020, an Asset Backed Lending Agreement (ABL) was put in place with banking partners HSBC and BNPP. The securing of credit facilities upon which to draw, if necessary, was an important step to ensure short to medium-term financial stability for the Group, in an uncertain global economic and social environment. Following the second and third Covid-19 related lockdowns in the UK and Europe the Committee reviewed the forecasts on which revised financial covenants were agreed with the ABL facility banks. The Committee also made enquiries into the governance and controls surrounding the operation of the ABL facility, concluding that those arrangements were working to the standards required.

The Committee's work in FY21 and FY22 to date

Meeting	Matters considered by the Committee
April 2020	• Key financial judgements update • The results of an audit of stock variances • Internal controls framework update • IT and information security update • Timetable for the year-end audit process • External auditor's full-year audit plan, including materiality • Private session held with external auditor
July 2020	• Key financial judgements (year-end update) • Five-Year Plan • Internal controls framework update • Store impairment and onerous contract review • Whistleblowing arrangements and policy annual review • Anti-Bribery and Corruption annual review (including Gifts Register) • Private session held with external auditor
September 2020	• Key financial judgements update • Report of the external auditor on the FY20 audit, including control deficiencies • Full-year financial results, Going Concern and Viability statements and recommendations to the Board • Fair, balanced and understandable review and recommendation to the Board • Review and approval of the Audit Committee Report included in the FY20 Annual Report • Private session held with external auditor
December 2020	• Key financial judgements update • 'Deep dive' in relation to ethical supplier auditing • Arrangements for the renewal of the Group's Directors' and Officers' insurance • Review of Principal Risks and Uncertainties • Treasury Policy review • Review of the independence of the external auditor • Litigation update
January 2021	• PwC review of half-year results FY21 • Internal controls framework review • Results of audit of the Group's response to the Covid-19 pandemic • Tax Policy annual review
March 2021	• Key financial judgements update • External auditor's full-year audit plan, including materiality, for FY21 • Proposed changes to external reporting for FY21 • Internal Audit update report and plan for FY22 • Review of Principal Risks and Uncertainties • 'Covid-Secure' store audit report • New Committee terms of reference • 'Deep dive' on inventory shrinkage
July 2021	• Whistleblowing arrangements and policy annual review • Anti-Bribery and Corruption annual review (including Gifts Register)
August 2021	• The Committee considered this annual financial report, including a fair, balanced and understandable review, an updated key financial judgements paper, the auditor's report to the Committee and the draft preliminary results announcement and presentation to investors.

Committee performance review

An internally facilitated Committee performance review took place during March 2021 as part of the annual Board and Committee performance review. I am pleased to report that the Audit Committee continues to function well. Please refer to page 92 in the Corporate Governance Report for further details on the evaluation.

Committee areas of focus for FY22

The embedding of a robust internal controls framework remains the Committee's top priority; further details of which are set out below. Its other main areas of focus for FY22 will be to monitor any continuing impact of Covid-19, progress of the deployment of the Group's technology roadmap and, towards the end of the financial year, the implementation of the European Electronic Single Format requirements (ESEF). That is the need for EU regulated listed companies to produce their annual reports in eXtensible HyperText Markup Language (XHTML) for reporting periods beginning on or after 1 January 2020 and for International Financial Reporting Standards (IFRS) reporters to use Inline XBRL (iXBRL) to make the consolidated data in the primary financial statements machine-readable.

Review of the effectiveness of internal controls

During FY20 a number of accounting and control issues were identified, including a prior year adjustment relating to inventory at the half-year. Internal Audit reports also highlighted several control weaknesses across Credit Control, Accounts Receivable and within the IT environment. In response to this, and as detailed in last year's Audit Committee Report, the Committee undertook a review of the Group's internal control environment commencing in the last quarter of FY20. To support this review, additional resource was brought into the finance team. External advisers (PwC) were also engaged to support the development of an improved internal control framework. Key risks were mapped for each core business process, and controls designed to mitigate those risks. Issues identified in undertaking this exercise included weaknesses in general IT controls, balance sheet reconciliations, and the month end financial review process. The scope and findings from this review were reported to the Committee.

Deloitte also identified a number of financial control weaknesses during the FY20 audit, including: management review controls, balance sheet reconciliations, transactional processing controls and deficiencies in general IT controls. These matters were included in Deloitte's FY20 audit report.

During FY21, PwC were also engaged to support the Company with the preparation and review of the FY21 half-year financial statements, a process which also identified a number of control deficiencies. Following this review, management prioritised these control deficiencies as part of a revised remediation plan, that included the issues identified as part of Deloitte's FY20 audit report.

In the second half of FY21, the Audit Committee and Finance department prioritised delivering material improvements to the year-end close process. This included remediating key balance sheet controls around inventory, accounts payable, and cash, as well as improving the month-end close and review processes. To assist with this, the finance function was significantly strengthened in Q4 FY21 with the addition of 15 new roles, including an experienced Group Financial Controller. An Interim Finance Transformation leader has also been employed to facilitate, document and implement improved processes. Areas of focus included the Procure to Pay cycle, including the supplier onboarding process and enhanced reconciliations of key control accounts. In addition, a new third party system for recording and accounting for leases under IFRS 16 was implemented.

During the final quarter of FY21, Internal Audit reviewed the progress of the Group's remediation plan that was initially due to be completed by the end of December 2020. The review found a number of areas where the control environment required further improvement, in part due to the limited time available to embed the changes between finalising the FY20 full-year audit and the half-year FY21 audit. This was exacerbated by the extensive disruption and additional work caused by the Covid-19 pandemic. During the FY21 year-end audit process, further issues were identified including controls associated with furlough claimed in the UK and the Group's IFRS 16 'Leases' accounting. As in FY20, the FY21 results have also been pushed back to September, to allow for an effective process whilst the control issue remains.

Although we have seen improvement leading up to the end of FY21, additional time has been required for the year-end audit and work remains in terms of optimising and then embedding improved processes and technologies. Under new leadership, the Finance department is currently developing a finance transformation plan, that will provide timelines, priorities and resource requirements for further improvement across the internal control framework. The plan will consider the key recommendations from the BEIS consultation paper relating to UK Corporate Governance reforms and be presented to the Audit Committee. The business has started to introduce technology to automate manual processes where possible to enhance efficiencies, accuracy and consistency. There are also planned enhancements to current systems, including an overdue upgrade of the current accounting system, CODA. The process of establishing a fully robust control environment remain a top priority and we are confident that there will be material improvements in FY22.

The Audit Committee will be regularly updated on progress during FY22 and will continue to review the effectiveness of the programme as it is implemented, together with any further recommendations in relation to the control environment, including any further control observations raised by the FY21 external audit.

Internal audit

The Group's Internal Audit plan is developed by the Head of Internal Audit, Risk Management and Business Continuity, supported by an Internal Audit Manager, and is agreed with the Audit Committee at the start of each financial year.

During FY21 the Internal Audit team has assisted the Audit Committee in reviewing the effectiveness of the Group's internal control framework. Specifically, the focus has been on strengthening the controls within accounts payable and monitoring progress against the agreed remediation plans as set out above.

The Internal Audit team also carried out specific audits during FY21 relating to Data Security and the Treasury function. Following the Group being targeted by spoofing scams, Internal Audit also carried out an investigation into controls designed to prevent payments to fraudsters operating within the Accounts Payable function.

Throughout the financial year, Internal Audit also reviewed business risk assessments of the operational and financial impacts of Covid-19, including impacts on teams and team safeguarding, security of closed locations and maintenance of supply chain and supported the development of business continuity and impact mitigation plans.

Detailed reports containing the findings and recommendations of internal audits are presented to the 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 by agreed timescales.

The Internal Audit plan is subject to ongoing review during the year, so that it is agile enough to adapt to changing circumstances and to react to events where necessary.

The Internal Audit plan for FY22 will continue to include monitoring the embedding of the Internal Controls Framework relating to internal financial controls, continuing to work closely with the Finance team to ensure that the improvements implemented are permanent in nature.

Effectiveness of external audit

A review of the effectiveness of the FY20 external audit, undertaken by an internal survey of members of the Committee, the CFO, and the internal finance team, was undertaken and the results considered by the Committee in December 2020. The review concluded that the external audit was executed effectively by Deloitte.

Supervision of the 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 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, including the impact on the Company of the Covid-19 pandemic and global economic uncertainty. The Committee discussed and challenged the auditor's assessment of materiality, including the level for reporting unadjusted differences, and considered the auditor's decision to apply a lower materiality for the FY21 audit. The Committee also acknowledged the increased audit scope which now includes Germany, Austria, and Belgium as full scope audits, due to previously identified control weaknesses. The audit opinion on pages 129 to 142 provides a full explanation of the scope of the audit, concept of materiality and key accounting and reporting judgements.

Independence of external auditor

Auditor independence is maintained by reviewing Deloitte's confirmation of their independence and monitoring the nature and value of non-audit services carried out. The Committee will continue to ensure that employees of the external auditor who have worked on the audit in the past two years are not appointed, without prior approval of the Committee, to senior financial positions within the Group. In addition, the rotation of the lead partner occurs 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 Deloitte in the year under review.

Reappointment of auditor

Following a formal tender process in 2017, Deloitte LLP were appointed as auditor at the 2017 AGM. The senior statutory auditor, Edward Hanson, has overseen the audit of the Group since the financial period ended 28 April 2018. The Group intends to put the external audit out to tender at least as often as is required by applicable law, rules, regulations and best practice in line with the Competition and Markets Authority and requirements for mandatory tendering and rotation of the audit firm. Under current regulations the external audit must be put out to tender by 2027. The Company has complied with The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Processes and Audit Committee Responsibilities) Order 2014 (Article 7.1) during the financial year. With respect to the re-appointment of Deloitte as auditor, their performance and the quality of the audit was an important consideration for the Committee.

Audit fees

The Committee was satisfied that the level of audit fees payable in respect of the audit services provided of £2,500,000 (FY20: £1,950,000) was appropriate. The level of audit fee continues to be higher than in previous years due to the ongoing deficiencies in the control environment.

Non-audit services

The Group's policy for non-audit services is in line with 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). In line with those recommendations and requirements, 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 Group's Non-Audit Services Policy. The level of non-audit fees is monitored to ensure that they do not exceed 70% of the average annual statutory audit fees payable over the last three financial years.

There were no non-audit services performed by the Group's external auditor in FY21.

Whistleblowing arrangements

The Group has a Whistleblowing Policy and an independent, externally facilitated whistleblowing line is in operation (Safecall). The Committee reviewed the whistleblowing arrangements during FY21 and found them to be operating in accordance with expectations. The Whistleblowing Policy is reviewed on an annual basis by the Committee and during FY21 one important change to that policy was made: the ability for a whistleblower to choose to have a confidential line of communication directly to the Audit Committee Chair, rather than being sensitively handled in the normal way by our Company Secretarial team. 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. During FY21, the Committee received a detailed analysis of the calls received by the whistleblowing line and was informed that there had been 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 on the Group's gift 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 and updated in July 2020.

Alastair Miller
Audit Committee Chairman

15 September 2021

Directors' Remuneration Report

The Remuneration Committee and how it operates

The Committee met seven times during the year and each Committee member attended each meeting. In addition to the members of the Committee, the Chief Executive Officer (or Interim Chief Executive Officer), Group HR Director and other members of the Board attended each of the meetings by invitation.

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

Key responsibilities of the Remuneration Committee

- Determine the framework and policy for the remuneration of the Chair, Chief Executive Officer, Executive Directors, the Company Secretary and other Executive members and ensure it remains appropriate;
- Advise on and agree the total individual remuneration of each Executive member, giving due regard to any legal requirements, the Code and the Listing Rules;
- Approve the design of the annual bonus (and targets) and share awards operated for Executive members, the total annual payments made under such schemes and provide oversight and guidance in relation to other Group-wide incentive/share award proposals, to ensure that these are aligned to performance, Superdry culture and the Board's risk appetite; and
- Oversee and advise on the Remuneration Policy and benefits structures throughout the Group to ensure they are aligned with the Group's strategy, culture and values while promoting its long-term success and enable the attraction, retention and motivation of all colleagues to deliver the Group's strategy.

Part One – Annual Statement

Georgina Harvey
Chair of the Remuneration Committee

Dear Shareholders

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 24 April 2021. This financial year has been overshadowed by the impact of the global Covid-19 pandemic. Last year, in consultation with our largest shareholders, the Remuneration Committee made small changes to its Remuneration Policy (which was supported by 97% of our shareholders at the 2020 AGM), resolving to review the Policy again during FY21 when more 'normal' economic conditions returned. Superdry embarked on its brand reset in the Autumn/Winter of 2020, but as the financial year unfolded, it became clear that the pandemic would again impact the Group's performance, with further lockdowns and store closures in all countries in which we operate. However, while it was necessary for the Committee to review the Policy through the lens of the continuing pandemic, the changes needed to support the developing strategy, the culture at Superdry and the path to growth were clear. These are explained in more detail below.

Remuneration in respect of FY21 and our continued response to Covid-19

In respect of the financial year ended 24 April 2021:

- Base salary/fee reductions for: (i) the CEO, CFO and Non-Executive Directors (25%); and (ii) Executive Committee members (20%), which commenced on 1 April 2020, continued until 30 June 2020 for the CFO and the Executive Committee and until 30 September 2020 for the CEO and Non-Executive Directors;
- The 2020/21 annual bonus plan was withdrawn across the Group at the start of the financial year and there was nil bonus payable for the financial year 2019/20 due to performance thresholds not being met; and
- The 2017 PSP awards lapsed in 2020 as a result of missing the threshold performance targets and no PSP awards were granted to the Executive Directors in 2020/21 (although Restricted Share Awards were granted below Board level).

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 and the Listing Rules. This report is split into three sections:

- The Annual Statement which summarises remuneration outcomes for FY21 and how the Remuneration Policy will operate for FY22;
- The Remuneration Policy Report, which sets out our new Remuneration Policy; and
- The Annual Report on Remuneration, which sets out remuneration for FY21 and our remuneration proposals for FY22.

The Annual Statement and Directors' Remuneration Report will be subject to an advisory vote while the new Remuneration Policy will be subject to a binding vote at the 2021 AGM.

Remuneration Policy review

Superdry rolled forward its Remuneration Policy at the 2020 AGM, primarily updating it to reflect developments in corporate governance. However, since my appointment just over two years ago, it has become clear that long-term incentive awards at Superdry have not been working for some time. The Committee is therefore proposing to switch from conventional Performance Share Plan (PSP) awards to Restricted Share Awards (RSAs) for the Executive Directors from 2021 onwards. In addition, we wish to make a change to dilution limits and post cessation guidelines as explained below.

Switch from PSPs to RSAs

The ability to grant PSP awards, up to 200% of salary, will be removed from the Policy. Subject to shareholder approval, following the 2021 AGM and then annually thereafter, Executive Directors may receive RSAs:

- of up to 75% of salary. This represents a 62.5% discount from the PSP policy maximum of 200% of salary and a 50% discount in respect of the most recent PSP grant made to an Executive Director in 2019;
- which will operate over five years. RSAs will normally vest after three years from grant subject to: (i) continued employment; (ii) satisfactory personal performance during the relevant vesting periods; and (iii) a positive assessment of performance against an underpin (see below); 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 linked 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.

In addition to simplifying the Remuneration Policy at Superdry, the switch from PSP awards to RSAs is being proposed because it will:

- better **reflect the challenges of resetting Superdry**. As previously communicated to the market, we are currently in the process of resetting Superdry and while significant progress has been made in this regard, the external outlook remains challenging and there remains a substantial amount of legacy issues which are being addressed. Given: (i) the level of change in the business; (ii) the impact of Covid-19 restrictions; and (iii) consumer confidence levels more generally at the current time, setting speculative three-year targets is not considered appropriate;
- **increase alignment with Superdry's culture**. Following Julian Dunkerton's return to the business, we have worked hard to reinstate a culture of creativity and inclusiveness where decisions are made in the long-term interests of Superdry regardless of the short-term financial rewards on offer. RSAs will remove the issue of identifying appropriate performance metrics and offer a narrower and more predictable range of value outcomes, which is more appropriate for our culture than the current, highly geared, PSP structure. In addition to the above, the Remuneration Committee is extremely conscious of the political and societal influences to reduce executive pay levels (as demonstrated by the Committee's response to Covid-19 – see above);
- **increase internal alignment within Superdry**. Reflecting the cultural shift noted above and following a review of the positive employee feedback on RSAs we received following an extensive number of listening group sessions, Superdry already grants RSAs below Board level. For information, RSAs were granted to c.550 employees in 2020, 428 of which had no prior eligibility for any PSP or bonus scheme, and we will continue to extend the roll out of share-based awards deeper into Superdry where possible (although see current dilution constraints below); and
- **Aid retention** in respect of the Senior Management Team, given the challenges set out above and noting that there was no annual bonus for 2020/21 (a bonus was last paid to Executive Directors in 2018) and outstanding PSP awards are not expected to vest.

The terms of the PSP approved by shareholders at the 2020 AGM permit the grant of RSAs to Executive Directors (providing that this is permitted by the prevailing shareholder Remuneration Policy) so no new share plan is required assuming shareholder approval for the new Policy is obtained. However, the Committee does wish to make a change to the current dilution limits. Superdry operates

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	Embed our unique values	Drive share ownership	Deliver long term sustainable growth	Aligned to the business objectives	Simple and fair
↓	↓	↓	↓	↓	↓
Building a team of talented people	Reinforce 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

standard 5% and 10% in 10-year dilution limits albeit the current 5% limit is creating a headroom issue given the current market capitalisation of the Company and our culture of granting RSAs and all-employee share awards throughout Superdry. As such, it is proposed that the PSP rules will be amended to remove the 5% in 10-year discretionary plan limit although the Committee's intention is that the 5% in 10-year discretionary award limit will be re-introduced in time.

In addition, the Committee noted that the Investment Association's (the IA) Principles of Remuneration include 'turnaround situations' as an appropriate rationale for introducing RSAs and this is very much in line with Superdry's current position. In respect of our longer-term strategy, the use of RSAs is considered to be well aligned to enhancing our strategy of delivering shareholder returns from a culture of creativity and inclusiveness, and helping us to make strides towards our goal of becoming the most sustainable listed global fashion brand, given that management (and indeed the wider employee population receiving RSAs) will be more focused on decisions which enhance long-term value creation, rather than hitting shorter-term financial targets. We are already seeing the benefits of encouraging longer-term thinking (helped by wider employee share ownership under the RSA). For example, we have accelerated our commitment to ensure all pure cotton items are organic by five years to 2025 (as recognised by Drapers at its Sustainable Fashion Awards in February and Superdry's recent 1st in the Financial Times 2021 Climate Leaders).

Board changes in FY21 and FY22 to date

The following Board changes took place in FY21:

- Nick Gresham stepped down as Chief Financial Officer on 15 October 2020 and he ceased employment on 15 January 2021.
- Shaun Wills was appointed Chief Financial Officer on 26 April 2021.
- Peter Williams resigned as Chairman on 29 April 2021.
- Peter Sjölander was appointed Chairman on 29 April 2021.
- Julian Dunkerton was appointed permanent Chief Executive Officer on 16 December 2020, having served as interim CEO since 2 April 2019.

Full details of the remuneration and any termination arrangements of Executive or Non-Executive Directors are set out in Part Three: Annual Report on Remuneration. In March 2021, the Committee consulted with Superdry's top 15 investors and the main proxy advisory agencies (the IA, ISS and Glass Lewis) in respect of changes to the FY21 Remuneration Policy. During the consultation exercise, a letter was sent to the top 15 investors and the main proxy advisory agencies, outlining the new Policy and explaining the reasoning for the proposed changes. Feedback was actively requested from the stakeholders on the proposals throughout April 2021. Through this process and feedback received, it was clear that the Committee should adopt an approach to post cessation shareholding guidelines in line with guidance from the IA and this change has been incorporated into the proposed Remuneration Policy. At the end of the consultation exercise, a wrap up letter was sent to those consulted which set out the feedback received and the Committee's response. The Committee was encouraged by the positive feedback and is grateful for the support received from the vast majority of investors consulted.

Details of the proposed implementation of the Policy for FY22, including details of the proposed RSAs, are set out in part three of this report.

Conclusion

I trust that you are supportive of the Policy changes proposed, and of our careful and considered approach to remuneration for FY22, which has been formed to support Superdry's continued brand reset, and the route back to growth in times of ongoing global economic uncertainty. I sincerely hope that you will vote in favour of the resolutions put before you at this year's AGM.

Georgina Harvey,
Remuneration Committee Chair

15 September 2021

Committee activities during FY21

The key activities undertaken during the year were as follows:

- Reviewing the remuneration of Executive Committee members and other senior managers (including salary, benefits and pensions and any bonus schemes if applicable);
- Reviewing and approving FY21 Restricted Share Awards to the Executive Committee members and wider workforce (excluding Julian Dunkerton and Nick Gresham);
- Reviewing the FY21 Annual Bonus Scheme and determining not to operate the incentive plan for the year ended 24 April 2021;
- 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;
- Considering remuneration-related measures to mitigate the continuing impact of Covid-19 on Superdry;
- Reviewing and approving the annual Gender Pay Gap Report;
- Reviewing and approving the CEO pay ratio;
- Reviewing and approving an updated Remuneration Committee terms of reference;
- Reviewing the Directors' Remuneration Report and Group-wide remuneration policies;
- Consulting with the Group's largest shareholders and investor representative agencies in relation to proposed changes to the Remuneration Policy;
- Considering and approving the remuneration of senior new hires, including the Chief Executive Officer (to a permanent position), Chief Financial Officer, Chief Operating Officer, Chief Marketing Officer and the new Chair;
- Considering any termination arrangements for departing Executive Committee members; and
- As part of the annual Board performance review, conducting an internal Committee performance review against the Committee's terms of reference, considering the results of that review and identifying objectives to drive improvements in Committee performance.

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

Clarity
Our Policy is simple and understood by our senior team, by wider colleagues (including the SD Voice) 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 (i.e. post vesting holding periods, shareholding guidelines, malus and clawback provisions) which have been designed to reduce inappropriate risk taking.

Predictability
Our incentive plans are subject to individual caps, and our share plans have also been subject to market standard 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
Our culture and strategy are 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 2021, colleagues have been consulted on various topics of remuneration. Specifically, the SD Voice has been consulted on the approach to the grant of RSAs, Group Pay Review, job levelling, and recognition practices. These sessions were used to inform decision making at the Remuneration Committee and take feedback as to whether the remuneration practices were in line with those in the Code and Policy specified.

Part Two – Directors' Remuneration Policy (unaudited)

Policy scope

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

Policy duration

Subject to approval, the new Policy will apply from that date for a maximum of three years.

Changes from the current Policy

The Policy changes being proposed are as follows:

- PSP awards will be replaced by RSAs. The ability to grant PSP awards, up to 200% of salary, will therefore be removed from the Policy. Following the 2021 AGM, and then annually thereafter, Executive Directors may receive RSAs:
  - of up to 75% of salary. This represents a 62.5% discount from the PSP policy maximum of 200% of salary and a 50% discount in respect of the most recent PSP grant made to an Executive Director in 2019.
  - which will operate over five years. RSAs will normally vest after three years from grant subject to: (i) continued employment; (ii) satisfactory personal performance during the relevant vesting periods; and (iii) a positive assessment of performance against an underpin (see below); 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.

- No changes are proposed to the 'in employment' shareholding guidelines (200% of salary for the CEO and CFO). However, the 'post-employment' guidelines will be adjusted from the current phased approach (200% of salary up to the first anniversary of the date of cessation, reducing to 100% of salary between the first and second anniversary of the date of cessation) to 200% of salary for the full two years post cessation.

Proposed Policy

This section sets out a summary of the Remuneration Policy which will be voted on by shareholders at the 2021 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.

Summary of the Executive Director Remuneration Policy

Element: Base salary

Purpose and link to strategy

Set at levels to attract and retain talented Executive Directors of the high calibre required to develop and deliver 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 (for example, 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	Maximum opportunity
To provide retirement benefits which are market competitive and to enable us to attract and retain Executive Directors of the right calibre.	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	Maximum opportunity
To ensure Superdry is broadly competitive on benefits with broader market practice. To support personal health and well-being.	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 (noting that bonus is capped at 100% of salary for FY22), 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	Maximum opportunity
Drives sustained long-term performance, aids retention and aligns the interests of Executive Directors with shareholders.	Up to 75% of salary.

Operation	Performance measures
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-vest 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.	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, PBT and 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	Level
To help further strengthen the alignment between management and shareholders.	Minimum of 200% of base salary.

Operation	Performance measures
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 they are 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 over a higher number of shares than would otherwise have been the case.

For three years after any PSP/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 was 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; and
- 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 Remuneration Policy as detailed in this report, and Executive Directors will be eligible to receive payment from any historical awards made.

Scenario chart

The charts below show how the Directors' Remuneration Policy set out above is expected to be applied for Executive Directors during the Policy period using the following assumptions:

Minimum

- Consists of base salary, benefits and pension.
- Base salary from 1 May 2021.
- Benefits are based on estimated values for 2021/22.
- Pension of 4% of salary.
- RSA of 75% of salary (noting that actual awards may be lower).

	Base salary	Benefits	Pension	RSA	Total minimum
Julian Dunkerton	£600,000	£16,000	£24,000	£450,000	£1,090,000
Shaun Wills	£375,000	£12,000	£15,000	£281,250	£683,250

Target

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

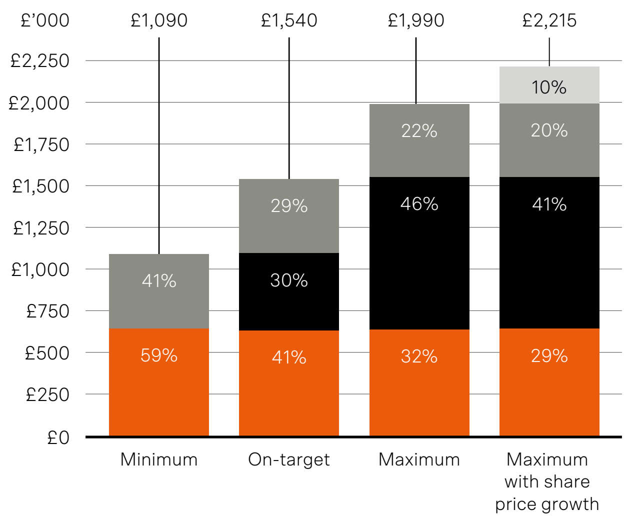
Maximum

- As per the minimum scenario plus a maximum annual bonus (150% of salary), noting that potential awards may be lower (the potential for FY22 will be set at 100% of salary).

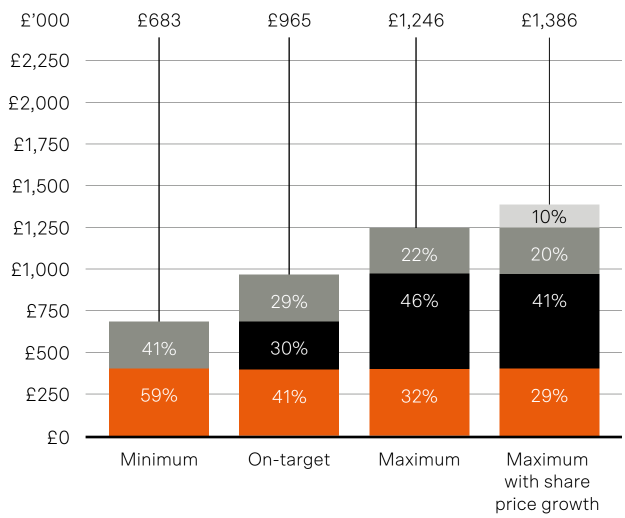
Maximum with 50% share price growth

- 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



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

Remuneration arrangements across Superdry

The reward philosophy continues to be consistent across the Group, 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, culture, 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 Restricted Share Awards 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.
- **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 – six months by Superdry and six 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 plan and RSA.

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

Discretions retained by the Committee

The Committee will operate the annual bonus 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 retains the ability to adjust the targets and/or set different measures if events occur (for example, 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 take into account the skills and experience of the individual, the market rate for a candidate of that experience, and the importance of securing the relevant individual.

Salary would be provided at such a level as required to attract the most appropriate candidate and may be set, initially, at a below mid-market level on the basis that it may progress towards the mid-market level once expertise and performance has been proven and sustained. The annual bonus potential would be limited to 150% of salary and 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 (for example, 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, a PILON may be payable. If a portion of the notice period is served, the PILON payment will be reduced on a pro rata basis. Payments may be made on a phased basis. Alternatively, rather than making a PILON, we may place an Executive Director on garden leave for the duration of some or all of their notice period.

Where an Executive Director leaves during a financial year, the annual bonus 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 the 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 HR Director.

Consideration of shareholder views – consultation on Remuneration Policy

In April and May 2021, the Committee consulted with Superdry's top 15 investors and the main proxy advisory agencies (the IA, ISS and Glass Lewis) in respect of changes to the FY21 Remuneration Policy. During the consultation exercise, it was clear that the Committee should adopt a more conventional and recommended approach to post employment cessation shareholding guidelines as promoted by the IA and this change has been incorporated into the new Remuneration Policy. At the end of the consultation exercise, a wrap up letter was sent to those consulted which set out the feedback received and the Committee's response. The Committee was encouraged by the positive feedback and is 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, international or other relevant experience. The Remuneration Policy 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 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-Executives 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
Alastair Miller	11 July 2019
Helen Weir	11 July 2019
Faisal Galaria	29 July 2019
Georgina Harvey	29 July 2019
Peter Sjölander	29 April 2021

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 Three: 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 2021 AGM and sets out how the Remuneration Policy will be implemented in FY22, and how it was implemented in FY21.

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

Implementation of the Remuneration Policy for FY22

Base salary (audited)

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 are as follows:

		From 1 May 2021	From 1 May 2020[1]	Increase
Julian Dunkerton[2]	Chief Executive Officer	£600,000	£600,000	0%
Shaun Wills[3]	Chief Financial Officer	£375,000	–	n/a

1. Excluding a 25% reduction in base salary from 1 April to 30 September 2020.
2. Julian Dunkerton was appointed as Interim Chief Executive Officer on 2 April 2019. As per the announcement on 16 December 2020, he assumed the title of Chief Executive Officer from this date and was made permanent.
3. Shaun Wills was appointed as Chief Financial Officer on 26 April 2021.

Benefits in kind and pension (unaudited)

No changes will be made to benefit provision. Pension provision will be workforce aligned. As such, Julian Dunkerton's pension has been reduced from 7.5% of salary to 4% of salary (Shaun Wills was appointed on a pension of 4% of salary).

Annual bonus (unaudited)

The Committee's current intention is that the annual bonus plan will be reintroduced for 2021/22 in line with the prevailing Policy albeit bonus potential will be capped at 100% of salary rather than the 150% of salary Policy maximum. Performance metrics will be based on financial (majority) and personal/strategic (minority) targets.

Long-term share awards (unaudited)

As detailed in the Policy section above, RSAs to be granted post the AGM in 2021 will:

- Vest after 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 for the CEO and CFO, albeit the Remuneration Committee will consider the prevailing share price at the time of grant (which is expected to be immediately after the 2021 AGM). The actual grant levels, which may be lower than 75% of salary, will not be agreed until much closer to the date of grant.

While Julian Dunkerton has not historically participated in Superdry's long-term incentive plan, the Remuneration Committee wishes to ensure that Julian receives a fair and market aligned total remuneration which is consistent with the other members of the Executive Team, following his appointment as the permanent CEO as announced in December 2020. As such, he will be eligible for RSAs subject to shareholders approving the new Policy at the 2021 AGM.

Non-Executive Directors (audited)

No change will be made in FY22 to the annual fees for Non-Executive Directors and the new Chair's fee has been aligned to that of the previous Chair's fee. Annual fee levels for FY22 are therefore as follows:

Role	From 25 April 2021	From 1 May 2020[1]
Chair (Peter Williams[2])	£200,000	£200,000
Base fee for Non-Executive Directors	£55,000	£55,000
Senior Independent Director increment	£17,500	£17,500
Audit/Remuneration Committee Chair increment	£12,500	£12,500

1. From 1 April to 30 September 2020, base fees were reduced for Non-Executive Directors by 25%.
2. Peter Williams stepped down on 29 April 2021. Peter Sjölander was appointed Chair of Superdry on 29 April 2021 on an annual fee of £200,000.

Single figure remuneration (audited)

		Base salary/ fees[1]	Taxable benefits[2]	Pension contributions[3]	Annual bonus	LTIPs	Other payments	Total Pay	Total Fixed Pay	Total Variable Pay
Non-Executive Chair										
Peter Williams[4]										
	2021	179,167	–	–	–	–	–	**179,167**	179,167	–
	2020	195,833	5,063	–	–	–	–	**200,896**	200,896	–
Executive Directors										
Julian Dunkerton[5]	2021	537,500	13,698	43,250	–	–	–	**594,448**	594,448	–
	2020	587,500	15,352	48,625	–	–	–	**651,477**	651,477	–
Non-Executive Directors										
Alastair Miller	2021	60,469	–	–	–	–	–	**60,469**	60,469	–
	2020	53,029	2,467	–	–	–	–	**55,496**	55,496	–
Faisal Galaria	2021	49,271	186	–	–	–	–	**49,457**	49,457	–
	2020	40,548	1,457	–	–	–	–	**42,005**	42,005	–
Georgina Harvey	2021	60,469	441	–	–	–	–	**60,910**	60,910	–
	2020	49,763	2,183	–	–	–	–	**51,946**	51,946	–
Helen Weir	2021	64,948	484	–	–	–	–	**65,432**	65,432	–
	2020	56,957	1,499	–	–	–	–	**58,456**	58,456	–
Former Directors										
Nick Gresham[6]										
	2021	167,204	5,182	13,790	–	–	–	**186,176**	186,177	–
	2020	352,083	12,183	27,031	–	–	–	**391,297**	391,297	–

1. As a result of the Covid-19 pandemic, salaries/fees were voluntarily reduced by 25% from April 2020 to September 2020 with the exception of Nick Gresham, whose salary was reduced by 25% between April 2020 to June 2020.
2. Benefits include a car allowance, medical insurance and expenses in relation to the performance of duties.
3. Pension contributions reduced from 7.5% to 4% effective 1 April 2021 and are paid in the form of a cash allowance.
4. Peter Williams stepped down as Chair on 29 April 2021. Peter Sjölander was appointed Chair on 29 April 2021.
5. Julian Dunkerton was appointed as Interim Chief Executive Officer on 2 April 2019. As per the announcement on 16 December 2020, he assumed the title of Chief Executive Officer from this date and was made permanent.
6. Stepped down on 15 October 2020, cessation of employment on 15 January 2021 and final pay in January 2021. Details of his termination arrangements are set out in the Payments for loss of office section below. Benedict Smith was contracted as Interim Chief Financial Officer by Superdry from November 2020 to June 2021 but was not appointed as a Board Director.

Annual bonus for the year ended 24 April 2021 (audited)

For FY21, no bonus operated and therefore no bonus targets were set or payments awarded.

Vesting of PSP awards (audited)

The PSP awards granted on 25 July 2018 are based on a three-year performance period ending 25 July 2021. No current Executive Director is a participant in the 2018 PSP award and awards held by below Board employees will lapse as follows:

Metric	Performance condition	Threshold target (p.a.)	Stretch target (p.a.)	Actual	% Vesting
Earnings per share (70%)	25% of this part vests for average annual EPS growth of 8% in excess of RPI, increasing on a straight-line basis to 100% of this part vesting for EPS growth of at least 12% per annum.	**8%**	**12%**	**Below threshold**	0% (max. 70%)
Total shareholder return (30%)	25% of this part of the award vests if the Group's TSR is ranked at the median of the comparator companies, increasing on a straight-line basis to 100% vesting of this part if the Group's TSR is ranked at the upper quartile of the comparator group (comprising FTSE All-Share companies in the following subsectors: Apparel Retailers, Broadline Retailers, Clothing and Accessories, Furnishings, Home Improvement Retailers, Speciality Retailers and Toys).	**Median**	**Upper quartile**	**Below median**	0% (max. 30%)
Vesting %					0%

Share awards granted in the year (audited)

No PSP awards were awarded to Executive Directors in the financial years 2020 or 2021.

Directors' interests in share awards (audited)

There are no outstanding share awards for Julian Dunkerton or Shaun Wills.

Share ownership (audited)

The beneficial and non-beneficial interests of the Directors in the share capital of Superdry at 24 April 2021 are set out below.

	Interests in shares									
	24 April 2021	25 April 2020	Shareholding guideline %	% against salary	Guideline met?	PSP	Deferred shares	SAYE	BAYE	Total
Executive Directors										
Julian Dunkerton	16,651,435	15,172,105	200%	7,965%[1]	Yes	–	–	–	–	16,651,435
Non-Executive Directors										
Faisal Galaria	–	–	–	–	–	–	–	–	–	–
Georgina Harvey	–	–	–	–	–	–	–	–	–	–
Alastair Miller	20,000	–	–	–	–	–	–	–	–	20,000
Helen Weir	5,000	5,000	–	–	–	–	–	–	–	5,000
Peter Williams	77,222	27,222	–	–	–	–	–	–	–	77,222
Former Executive Directors										
Nick Gresham	–	–	–	–	–	–	–	–	809	809

1. Calculation based on the share price as of 23 April 2021 (287p).

Executive Board Director leavers (audited)

Payments to past Directors

Euan Sutherland, who resigned as Chief Executive Officer on 2 April 2019 and left employment on 31 December 2019, remained entitled to benefit from one deferred bonus share plan award granted in 2017. As such, 23,066 shares vested on 20 July 2020 (the value at vesting was £28,141).

Payments to former Directors in FY21

Nick Gresham stepped down as Chief Financial Officer on 15 October 2020 and left employment on 15 January 2021. In respect of FY21 Nick received £167,204 in basic salary, £5,182 in taxable benefits and £13,790 in pension contributions. Between stepping down from the Board and cessation of employment in January 2021, Nick received £82,795 in basic salary, £2,372 in taxable benefits and £6,210 in pension contributions. Nick also received pay in lieu of notice for the remaining three months of his notice period in January 2021 equivalent to £99,999 and £20,000 in respect of outplacement support. His one outstanding PSP award granted in 2019 over 143,885 shares lapsed upon resignation.

Peter Williams resigned as a Non-Executive Director on 29 April 2021 (i.e. just after the financial year end). His fees were paid up to and including 28 April 2021 and no further payments were made in connection with his resignation from office.

The following sections of the Annual Report and Financial Statements are unaudited.

Relative importance of the spend on pay (unaudited)

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

	2021	2020	Change
Employee remuneration costs (£m)	**81.9**	103.7	(-21)%
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 financial year 2021 compares to equivalent single figure remuneration for full-time equivalent UK employees, ranked at the 25th, 50th and 75th percentile on total remuneration.

For the calculation method, Option A was chosen (based on data as at 24 April 2021) as this was considered to be the most robust approach to calculating the ratios. Option A involves calculating the actual full-time employment 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	43:1	38:1	28:1
2021	**Option A***	**36:1**	**34:1**	**23:1**

* CEO salary includes a 25% reduction in salary as at 24 April 2021.

The underlying data for salary and total remuneration as of 24 April 2021 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**

The Superdry Remuneration Committee believes in reward packages that are competitive and balanced against the wider workforce aligned to our principles. On the permanent appointment of Julian to the role of CEO in December 2020, thorough benchmarking was conducted to ensure the package was competitive yet consistent with the pay and reward opportunities of other CEOs. The CEO in Superdry is the employee with the highest level of pay because he has the highest level of responsibility. Although the CEO ratio is likely to vary, no bonus was payable in FY20 and no bonus scheme was set in FY21. In addition, Julian has not previously participated in the PSP meaning that the ratio may be lower than it could be in future years given the Committee's proposal to award Restricted Shares to Executive Directors in FY22.

The Committee considers that the median CEO pay ratio is representative of the UK employee base. During FY21 there has been no increase to Julian Dunkerton's salary even following his appointment to the role of permanent CEO on 16 December 2020 and there was no Group-wide pay increases awarded. However, there have been a number of changes to the workforce organisation resulting in a small number of exceptional pay changes which have led to a positive change in the 25% and 75% percentile of the CEO pay ratio. The positive year-on-year change to the median ratio is primarily due to the CEO's voluntary salary reduction (a 25% reduction taken from April 2020 to September 2020).

Percentage change in remuneration (unaudited)

The table below shows the percentage change in salary or fees, benefits and annual bonus earned between FY20 and FY21 for the Board, compared to the average earnings of all of the Group's employees.

	Base salary/fee	Benefits	Annual bonus
Chairman			
Peter Williams	-12%[1]	N/A	N/A
Executive Directors			
Julian Dunkerton	-12%[1]	N/A	N/A
Nick Gresham*	-10%[2]	N/A	N/A
Non-Executive Directors			
Alastair Miller	-12%[1]	N/A	N/A
Faisal Galaria	-12%[1]	N/A	N/A
Georgina Harvey	-12%[1]	N/A	N/A
Helen Weir	-12%[1]	N/A	N/A
Employee population	0.26%[3]	N/A	N/A

* Stepped down during FY21.
1. 25% reduction to salary for five months during the period May 2020 – September 2020.
2. 25% reduction to salary for three months during the period May 2020 – July 2020 based on a pro-rata salary from May 2020 – 16 October 2020.
3. There was no official annual pay review conducted by Superdry in 2021 and this number refers to a small number of exceptional pay changes of employees in Head Office.

Gender Pay Gap Report (unaudited)

The annual sharing of our Gender Pay Gap Report provides further insight and is being used to actively enhance our internal diversity conversation. Like many organisations we currently have a gender pay gap, which we would, of course, aspire not to have and we have a robust and transparent action plan to make inroads into this which we shared with colleagues following consultation in December 2020.

The Committee recognises that the gender pay measures are very different from equal pay comparisons and is confident that our Group-wide approach to pay means that we do not allow unequal pay to exist within Superdry. The Committee has concluded that the Superdry gender pay gap demonstrates that, as our most senior roles are largely filled by men, we need to continue to improve diversity in our most senior job levels and execute on our diversity plan that we have shared with colleague stakeholder groups.

To support this, we have recently set three and five-year targets for gender and ethnic diversity at Board, Executive Committee and senior leadership level, which are detailed in our Our People report on page 48.

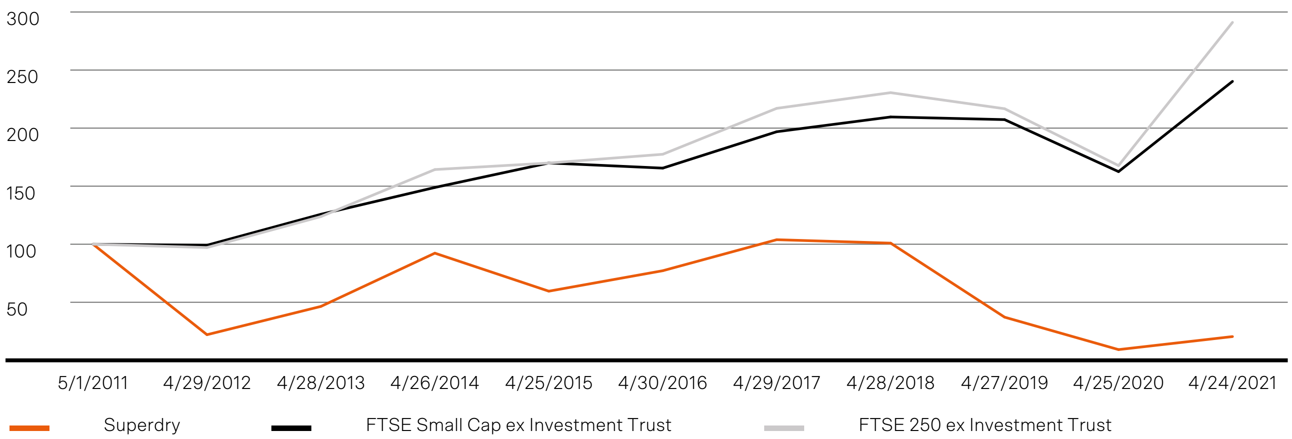
Our full report on gender pay is available at corporate.superdry.com. Further detail on our approach to diversity and diversity data can be found in the Our People and Governance sections.

Performance graph (unaudited)

The graph below shows the total shareholder return 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 24 April 2021. The FTSE 250 and SmallCap indexes were selected as Superdry was a constituent of one or the other of them for the period shown.

Total Shareholder Return

Source: Refinitiv Eikon Datastream



Historic single figure table (audited)

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)
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
2013	Julian Dunkerton*	£419,406	–	n/a
2012	Julian Dunkerton*	£419,463	–	n/a

* Julian Dunkerton was appointed Interim Chief Executive Officer on 2 April 2019 and assumed the title of Chief Executive Officer on a permanent basis from 16 December 2020.

† Euan Sutherland was appointed Group Chief Executive Officer on 22 October 2014 and stepped down on 2 April 2019. His 2018 total remuneration figure has been updated to reflect the actual value of his 2015 PSP awards which vested in August 2018.

Advisers to the Committee

FIT Remuneration Consultants LLP were retained as the Committee's independent remuneration adviser for FY21. Fees charged by FIT on the basis of time and materials for remuneration advice amounted to £50,696 (ex VAT). No other services were provided by FIT to the Group during the year. The Committee is satisfied that the advice provided was independent. FIT is a member of the Remuneration Consultants Group and complies with its code of conduct.

Dilution

The current dilution against the 10% in 10-year share plan limit for employee and Executive share programmes is 7.1%.

Statement of shareholder voting

Shareholder voting in respect of the Directors' Remuneration Policy (last approved at the 2020 AGM) and last year's Annual Report on Remuneration received the following votes from shareholders:

	For	Against	Votes withheld
Directors' Remuneration Policy (2020 AGM)			
Total number of votes	43,651,563	1,504,695	2,408
% of votes cast	96.67	3.33	
Directors' Remuneration Report (2020 AGM)			
Total number of votes	45,002,312	153,589	2,765
% of votes cast	99.66	0.34	

The Annual Statement and Directors' Remuneration Report, excluding the Directors' Remuneration Policy, will be subject to an advisory vote at the 2021 AGM.

Georgina Harvey
Remuneration Committee Chair

15 September 2021

Directors' Report

We present the Directors' Report for Superdry plc and subsidiary companies (together, the 'Group's') audited financial statements for FY21. This Directors' Report includes the information required by the Companies Act 2006, but where information is provided in other parts of this Annual Report, you will be referred to the relevant page(s). The Corporate Governance Report is on pages 86 to 92 and forms part of this Directors' Report.

Superdry is UK domiciled but has a number of overseas subsidiaries and has branches in Austria, Italy, Norway, Portugal and Switzerland.

This Directors' Report and the Strategic Report on pages 3 to 83, comprise the 'management report' for the purposes of the Financial Conduct Authority's Disclosure and Transparency Rules (DTR 4.1.8R). The management report includes an indication of likely future developments for Superdry.

Results and dividends

Our financial statements for FY21 are on pages 129 to 200.

No interim dividends were paid to shareholders during the period. The Directors do not recommend the payment of a final dividend in respect of FY21.

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. An indication of likely future developments in the business of the Group are included in the Strategic Report on page 80.

Covid-19 pandemic

The impact of the Covid-19 pandemic on our business and its operations in FY21 and the mitigation of the risks arising from it are disclosed in our statement on page 20, in the CFO Review on pages 75 to 83 and in 'How We Manage Our Risks' on page 56.

Risk management and internal controls

A description of the principal risks facing the business, emerging risks and the Group's approach to managing those risks is on pages 56 to 66 in 'How We Manage Our Risks'. Further information on the Group's system of internal controls and the review of those controls can also be found in that section and in the Audit Committee Report on page 101.

Financial risk management, policy and objectives

For further information regarding financial risk management, policy, objectives, the use of financial instruments and hedging policy, please refer to note 34 to the financial statements.

Approach to taxation and taxation governance

Our tax strategy seeks to ensure that the approach taken to our tax affairs is aligned with the high standards of corporate governance set by our Board, to promote the interests of our investors, customers, colleagues and other stakeholders. We have a responsibility to pay the amount of tax legally due in any country in accordance with the rules set by the relevant government.

The Group's tax strategy is determined by the Board and is reviewed on an annual basis by the Audit Committee. Operational responsibility for the tax strategy rests with the CFO. The tax strategy is published on our website at corporate.superdry.com.

The Audit Committee considers taxation risks as any risks which manifest themselves, or when they are identified by the Group's risk management framework. Where risks are reviewed, actions are agreed to mitigate them or to eliminate them, if possible. Internal controls are in place and these are subject to periodic internal audits.

Share capital, control and restrictions on voting rights

Details of our issued share capital are shown in note 35 to the financial statements on page 195.

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);
- 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; and
- a letter of understanding in favour of the Group, under which Julian Dunkerton agreed not to sell, dispose of or otherwise deal with (other than in the course of ordinary exceptions) his shareholding for a period expiring on 1 April 2021.

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

The rules relating to the appointment and replacement of the Directors are contained in our Articles of Association. Any specific rules regarding the election and re-election of Directors are referred to in the Corporate Governance Report on pages 87 to 92. Changes to the Articles of Association must be approved by our shareholders.

Notifiable interests in issued share capital

Please note that the below holdings that were notified to us after the FY21 year end may have changed since they were reported to us. Notification of any further changes are not required until a further threshold is crossed.

Notifications received from 24 April 2021 to 15 September 2021

	No of voting rights at date of notification	% of voting rights at date of notification	Nature of holding	Date of notification
Gatemore Capital Management LLP as manager for Gatemore Special Opportunities Master Fund Ltd	4,467,959	5.45%	Direct & Indirect	22 March 2021
Gatemore Capital Management LLP as manager for Gatemore Special Opportunities Master Fund Ltd	3,578,363	4.36%	Direct	5 May 2021 (Amendment to 22 March 2021)

Share buy backs

The Group proposes to renew the authority granted by shareholders at the AGM in 2020, to repurchase up to 10% of its issued share capital.

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 (the Trustees). Voting rights are exercised by the Trustees on receipt of participants' 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 24 April 2021, the Trustees had no unawarded shares held in trust.

Superdry's Employee Benefit Trust (the Trust) has also waived all dividends payable in respect of the ordinary shares held by it. As of 24 April 2021, one share was held by the Trust.

Founder Share Plan

The Founder Share Plan (FSP), established on 12 September 2017 by Julian Dunkerton and James Holder, did not mature, as the market value of Superdry'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 will expire on 30 September 2022.

Directors and Directors' interests

Details of the Directors as at the date of this report can be found on pages 84 to 85. Details of Directors who served during FY21 can be found in the Corporate Governance Report on page 89.

The interests of the Directors and their closely associated persons in the share capital as of 24 April 2021, along with the details of Directors' share awards, are contained in the Directors' Remuneration Report on pages 104 to 123.

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 92.

Related party transactions

Details of related party transactions can be found in note 21 on page 178 of the financial statements. For details of Directors' service contracts please refer to page 115 in the Directors' Remuneration Report.

UK Code of Corporate Governance statement

Our statement can be found in the Corporate Governance Report on page 86.

The Takeover Directive

The rights and obligations attached to the issued share capital are set out in the Articles of Association, which are available at corporate.superdry.com.

At the AGM in 2020, shareholders approved resolutions authorising the Group to:

- allot shares up to an aggregate nominal value of £1,367,128 (representing one third of our issued share capital as of 22 September 2020);
- approve the disapplication of pre-emption rights for cash issues of shares in respect of ordinary shares with a nominal value of £205,069 (representing approximately 5% of our issued share capital as of 22 September 2020); and
- approve an additional authority, following changes in The Pre-Emption Group's Statement of Principles, which provided that an allotment of up to an additional 5% of our issued share capital may also be made on a non-pre-emptive basis if 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' on page 202.

Health and safety

The Group is committed to providing a safe and healthy environment to all of its employees, customers, suppliers and partners. Practices and policies are regularly reviewed to ensure that our approach to health and safety, training, risk assessments, safe systems of working and accident reporting remain appropriate. For further information on internal audit please see page 102 and for risk management, please see pages 56 to 66.

Legal and regulatory compliance

The Legal Team is responsible for identifying and carrying out assessments of those areas of the business where material legal and regulatory risks may be present.

We continue to increase our controls on the use of standard agreements to achieve greater consistency and protection where we license and franchise our brand.

We continue to train and advise the organisation with respect to our obligations under data protection, competition, anti-bribery and corruption and other applicable laws. We are also continually reviewing our intellectual property portfolio in light of our strategy for growth and have made, and will continue to make, further registrations to ensure that our protection is robust.

Where issues are identified, mitigating actions are built into a plan involving the drafting and communication of policies and the delivery of training where appropriate, or are approached by way of a revision to key contractual terms. The Board receives regular reports on material litigation and the legal action taken to support our strategy. The Audit Committee reviews the effectiveness of the internal controls framework on an annual basis.

A confidential whistleblowing line is in place, is managed through an independent third party provider, and covers all countries in which we operate. Information on how to use our whistleblowing line is available to all colleagues. All matters arising from the use of the whistleblowing line are referred to the Company Secretarial Team and investigated by the Human Resources Team. The Audit Committee receives a summary of all matters arising through the whistleblowing line on an annual basis – for more information please turn to page 103.

Greenhouse gas emissions, energy consumption and energy efficiency action

Please refer to the tables on pages 41 and 42 of the Sustainability Report. The proportion of carbon dioxide emissions reported that relates to the United Kingdom and offshore area is 42.3% (location-based) and 27.8% (market-based). The proportion of energy consumption reported that relates to the United Kingdom and offshore area is 45.9%.

Anti-bribery and corruption

The Group has an Anti-Bribery and Corruption Policy (ABC Policy) in place which is reviewed regularly by the Board. The ABC Policy was reviewed, updated and approved in July 2020 and in July 2021. The ABC Policy sets out the legal obligations and responsibilities of employees in relation to anti-bribery and corruption law, including decision trees for employees in relation to gifts and hospitality. A gift register is in place and colleagues must report and seek permission to accept gifts and hospitality over a prescribed financial value. The gift register is reviewed by the Audit Committee on an annual basis. Anti-bribery and corruption training is mandatory for all colleagues. Guidance is provided to colleagues, along with information on how to manage these risks. ABC Policy information and compliance requirements are incorporated into our Supplier Manual and in our contractual arrangements with our partners. Annual supplier independent audits are used to ensure compliance with our Ethical Trading Code of Practice, and we have strong escalation routes upon breach of our ABC Policy. A Board approved and Group-wide Code of Conduct is in place and is also reviewed by the Audit Committee on an annual basis. Any suspected incidents of fraud are escalated to our Legal and Risk Teams for immediate investigation and action, and any confirmed incidents of fraud are reported to the Board on an annual basis (or more frequently if necessary). No such incidents have been identified in FY21. There have been no reported incidents in relation to the ABC Policy in FY21. Controls associated with our ABC Policy have been captured within our Internal Controls Framework and assurance over their operational effectiveness will be provided as part of the ongoing embedding of this framework. For whistleblowing, please see above.

Political donations

No political donations or political expenditure have been made by the Group during this financial year.

Location of 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
Allotment of equity securities	146
Annual General Meeting	202
Business relationships with suppliers, customers and others	161
Corporate Governance Report (including the reports of each Committee of the Board)	87
Directors' interests	120
Directors' statement of responsibility	127
Disability – fair treatment	51
Diversity and Inclusion Policy	51
Emoluments (Directors')	118
Employee participation in share schemes	114
Employee engagement and communication	53
Environment	40
Financial instruments and financial risk management	190
Financial Review	75
Going concern and viability statement	83
Internal controls	101
Key Performance Indicators	128
Long-term incentive plans	165
People	48
Related party transactions	178
Risk management	56
Share capital	195
Sustainability	40

Non-Financial Information Statement

In accordance with Companies Act 2006 sections 414 (CA) and (CB), a non-financial information statement can be found in the Strategic Report on page 67, which sets out non-financial information reporting requirements and their locations.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report (including the Directors' Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group financial statements for each financial year. Under that law, the Directors have prepared the Group and Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and its profit or loss for that period. In preparing each of the Group and Company financial statements, the Directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS Standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- assess the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose, with reasonable accuracy, at any time, the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and as regards the Group financial statements, Article 4 of the IAS Regulation. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group, and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that comply with law and regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed on pages 84 to 85, confirms that to the best of their knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

Statement on disclosure of information to auditors

The Directors confirm that, so far as each is aware, there is no relevant audit information of which the auditors are 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 auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 148 of the Companies Act 2006.

AGM

The AGM will be held on 22 October 2021 at 10.00am. The notice of AGM is on page 202 of this report and is available at corporate.superdry.com.

Ruth Daniels
Company Secretary

15 September 2021

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

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Superdry plc (the 'parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent Company's affairs as at 24 April 2021 and of the Group's loss for the 52 week period then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Group Statement of Comprehensive Income;
- the Group and parent Company Balance Sheets;
- the Group and parent Company Statements of Changes in Equity;
- the Group and parent Company Cash Flow Statements; and
- the related notes 1 to 39.

The financial reporting framework that has been applied in their preparation is applicable law, international accounting standards in conformity with the requirements of the Companies Act 2006, and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and international accounting standards in conformity 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 the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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. The non-audit services provided to the Group and parent Company for the 52 week period are disclosed in note 10 to the financial statements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Impact of control deficiencies; • Going concern; • Store asset impairment and onerous property related contract provision; • Inventory provision; and • Wholesale and other trade debtor recoverability. Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was £3.0m, which was determined with reference to 0.5% of Group revenue. Given the continued volatility in performance during the year, Group revenue was considered the most appropriate performance measure on which to base materiality. Revenue was also used to determine materiality in the prior year. £3.0m represents approximately 8% of Group statutory loss before tax and 3% of Group net assets.
Scoping	We focused our Group audit scope primarily on the audit work at 9 components. These components represent the principal business units and account for 91% of the Group's net assets, 94% of the Group's revenue and 95% of the Group's loss before tax.
Significant changes in our approach	Our audit approach has been designed to respond to the risks within the retail environment and the impact of coronavirus on the Group's trading performance. We have also designed our audit in light of the Group's control environment and our findings from the prior year audit. As part of our response to the control deficiencies, we have increased our audit scope and have, therefore, performed full scope audits on the German, Austrian, and Belgian components in the current year compared to specified audit procedures in the prior year. As a result, full scope audits have been performed on 7 components (FY20: 4) and specified audit procedures performed on 2 components (FY20: 5). More details on the impact the Group's ongoing control deficiencies have had on our audit approach are set out in the 'impact of control deficiencies' key audit matter below. The following were identified as key audit matters in FY20, which are not identified as such in FY21: • Calculation of right-of-use asset and liability in the opening balance sheet upon adoption of IFRS 16 'Leases': this is no longer a key audit matter as the risk related to the initial adoption of IFRS 16, which was a prior year matter. • Classification and disclosure of adjusted and other items: this is no longer a key audit matter as the size and nature of adjusted and other items has reduced meaning that the level of judgement associated with classifying items as adjusted has decreased. • Parent Company investment in subsidiaries and expected credit losses on intercompany loans: this is no longer a key audit matter as the Group's market capitalisation is greater than the parent Company's net assets. Furthermore, there has been no significant change to the credit risk of the parent Company's counterparties, meaning no significant change in expected credit loss on intercompany balances.

4. Conclusions relating to going concern

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 Company's ability to continue to adopt the going concern basis of accounting is discussed in section 5.2.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Impact of control deficiencies

Key audit matter description	As discussed in the Audit Committee Report on page 101, management implemented a controls improvement project in FY20 to improve the financial control environment. This project remained ongoing at the year-end. The controls improvement project was designed to respond, in part, to the control issues identified during the FY20 external audit. The nature of these issues primarily related to the management review controls, balance sheet reconciliations and transactional processing controls (particularly in accounts payable). In addition, general IT control deficiencies relating to access, segregation of duties and change management controls were also identified. These matters were included in our FY20 audit report, together with the additional audit work undertaken. In FY21 we note that progress has been made in addressing some of these issues – specifically in relation to transactional processing controls within accounts payable. In FY21 a further issue was identified regarding the management review controls and clarity of support for the Group's Coronavirus Job Retention Scheme ('CJRS') claim in the UK for which material claims of £8m were made in the year. Since the year end, management has engaged a third party to assist in addressing the issues identified. In addition, improvements are required in relation to the Group's accounting for IFRS 16 'Leases' and specifically the process and controls over how the IFRS accounting adjustments are recorded in the Group consolidation. The Group's initial target date of December 2020 to remediate the FY20 control issues was not met, in part due to the limited time available to embed the changes between finalising the FY20 audit and planning for the FY21 year-end, exacerbated by the disruption caused by Covid-19. As a result, the Company's focus in the second half of FY21 has been to ensure improvements to the FY21 year-end close. Priority has been given to remediating key balance sheet controls around inventory, accounts payable, cash, and the month end close and review processes. Whilst fewer than in the previous year, a number of misstatements have been identified during the FY21 audit. In aggregate, the errors identified were material. These have subsequently been corrected by management. The misstatements identified are indicative of the ongoing control issues within the Group as highlighted above. The control environment will continue to be a significant area of focus for the Audit Committee in the forthcoming year as discussed in its Report on page 101.
How the scope of our audit responded to the key audit matter	We adopted a fully substantive audit approach, with no reliance on internal controls. In order to respond to the pervasive risks arising from the deficiencies in the control environment we modified the nature, extent and timing of our audit procedures. Specifically: • we increased our audit scope and performed full scope audits on the German, Austrian, and Belgium components compared to specified audit procedures on these components in the prior year. Full scope audits have been performed on 7 components (FY20: 4) and specified audit procedures performed on 2 components (FY20: 5). As a result, full scope audit procedures are performed on 94% of the Group's revenue, 95% loss before tax and 91% net assets. • consistent with the prior year, we have used a lower performance materiality (being 60% of materiality) than would be ordinarily used if the control environment were deemed effective. This increased the volume of substantive testing completed (see section 6.2 below for our materiality assessment). • in response to the control deficiencies identified, we have elevated the risk assessment on a number of transactional balances (including accounts payable, accruals, prepayments and trade debtors) and have therefore performed increased sample testing. • we have performed additional procedures to identify and address fraud risks, including the involvement of our forensic specialists. We have performed targeted procedures in relation to specific fraud risks, including the risk of management override of controls and the other areas as set out in section 11.1 below. Where key audit matters include a risk of fraud, the risks identified and procedures performed are detailed within the key audit matters 5.2 – 5.5 set out below. • we assessed each of the control deficiencies identified by management as a result of its internal controls remediation project and, where necessary, designed specific audit procedures to mitigate the risks. We also held regular meetings with Internal Audit and the Finance Transformation Change Lead throughout the period to understand the progress of management's controls project and then considered the implications for our audit.

5.1. Impact of control deficiencies continued

How the scope of our audit responded to the key audit matter	• senior members of the audit team have performed audit testing directly in the more complex areas of accounting, including inventory variance accounting, accounts payable, IFRS 16, CJRS claims and the audit of the Group's consolidation. • we involved data analytics in our testing, particularly with regards to revenue and inventory where there are large volumes of transactional data. We have performed sample testing on the underlying transactional data used in this analysis in order to confirm its completeness and accuracy, given the IT control deficiencies noted above. We have used spreadsheet analysing tools to detect formula errors and other anomalies. We have also engaged our modelling specialist to assist us in evaluating the integrity of management's Excel going concern and store impairment models. • the extended reporting timetable has given us additional time to perform the incremental audit work required. It has also enabled us to use a longer hindsight period to assess the appropriateness of year end judgements. • we re-assessed the nature and increased the extent of our testing of accounts payable compared to the prior year, as a result of the transactional processing control deficiencies identified in the previous audit. We have performed sample testing on a number of supplier statement reconciliations and using data analytics to match post year-end payments to pre year-end liabilities. • we engaged our internal employee tax specialists to recalculate a sample of CJRS claims made during the year and assessed whether the CJRS rules were appropriately applied.
Key observations	Whilst some improvements have been made to the control environment over the year, there are still a number of significant improvements that need to be made in order to improve the accuracy and completeness of the underlying accounting records and reduce the number of misstatements identified. We appropriately increased the scope of our audit procedures to address the risks identified.

5.2 Going concern

Key audit matter description	The Group was in a net cash position of £38.9m (FY20: £36.7m) at the year-end and, due to the implementation of strong cash management measures, maintained a cash balance in excess of £20m throughout FY21, despite the impact of the pandemic. In August 2020, the Group refinanced its facilities moving from a Revolving Credit Facility of £70m (expiring in January 2022) to a new Asset Backed Lending ("ABL") facility of up to £70m. The ABL is subject to a number of covenants which were renegotiated in both January and July 2021 due to the trading pressures from unforeseen second lockdowns in the UK and globally. The ABL expires in January 2023, with the option of the lender to extend for a further 12 months. In addition, the Group has an un-committed overdraft of up to £10m available on a rolling annual basis. The ABL was undrawn by the Group during FY21. The ABL's covenants are tested quarterly and are based around the Group's adjusted earnings before interest, tax, depreciation, amortisation and rent ("EBITDAR") (calculated on frozen accounting standards) up to the end of Q2 2022 and fixed charge (rent and interest) cover thereafter. The medium-term plan continues to be used as the basis for management's going concern assessment. In using these financial forecasts significant judgement was required to decide what assumptions to make regarding the impact of the coronavirus pandemic on the retail sector and wider economy, and specifically to Superdry, and the ability to execute the turnaround plans required to recover brand health and return the business to profitable growth. Consequently, there remains more uncertainty than would usually be the case in making the key judgements and assumptions that underpin the financial forecasts for the business. The EBITDAR covenant is with reference to an absolute level of profit, rather than a ratio. Consequently, it is most sensitive to the macroeconomic recovery and performance of the Group over the going concern period. Management's Base Case forecast indicates that the banking covenants will be met throughout the going concern period and with no requirement to drawdown on the ABL facility. The Group expects to be cash positive during the year with substantial liquidity maintained throughout the going concern period. Under the reverse stress test, which tests for the breakeven point against borrowing facilities (liquidity and covenants are tested separately), the July 2022 (Q2 23) covenant test would breach first. Management considers the revenue shortfall required to cause this breach to be remote. The Audit Committee has included the adoption of the going concern basis of accounting as a key risk on page 99. See also management's going concern disclosures on pages 81 to 83.

5.2 Going concern continued

How the scope of our audit responded to the key audit matter	We obtained a detailed understanding of the relevant controls that the Group has established regarding the drafting, review and approval of the Group's going concern assessment. In addition, we have performed the following procedures: • engaged modelling specialists to perform testing on the mechanical accuracy of the model used to prepare the Group's cash flow forecast; • evaluated the consistency of management's forecasts with other areas of the audit, including the store impairment review; • challenged the key assumptions within the going concern assessment including the key assumptions in the Group's brand reset strategy which relate to revenue and gross margin growth and the ability of the Group to achieve estimated cost savings. We have challenged with reference to the historical trading performance, current trading uncertainty, market expectations and peer comparison; • engaged our internal restructuring specialists to assist us in challenging the working capital assumptions within the going concern model; • obtained an understanding of the financing facilities available to the Group, including repayment terms and covenants; • assessed the impact of reverse stress testing on the Group's funding position and covenant calculations; • assessed and challenged the mitigating actions available to management, should these be required to offset the impact of the forecast performance not being achieved; and • challenged the sufficiency of the Group's disclosures over the going concern basis with reference to our knowledge and understanding of the assumptions taken by management and recent FRC guidance.
Key observations	From the work performed above, we are satisfied that the adoption of the going concern basis of accounting and the disclosure in respect of Group's ability to continue as a going concern are appropriate.

5.3 Store asset impairment and onerous property related contract provision

Key audit matter description	Under IAS 36 'Impairment of Assets' the Group is required to complete an impairment review of its store portfolio where there are indicators of impairment. The net book value of the store assets and IFRS 16 right-of-use asset as at 24 April 2021 was £88.6m (FY20: £118.6m). This is after the recording of a net impairment charge of £10.7m (FY20: £136.8m charge), following the assessment that was undertaken during the year, of which £3.3m (FY20: £15.6m) relates to the store assets and £7.4m (FY20: £121.2m) relates to the IFRS 16 right-of-use asset. The net impairment charge relates to 177 stores (FY20: 177 stores). The £10.7m net impairment charge comprises a £22.8m charge partially offset by a £12.1m release. The release includes £5.6m specifically relating to the Regent Street store. An onerous property related contract charge of £5.1m (FY20: £12.0m credit) has also been recognised. The store impairment review involves management making several estimates to determine the value in use of the stores (being the net present value of the forecast cash flows). This is then compared to the book value of stores' assets (including the right-of-use asset), to identify whether any impairment is required. In making this assessment, management determines each store to be a cash generating unit. Stores are also assessed to determine whether an onerous property related contract provision for other property costs (e.g. service charge) is required. This includes those stores forecast to generate a net loss over the remainder of the lease term. The provision represents the present value of the estimated unavoidable property costs over the period of the remaining lease agreement, excluding rental and other costs which are accounted for separately under IFRS 16 'Leases'.

5.3 Store asset impairment and onerous property related contract provision continued

Key audit matter description	The impairment model utilises the forecasts included in the Board's medium-term plan (which covers the periods up to April 2026) to calculate value in use. Assumptions beyond this period do not exceed the local country growth rate. The medium-term plan reflects the Group's turnaround strategy, first implemented when Julian Dunkerton returned as CEO in April 2019. The implementation of this strategy has been impacted by the coronavirus pandemic and hence is still in its early stages. Consequently, there is uncertainty regarding the ability to achieve the forecast store performance. Furthermore, the impact of coronavirus on the wider economy and customer shopping habits, plus the challenging environment in the retail sector, add to this uncertainty. The Board's medium-term plan is prepared on a top down basis and not at an individual store level. For the purpose of the impairment review, an exercise has therefore been performed to allocate the forecast performance across the individual stores. Management's approach in allocating forecast performance across individual stores has changed since FY20, in order to better reflect its expectation of how different types of stores will recover from the pandemic. This exercise involves a high level of management judgement. The key audit matter therefore relates to the appropriateness of management's estimate of the future trading performance of each store, as this is used to derive value in use. Value in use is calculated from cash flow projections taken from the medium-term financial plan allocated to each store as noted above and relies upon management's assumptions and estimates of future trading performance and allocation of direct costs and overheads to the stores. This involves management judgement. Furthermore, the impairment and onerous property related contract model is complex and is prepared using Excel spreadsheets which increases the scope for error. Refer to notes 1 and 2 for the Group's impairment accounting policies and the key assumptions used in the impairment assessment, as well as the significant issues section of the Audit Committee Report.
How the scope of our audit responded to the key audit matter	Our audit focused on whether the judgements made by management in determining the store-based asset impairments and onerous property related contract provisions were appropriate. To respond to this key audit matter we have: • obtained an understanding of the relevant controls around the impairment review and onerous property related contract provisioning process, including the budget and forecast setting processes which support the cash flow used within the impairment model (and going concern judgement); • assessed the methodology applied in performing the impairment review and onerous provision calculation, with reference to the requirements of IAS 36 'Impairment of Assets' and IAS 37 'Provisions' respectively; • assessed management's revised process of allocating the top-down medium-term plan to the individual store impairment review and challenged the judgements applied by analysing both historic store performance data, current store performance, forecast retail trends and performing a search for contradictory evidence; • challenged the key assumptions utilised in the cash flow forecasts, in particular assumptions in relation to the Group's recovery from the coronavirus pandemic and future trading performance, primarily in relation to revenue and gross margin growth, with reference to historical trading performance, market expectations, and peer comparison; • challenged the allocation of direct and other costs to stores by assessing the individual costs against the criteria within IAS 36 and IAS 37; • engaged our modelling specialists to assist in evaluating the integrity of the Excel model; • assessed management's sensitivity analysis in relation to the key assumptions used in the cash flow forecasts; and • evaluated the appropriateness of the Group's disclosures regarding the store asset impairment and the onerous contract provision.

5.3 Store asset impairment and onerous property related contract provision continued

Key observations	While a number of modelling improvements were identified and separately reported to management, we are satisfied with the integrity of the model. As set out above, the store impairment and onerous property related contract provision has required significant management judgement. In particular, it requires the successful implementation of the turnaround strategy which is still in its early stages and is in the context of a challenging retail sector where the long-term impact of coronavirus on customer shopping habits is not yet known. The impairment and onerous contract provision is underpinned by the assumption the decline in store sales and profitability experienced in recent years is reversed over the medium term. From the work performed above, we concluded that the level of impairment and onerous property related contract provision recognised on the store estate is appropriate. Given the uncertainties noted, the disclosure sensitivities in note 2 provide important information to assess the impact of a change in key assumptions.

5.4 Inventory provision

Key audit matter description	As at 24 April 2021, the Group held £148.3m of inventory (FY20: £158.7m). The inventory provision was £9.1m (FY20: £9.8m), representing 6% (FY20: 6%) of the balance. The valuation of inventory involves management judgement in recording provisions for slow moving or obsolete inventory, and for excess inventory held as a result of reduced trading caused by global coronavirus restrictions. 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 unlikely to be sold at a margin through regular clearance channels. Following the coronavirus outbreak in FY20, and continued suppressed consumer demand, management recorded an additional £6.1m provision for excess inventory, as the level of inventory less than 6 seasons old had increased significantly compared to budgeted levels and there was inherent uncertainty regarding the ability to sell through inventory above cost. This excess inventory Covid provision has reduced from £6.1m in the prior year to £2.4m at the year-end. This reflects that the majority of inventory lines have continued to be sold through above cost in the year despite the Group's promotional activity due to Covid. In addition, a £4.1m provision has been recorded in the year against AW20 concept inventory which did not achieve the anticipated levels of sell through and of which management now plan to dispose. The calculation of the inventory provision requires management judgement to assess the quality of products provided for and the expected realisable value based on the quantities held and expected sell through patterns. Refer to note 1 for the Group's inventory provisioning policy, note 23 'Inventories' and the Audit Committee Report.
How the scope of our audit responded to the key audit matter	We obtained evidence over the appropriateness of management's assumptions applied in calculating the value of inventory provisions. To respond to this key audit matter we have: • obtained an understanding of the relevant controls that the Group has established regarding the inventory provision; • assessed the historical accuracy of management's provisioning percentages for aged inventory through a retrospective review of the level of provision recorded in prior years compared to the actual level of inventory written off to the provision held; • 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 to analyse the sell through rates of inventory in the year and post year-end in order to identify any slow moving or unsold inventory lines which may require a specific provision;

5.4 Inventory provision continued

How the scope of our audit responded to the key audit matter	• assessed the reasonableness of management's methodology for identifying 'excess inventory' in order to calculate the excess inventory provision for inventory less than 6 seasons old; • assessed management's historical forecasting accuracy of the excess current season inventory provision by comparing the brought forward provision to the amount utilised in the year; • 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; and • understood the nature and historic sell through rates for the AW20 concept inventory and challenged management's disposal plans in order to assess the reasonableness of the specific provision held against this inventory.
Key observations	From the work performed above, we concluded that the level of inventory provision is appropriate.

5.5 Wholesale and other trade debtor recoverability

Key audit matter description	At 24 April 2021, gross trade debtors of £62.2m were held by the Group (FY20: £75.8m) with a provision for expected credit losses of £8.6m (FY20: £14.6m). The coronavirus pandemic has led to a number of business failures and there is an expectation that this challenging economic environment may continue for the foreseeable future especially given the imminent end of various government support schemes. There is therefore an increased risk over wholesale debtor recoverability. 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 debtor balances, where considered necessary, management performs a detailed assessment of the creditworthiness of customers either individually or based on their country of origin, in order to determine future lifetime expected credit losses on the entire debtor book. In the current economic environment, there is increased management judgement regarding expected credit losses. Refer to note 1 for the Group's receivable provisioning policy, note 24 'Trade and other receivables' and the Audit Committee Report.
How the scope of our audit responded to the key audit matter	To respond to this key audit matter we have: • obtained an understanding of the relevant controls regarding management's provisioning policy and the assessment of expected credit losses; • assessed management's provision policy including mechanical accuracy, and considered expected credit losses by country and validated country-specific risk factors to external reports in light of the coronavirus macroeconomic impact; • assessed subsequent cash receipts and write-offs with reference to the provision recognised by management; • assessed the historical accuracy of management's debtor provisioning through a retrospective review of the level of provision recorded in prior years compared to the actual level of write-offs in the year; and • discussed ongoing disputes with legal counsel.
Key observations	From the work performed above, we concluded that wholesale debtors are recoverable and a sufficient provision has been recognised. We have identified the need for improvements in control over the expected credit losses provisioning model.

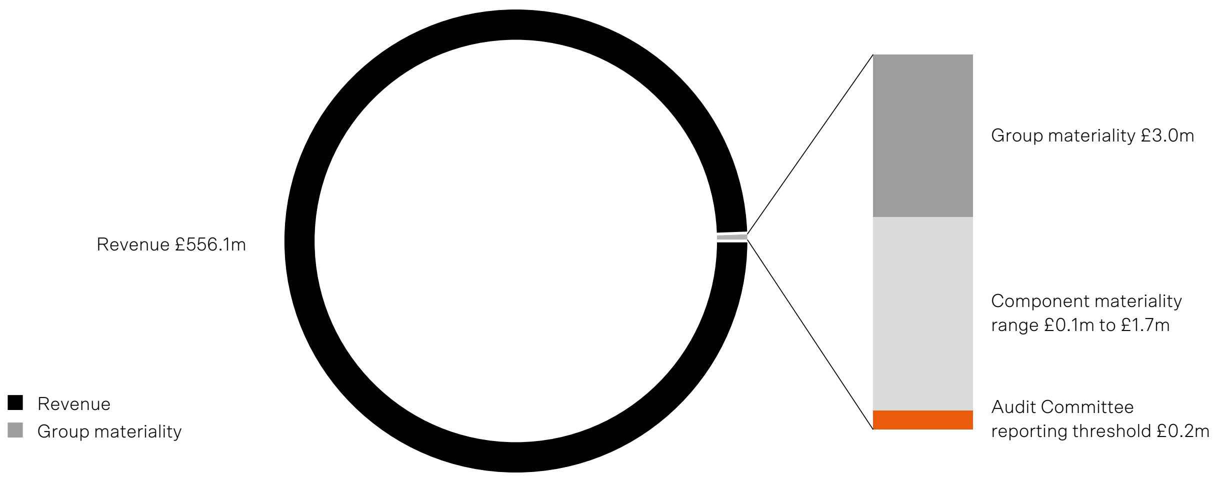
6. Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

	Group financial statements	Parent Company financial statements
Materiality	£3.0m (FY20: £3.5m)	£2.9m (FY20: £3.0m)
Basis for determining materiality	The materiality that we used for the Group financial statements was £3.0m which was determined with reference to 0.5% (FY20: 0.5%) of Group revenue.	The basis of materiality is net assets. Parent Company materiality equates to 1.4% of the parent Company net assets (FY20: 1.3%), which is capped at approximately 95% (FY20: 85%) of Group materiality.
Rationale for the benchmark applied	In our professional judgement we believe that revenue is the most appropriate benchmark to determine materiality as it reflects the size and scale of the Group and is more stable than profit before tax. £3.0m represents approximately 8% of Group statutory loss before tax and 3% of Group net assets.	In determining our final materiality, based on our professional judgement, we have considered net assets as the appropriate measure given the parent Company is primarily a holding company for the Group.



6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent Company financial statements
Performance materiality	60% (FY20: 60%) of Group materiality	60% (FY20: 60%) of parent Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • 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 impact of remote working due to the coronavirus pandemic; and • our past experience of the audit, including the value and quantum of corrected and uncorrected misstatements in prior periods and our expectation of the likelihood of misstatements recurring in the current period as a result of the continuing control deficiencies.	

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £150,000 (FY20: £175,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

In response to the continued deficiencies within the control environment (see section 5.1 above), we have increased our audit scope compared to FY20. We focused our Group audit scope primarily on the audit work at 9 (FY20: 9) components. 7 (FY20: 4) of these were subject to a full audit being DKH Retail Limited, C-Retail Limited, SuperGroup Internet Limited, Superdry plc (parent Company), Germany, Austria, and Belgium. The remaining 2 components (FY20: 5) being US wholesale and US retail were subject to specified audit procedures where the extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the Group's operations at those components. In the prior year, Germany, Austria and Belgium were subject to specified procedures rather than a full scope audit.

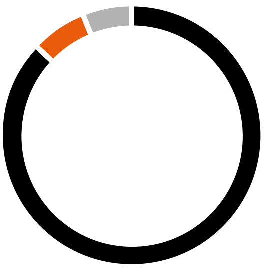
These components represent the principal business units and account for 91% (FY20: 91%) of the Group's net assets, 94% (FY20: 91%) of the Group's revenue and 95% (FY20: 94%) of the Group's loss before tax. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above.

Our audit work at the components was executed at levels of materiality applicable to each individual entity which were lower than Group materiality and ranged from £0.1m to £1.7m (FY20: £0.3m to £2.5m).

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.

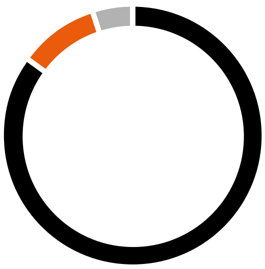
All audit work for the purpose of expressing an opinion on the Group's financial statements is performed by the Group audit team as the accounting records are held centrally, with the exception of inventory counts which are performed by local country Deloitte audit teams all of whom receive a briefing by the Group audit team prior to attending the count. All inventory counts were attended in person.

Revenue



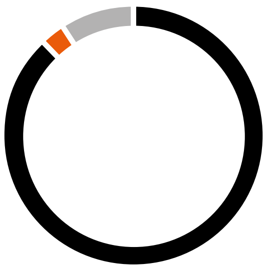
- Full audit scope 87%
- Specified audit procedures 7%
- Review at Group level 6%

Loss before tax



- Full audit scope 85%
- Specified audit procedures 10%
- Review at Group level 5%

Net assets



- Full audit scope 88%
- Specified audit procedures 3%
- Review at Group level 9%

7.2 Our consideration of the control environment
We identified the main finance systems, inventory systems and in-store transaction processing systems as the key IT systems relevant to our audit. The IT systems are primarily managed from the centralised IT function in the UK. We engaged our IT audit specialists to evaluate the IT systems and determine whether they could be relied upon to support our audit.

A number of IT control deficiencies were identified in the 2018 audit which remain unresolved, primarily relating to third party operated controls for which a service auditor's report was not available and hence the operation of these controls could not be tested. We also identified deficiencies in access, segregation of duties and change management controls. As a result of these findings (and the other control deficiencies mentioned in section 5.1 above) we are unable to adopt a controls reliance audit approach, consistent with the 2018, 2019 and 2020 audits.

As described in the Audit Committee Report on page 101, management has implemented a controls improvement project which has identified a significant number of areas for improvement. This project commenced in FY20 and remained ongoing at the year-end. Accordingly, we extended the scope of our substantive audit procedures in response to the identified deficiencies. Further details are set out in the 'impact of control deficiencies' key audit matter in section 5.1 above.

8. 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.

9. Responsibilities of Directors
As explained more fully in the Directors' responsibilities statement, 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.

10. 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

11.1 Identifying and assessing potential risks related to irregularities
In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment (in particular the deficiencies we identified in this area, see 5.1 above) and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- the Group's own assessment of the risks that irregularities may occur as a result of fraud or error;
- the results of our enquiries of management, internal audit and the Audit Committee about their own identification and assessment of the risks of irregularities;
- the Group's compliance with rules and regulations associated with government assistance and CJRS income which have been taken advantage of in the current period;

- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and involving relevant internal specialists, including tax, valuations, IT, restructuring, modelling and forensic specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- store asset impairment and onerous property related contract provisions;
- going concern;
- inventory provisioning;
- wholesale and other trade debtor provisions;
- completeness of wholesale returns provision;
- the accounting for accounts payable; and
- government assistance and accounting for the Coronavirus Job Retention Scheme.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, UK corporate governance legislation, pensions and tax legislation.

In addition, we considered whether there were provisions of other laws and regulations that 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 a material penalty, such as HMRC legislation in relation to government grants and CJRS income.

11.2 Audit response to risks identified

As a result of performing the above, we identified the following key audit matters related to the potential risk of fraud:

- store asset impairment and onerous property related contract provisions;
- going concern;
- inventory provisioning;
- wholesale and other trade debtor provisions;
- the accounting for accounts payable (which is included as part of the key audit matter in relation to the impact of control deficiencies); and
- government assistance and accounting for the Coronavirus Job Retention Scheme (which is included as part of the key audit matter in relation to the impact of control deficiencies).

The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the 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 in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC;
- involving our specialists to assist in assessing the Group's compliance with rules and regulations associated with government grants and assistance (CJRS) which have been taken advantage of in the current period;
- with regards to completeness of the wholesale returns provision, we have tested the inputs into the customer returns provision liability and challenged the appropriateness of the assumptions used. This has primarily been performed with reference to historical return trends and post year-end returns data;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. 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 year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the Strategic Report or the Directors' Report.

13. Corporate Governance Statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

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:

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 83;
- the Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate, set out on pages 81 to 83;
- the Directors' statement on fair, balanced and understandable, set out on page 128;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 88;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems, set out on page 101; and
- the section describing the work of the Audit Committee, set out on page 100.

14. Matters on which we are required to report by exception

14.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters

15.1 Auditor tenure

We were appointed by the Board of Directors on 12 September 2017 to audit the financial statements for the 52 week period ended 28 April 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is four years, covering the periods ended 28 April 2018 to 24 April 2021.

15.2 Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16. 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.

Edward Hanson (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

15 September 2021

Group Statement of Comprehensive Income

to the members of Superdry plc

	Note	**Adjusted* 2021 £m**	**Adjusting items (note 6) £m**	**Total 2021 £m**	Adjusted* 2020 £m	Adjusting items (note 6) £m	Total 2020 £m
Revenue	4	**556.1**	**–**	**556.1**	704.4	–	704.4
Cost of sales		**(263.0)**	**–**	**(263.0)**	(326.5)	–	(326.5)
Gross profit		**293.1**	**–**	**293.1**	377.9	–	377.9
Selling, general and administrative expenses	5	**(321.6)**	**(19.4)**	**(341.0)**	(412.1)	(127.0)	(539.1)
Other gains and losses (net)	11	**19.3**	**(4.7)**	**14.6**	9.1	1.9	11.0
Impairment credit/(loss) on trade receivables	24	**3.8**	**–**	**3.8**	(9.2)	–	(9.2)
Operating loss	12	**(5.4)**	**(24.1)**	**(29.5)**	(34.3)	(125.1)	(159.4)
Finance income	13	**–**	**–**	**–**	0.2	–	0.2
Finance expense	13	**(7.2)**	**–**	**(7.2)**	(7.7)	–	(7.7)
Loss before tax	4	**(12.6)**	**(24.1)**	**(36.7)**	(41.8)	(125.1)	(166.9)
Tax (expense)/credit	14	**(3.3)**	**3.9**	**0.6**	6.1	17.4	23.5
Loss for the period		**(15.9)**	**(20.2)**	**(36.1)**	(35.7)	(107.7)	(143.4)
Attributable to:							
Owners of the Company		**(15.9)**	**(20.2)**	**(36.1)**	(35.7)	(107.7)	(143.4)
Other comprehensive expense net of tax:							
Items that may be subsequently reclassified to profit or loss							
Currency translation differences		**12.1**	**–**	**12.1**	(2.5)	–	(2.5)
Total comprehensive expenses for the period		**(3.8)**	**(20.2)**	**(24.0)**	(38.2)	(107.7)	(145.9)
Attributable to:							
Owners of the Company		**(3.8)**	**(20.2)**	**(24.0)**	(38.2)	(107.7)	(145.9)

		pence per share		**pence per share**	pence per share		pence per share
Earnings per share:							
Basic	16	**(19.4)**		**(44.0)**	(43.5)		(174.9)
Diluted	16	**(19.4)**		**(44.0)**	(43.3)		(174.1)

* Adjusted and adjusting items are defined in note 36.

2021 is for the 52 weeks ended 24 April 2021 and 2020 is for the 52 weeks ended 25 April 2020.

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 148 to 200 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 24 April 2021 £m	Group 25 April 2020 £m	Company 24 April 2021 £m	Company 25 April 2020 £m
ASSETS					
Non-current assets					
Property, plant and equipment	18	**29.4**	41.7	**5.5**	5.2
Right-of-use assets	30	**91.1**	118.0	**1.8**	5.5
Intangible assets	19	**41.7**	48.4	**9.9**	16.3
Investments in subsidiaries	20	**–**	–	**260.4**	257.5
Deferred tax assets	22	**53.8**	53.3	**4.7**	2.0
Derivative financial instruments	34	**0.3**	0.1	**–**	–
Total non-current assets		**216.3**	261.5	**282.3**	286.5
Current assets					
Inventories	23	**148.3**	158.7	**1.5**	2.3
Trade and other receivables	24	**102.3**	91.6	**210.3**	257.9
Derivative financial instruments	34	**2.4**	2.5	**–**	–
Current tax receivables		**4.0**	6.8	**0.4**	4.2
Cash and bank balances	25	**38.9**	307.4	**0.9**	3.2
Total current assets		**295.9**	567.0	**213.1**	267.6
LIABILITIES					
Current liabilities					
Borrowings	26	**–**	270.7	**–**	60.1
Trade and other payables	27	**126.5**	103.3	**274.5**	260.2
Provisions for other liabilities and charges	28	**6.2**	4.2	**0.3**	0.1
Derivative financial instruments	34	**5.7**	2.1	**–**	–
Lease liabilities	30	**94.1**	80.1	**2.1**	1.8
Total current liabilities		**232.5**	460.4	**276.9**	322.2
Net current assets/(liabilities)		**63.4**	106.6	**(63.8)**	(54.6)
Non-current liabilities					
Trade and other payables	27	**1.2**	2.2	**–**	–
Provisions for other liabilities and charges	28	**10.0**	10.8	**0.3**	0.2
Derivative financial instruments	34	**1.5**	0.2	**–**	–
Deferred liabilities		**1.1**	1.4	**–**	–
Lease liabilities	30	**175.5**	240.8	**3.6**	6.3
Total non-current liabilities		**189.3**	255.4	**3.9**	6.5
Net assets		**90.4**	112.7	**214.6**	225.4
EQUITY					
Share capital	35	**4.1**	4.1	**4.1**	4.1
Share premium		**149.2**	149.1	**149.2**	149.1
Translation reserve		**6.6**	(5.5)	**–**	–
Merger reserve		**(302.5)**	(302.5)	**–**	–
Retained earnings		**233.0**	267.5	**61.3**	72.2
Total equity		**90.4**	112.7	**214.6**	225.4

The Company loss for the year is £12.6m (2020: £148.0m loss). The notes on pages 148 to 200 inclusive are an integral part of the Group and Company financial statements. The financial statements on pages 143 to 200 were approved by the Board of Directors and authorised for issue on 15 September 2021 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 2021 £m	Group 2020 £m	Company 2021 £m	Company 2020 £m
Cash generated from operating activities	32	**50.1**	87.5	**71.4**	(30.7)
Tax receipt/(payment)		**2.5**	(2.2)	**3.0**	(4.2)
Net cash generated from operating activities		**52.6**	85.3	**74.4**	(34.9)
Cash flow from investing activities					
Investments in subsidiaries	20	**–**	–	**(3.1)**	(3.6)
Purchase of property, plant and equipment		**(6.8)**	(6.4)	**(2.5)**	(1.5)
Purchase of intangible assets		**(6.8)**	(7.5)	**(2.3)**	(4.7)
Proceeds from disposal of assets held for sale		**–**	2.4	**–**	2.4
Net cash used in investing activities		**(13.6)**	(11.5)	**(7.9)**	(7.4)
Cash flow from financing activities					
Dividend payments	17	**–**	(3.4)	**–**	(3.4)
Proceeds of issue of share capital		**0.1**	–	**0.1**	–
Draw down of Revolving Credit Facility		**–**	(30.0)	**–**	(30.0)
Repayment of Revolving Credit Facility		**–**	30.0	**–**	30.0
Net interest paid		**(7.2)**	(7.5)	**(8.8)**	(9.8)
Repayment of leases – principal amount	30	**(39.9)**	(61.1)	**(0.6)**	(1.8)
Net cash used in financing activities		**(47.0)**	(72.0)	**(9.3)**	(15.0)
Net (decrease)/increase in cash and cash equivalents	33	**(8.0)**	1.8	**57.2**	(57.3)
Net cash and cash equivalents/(debt) at beginning of period	33	**36.7**	35.9	**(56.9)**	0.5
Exchange gains/(losses) on cash and cash equivalents		**10.2**	(1.0)	**0.6**	(0.1)
Net cash and cash equivalents/(debt) at end of period		**38.9**	36.7	**0.9**	(56.9)

2021 is for the 52 weeks ended 24 April 2021 and 2020 is for the 52 weeks ended 25 April 2020.

The notes on pages 148 to 200 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	Translation reserve £m	Merger reserve £m	Retained earnings £m	Total equity £m
Balance at 27 April 2019		4.1	149.1	(3.0)	(302.5)	413.1	260.8
Comprehensive expense							
Loss for the period		–	–	–	–	(143.4)	(143.4)
Other comprehensive expense							
Currency translation differences		–	–	(2.5)	–	–	(2.5)
Total other comprehensive expense		–	–	(2.5)	–	–	(2.5)
Total comprehensive expense for the period		–	–	(2.5)	–	(143.4)	(145.9)
Transactions with owners							
Employee share award schemes	8,9	–	–	–	–	1.2	1.2
Dividend payments	17	–	–	–	–	(3.4)	(3.4)
Total transactions with owners		–	–	–	–	(2.2)	(2.2)
Balance at 25 April 2020		4.1	149.1	(5.5)	(302.5)	267.5	112.7
Comprehensive expense							
Loss for the period		–	–	–	–	(36.1)	(36.1)
Other comprehensive income							
Currency translation differences		–	–	12.1	–	–	12.1
Total other comprehensive income		–	–	12.1	–	–	12.1
Total comprehensive (expense)/income for the period		–	–	12.1	–	(36.1)	(24.0)
Transactions with owners							
Shares issued		–	0.1	–	–	–	0.1
Employee share award schemes	8,9	–	–	–	–	1.6	1.6
Dividend payments	17	–	–	–	–	–	–
Total transactions with owners		–	0.1	–	–	1.6	1.7
Balance at 24 April 2021		4.1	149.2	6.6	(302.5)	233.0	90.4

Company	Note	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 27 April 2019		4.1	149.1	222.4	375.6
Comprehensive expense					
Loss for the period	15	–	–	(148.0)	(148.0)
Total comprehensive expense for the period		–	–	(148.0)	(148.0)
Transactions with owners					
Employee share award schemes	8,9	–	–	1.2	1.2
Dividends paid	17	–	–	(3.4)	(3.4)
Total transactions with owners		–	–	(2.2)	(2.2)
Balance at 25 April 2020		4.1	149.1	72.2	225.4
Comprehensive expense					
Loss for the period	15	–	–	(12.6)	(12.6)
Other comprehensive income					
Currency translation differences		–	–	0.1	0.1
Total other comprehensive income		–	–	0.1	0.1
Total comprehensive (expense)/income for the period		–	–	(12.5)	(12.5)
Transactions with owners					
Employee share award schemes	8,9	–	–	1.6	1.6
Shares issued		–	0.1	–	0.1
Dividends paid	17	–	–	–	–
Total transactions with owners		–	0.1	1.6	1.7
Balance at 24 April 2021		4.1	149.2	61.3	214.6

The notes on pages 148 to 200 inclusive are an integral part of the Group and Company financial statements.

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 200. The current period (**2021**) is for the 52 weeks ended 24 April 2021 (2020: 52 weeks ended 25 April 2020 (**2020**)).

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 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 International Financial Reporting Standards (IFRS) adopted for use in the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation. Also, they have been prepared in accordance with the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in conformity with IFRS 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 presented unless otherwise stated. The Group financial statements are presented in Sterling and all values are rounded to the nearest hundred thousand, except where indicated.

b) Going concern

As detailed on page 81 management has considered the forecasts, sensitivities and mitigating actions available and having regard to the risks and uncertainties to which the Group is exposed, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, and operate within its borrowing facilities and covenants for a period of at least 12 months from the date of signing the financial statements. Accordingly, the financial statements continue to be prepared on the going concern basis.

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.

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 presentation currency. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign 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.

1. Principal accounting policies continued

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 customer; this is on the basis that the vendor acts as principal. Concession revenues are settled in cash, by the concession grantors net of commissions or other fees payable. It is the concessions' policy to sell its products with a right to exchange within 28 days and a cash refund within 14 days. Provisions are made for concession returns based on the expected level of returns, which in turn is based upon the historical rate of returns. 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.

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 income

Finance income comprises interest receivable on funds invested and cash deposits. Finance income is recognised in the Group statement of comprehensive income using the effective interest method.

h) Finance expenses

Finance expenses comprise interest payable on interest-bearing loans, lease liabilities, short-term borrowings and lending facilities. Finance expenses are recognised in the Group statement of comprehensive income using the effective interest method.

i) Leasing and similar commitments

IFRS 16 became effective for periods starting on or after 1 January 2019 and replaced the standard IAS 17 Leases and related interpretations. 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 day, 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.

1. Principal accounting policies continued

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 remeasures 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.
- 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.
- 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 premiums
Lease premiums are only recognised on leases that do not fall under the scope of IFRS 16. Lease premiums paid to tenants are initially recognised as an intangible asset in the balance sheet at the point the recognition criteria in the lease are met, and debited to selling, general and administrative expenses in the Group statement of comprehensive income on a straight-line basis over the term of the lease commencing from the opening date.

j) 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:

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

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

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.

k) Impairment of non-financial assets

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

The recoverable amount of a non-financial asset is the higher of its fair value less costs to sell, and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or CGU. An impairment loss is recognised in the Group statement of comprehensive income whenever the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment reversals are recognised in the Group statement of comprehensive income. An impairment loss in a subsidiary consolidated under predecessor accounting (note 1ad) 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. Further information on how impairments have been calculated can be found in note 2.

1. Principal accounting policies continued

l) Intangible assets

Intangible assets acquired separately from a business are recognised initially at cost. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses. Intangible assets with a finite life have no residual value and are amortised on a straight-line basis over their expected useful lives as follows:

Trademarks	– 10 years
Website and software	– 5 years
Lease premiums	– Over the life of the lease on a straight-line basis
Distribution agreements	– 6 – 23 years

Trademarks comprise the external cost of registration and associated legal costs. Website and software costs consist of externally incurred development costs, as well as internal payroll-related costs directly associated with the project.

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. Impairment losses on goodwill are not reversed.

m) Investments

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

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.

n) 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
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 investments revaluation reserve is reclassified to profit or loss.

o) Inventories

Inventories are valued at the lower of cost or net realisable value. Cost comprises costs associated with the purchase and bringing of inventories to the distribution centres and is based on the weighted average principle. Provisions are made for obsolescence, mark-downs and shrinkage. The cost formula used for measuring inventory is moving average cost.

Sample stock is expensed through the Group statement of comprehensive income when incurred.

p) 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.

q) 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.

1. Principal accounting policies continued

r) 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.

s) 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.

t) 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.

u) 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.

v) 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 of 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 current year; an amount for the scheme is expensed in the current year to reflect the original exercise period.

w) Long-term loans (receivable)

Long-term loans are recognised on an amortised cost basis less any loss allowance for expected credit losses. The loan meets the solely principal and interest on the principal (SPPI) test and it is held in order to collect all contractual cash flows. The loss allowance is measured at an amount equal to 12-month expected credit losses unless there was a significant increase in credit risk since inception. In such cases, the loss allowance is measured at the amount equal to lifetime expected credit losses. The movement in the provision is recognised in the Group statement of comprehensive income.

x) 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. Generally, this results in their recognition at their nominal value.

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 threshold 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.

1. Principal accounting policies continued

y) 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.

z) 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.

aa) Share capital

Ordinary shares are classified as equity. The share capital represents the nominal value of shares that have been issued.

ab) 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.

ac) Retained earnings

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

ad) 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.

ae) 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 restructures in the business. Where changes in the operating segments are identified, the comparative information is restated where possible. There has been a change in the operating segments during the reporting period – see note 4 for further information.

af) 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.

1. Principal accounting policies continued

ag) 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.

ah) Adjusting items

Adjusting items are disclosed separately in the Group statement of comprehensive income and are applied to the reported 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. 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.

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;
- the movement in the fair value of unrealised financial derivatives; and
- IFRS 2 charges in respect of FSP.

If other items meet the criteria, which are applied consistently from year to year, they are also treated as adjusting items. Further information about the determination of adjusting items in financial year 2021 is included in notes 6 and 36.

In previous reporting periods the term 'exceptional and other items' had been used. This has been changed to 'adjusting items' from the current period.

ai) 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 34. 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.

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.

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. Store asset carrying values are inclusive of any right-of-use assets following the transition to IFRS 16. An impairment charge of £22.8m (2020: £136.8m) and an impairment reversal of £12.1m (2020: £nil) were recognised in the period (net impairment of £10.7m, 2020: £136.8m).

For impairment testing purposes, the Group has determined that each store is a CGU. Each CGU is tested for impairment if any indicators of impairment have been identified. Given the decline in store sales in the year, all 231 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.

The value in use of each CGU is calculated based on the Group's latest budget and forecast cash flows, covering a five-year period (the **medium-term financial plan**), which has regard for historic performance, knowledge of the current market and the impact of the Covid-19 pandemic, together with the Group's views on the achievable growth, all of which have been reviewed and approved by the Board. The medium-term financial plan is prepared on a 'top down' basis and has been attributed to individual stores based on their historic performance relative to the rest of the store estate, as well as the store's sensitivity to the impact of the Covid-19 pandemic. Disruption caused by Covid-19 is estimated to continue throughout FY22 with a gradual recovery of footfall. The subsequent assumptions regarding future store sales recovery, as outlined in the going concern statement, are considered key estimates.

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 10-14% of the overall annual cost base.

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 12.6% to 15.1% (2020: 12.2% to 14.7%) and are derived from the Group's post-tax WACC range of 10.0% to 11.6% (2020: 9.2% to 11.9%). Discount rates are not considered a sensitive assumption – a 500bps change in the discount rates, which is not considered to be reasonably possible, would result in a £5.7m increase or £4.2m decrease in the net impairment.

Further significant costs (or credits) may be recorded in future years dependent on the longer-term impact of Covid-19 and the success of the brand reset.

During the year, the Group has recognised a net impairment charge of £3.3m relating to property, plant and equipment and a net impairment charge of £7.4m relating to right-of-use assets. These impairment charges have been recognised as part of adjusting items within selling, general and administrative expenses. The carrying value of property, plant and equipment (note 18), right-of-use assets (note 30) and intangible assets (note 19) after the impairment assessment is £162.2m.

2. Critical accounting judgements and key sources of estimation uncertainty in applying accounting policies continued

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 £5.9m
- A decrease of 200bps in the gross margin rate in all years for each territory would increase net impairment by £6.1m
- An increase of 10% in the year 1 sales growth for each territory would decrease net impairment by £5.7m
- A decrease of 10% in the year 1 sales growth for each territory would increase net impairment by £5.8m
- A 15% change in the central costs being allocated to the store CGUs would increase net impairment by £3.1m

In addition, the Group has considered a range of reasonably possible outcomes within the medium-term financial plan period. The scenario modelled is consistent with the sensitivities applied for the viability assessment, set out on page 83. This would increase the net impairment charge by £41.3m.

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. Onerous property related contracts provisions are no longer recognised on fixed rental expenses, following the transition to IFRS 16.

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 £12.1m (2020: £12.4m). This value is after a net £5.1m additional provision, charged to the Group statement of comprehensive income (2020: net £12.0m provision release). This net additional provision consists of a gross provision charge of £8.3m and a gross provision release of £3.2m when calculated on an individual contract basis.

The onerous property related contracts provision charge 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 longer-term impact of Covid-19 and the success of the brand reset.

Risk-free rates are not considered a sensitive assumption – a 20% change in the risk-free rates, which is not considered to be reasonably possible, would result in a £8.5m increase or £3.5m decrease in the net impairment.

The Group has performed sensitivity analysis on the onerous property related contract provisions using possible scenarios based on recent market movements, consistent with those sensitivities disclosed above in the 'store impairment' section:

- An increase of 1,000bps in the margin rate in all years for each territory would decrease the onerous property related contracts charge by £3.5m
- A decrease of 1,000bps in the margin rate in all years for each territory would increase the onerous property related contracts charge by £10.2m
- An increase of 40% in year 1 sales growth for each territory would decrease the onerous property related contracts charge by £3.7m
- A decrease of 40% in year 1 sales growth for each territory would increase the onerous property related contracts charge by £8.3m

The downside scenario modelled in the viability assessment (see page 83 for further details), would increase the onerous property related contracts charge by £16.1m.

2. Critical accounting judgements and key sources of estimation uncertainty in applying accounting policies continued

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 £8.6m, which includes a specific provision and an ECL provision.

The specific provision of £6.0m is calculated for higher risk trade receivables, relating to customers who have balances over £30k that are at least 30 days overdue. 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 £6.0m covers gross debtors of £10.5m.

The ECL provision of £2.6m 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 externally generated data which reflects the higher credit risk of the Group's debtor book, taking into consideration the impact of the Covid-19 pandemic. A range of possible outcomes for the ECL provision using a range of 60-90% insurance recoveries and 5-20% probability of default gives an ECL provision of £1.0m to £4.8m.

See notes 24 and 34 for further details.

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. In the past two years, the Group has experienced an already challenging retail environment, exacerbated by the business disruption caused by the global Covid-19 pandemic.

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 a net £1.3m provision (2020: £nil) in respect of uncertain tax positions as required under IAS 12, with due consideration to guidance contained within IFRIC 23. The key estimate in this provision is the possible level of adjustment required by each jurisdiction. A range of possible outcomes for this provision is £nil to £4m.

Further details are included in note 22.

Critical judgements in applying the Group's accounting policies

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:

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. The continuation of Ecommerce sales during the period of Covid-19 enforced store closures further supports this judgement.

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.

The medium-term financial plan is prepared on a 'top down' basis and has been attributed to individual stores based on their historic performance relative to the rest of the store estate, as well as the store's sensitivity to the impact of the Covid-19 pandemic. Judgement is involved in this revenue and cost attribution exercise in defining the parameters of the store characteristics. The outcome of this exercise affects the value in use associated with each store CGU.

Similarly, 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.

Adjusting items

Judgements are required as to whether items are disclosed as adjusting items, with consideration given to both quantitative and qualitative factors. Further information about the determination of adjusting items in financial year 2021 is in note 36.

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. For the financial year 2021, the following amendments were adopted by the Group:

- Amendments to References to the Conceptual Framework in IFRS Standards.
- Amendments to IFRS 3: Definition of a Business.
- Amendments to IAS 1 and IAS 8: Definition of Material.

The Group also elected to adopt the following amendment early:

- Amendment to IFRS 16 Covid-19-Related Rent Concessions.

The impact of early adopting the amendment to IFRS 16 is described below. The adoption of the other standards and interpretations listed above has not led to any changes to the Group's accounting policies or had any other material impact on the financial position or performance of the Group.

IFRS 16: Covid-19-Related Rent Concessions

The Group has applied Covid-19-Related Rent Concessions, as permitted under amended IFRS 16, issued by the IASB in May 2020. The practical expedient is only applicable to rent concessions provided as a direct result of the Covid-19 pandemic with no other substantive changes to other terms and condition of the lease.

The practical expedient applies only to rent concessions occurring as a direct consequence of Covid-19 and only if all the following conditions are met:

a. 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;

b. Any reduction in lease payments affects only payments originally due in on or before 30 June, 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June, 2021, and increased lease payments that extend beyond 30 June, 2021); and

c. There is no substantive change to other terms and conditions of the lease.

Rent concessions meeting the criteria have been recognised in the period to which they relate. Adoption of the practical expedient has resulted in a £4.0m credit to the Group operating loss (see note 5).

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;
- 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;
- Amendments to IFRS 3: Reference to the Conceptual Framework;
- Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use;
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract; and
- Annual Improvements to IFRS Standards 2018-2020 Cycle.

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 at a point in time.

Change in segment reporting presentation

The Group's operating segments have been modified during the reporting period. Previously, the operating segments were defined as Retail and Wholesale, with Stores and Ecommerce being reported under the Retail segment. Due to an increase in the sales mix of Ecommerce as a proportion of Retail (accelerated by Covid-19), the Group is focusing on this as a significant channel of growth. Consequently, the level at which the Group's CODM receives information to make decisions has changed, and the Group is now reporting revenue and gross profit under three operating segments – Stores, Ecommerce and Wholesale. The term 'Retail' will be used to define the total of the Ecommerce and Stores segments. The prior year comparatives have been split to provide the same level of information for the three segments.

Segmental information for the business segments of the Group for financial years 2021 and 2020 is set out below. The 'Retail' subtotal of the 'Stores' and 'Ecommerce' segments presented below is considered useful additional information to the reader.

	Stores 2021 £m	Ecommerce 2021 £m	Retail subtotal 2021 £m	Wholesale 2021 £m	Central costs 2021 £m	Group 2021 £m
Total segment revenue	**140.5**	**201.8**	**342.3**	**389.6**	–	**731.9**
Less: inter-segment revenue	–	–	–	**(175.8)**	–	**(175.8)**
Revenue from external customers	**140.5**	**201.8**	**342.3**	**213.8**	–	**556.1**
Gross profit	**93.6**	**117.5**	**211.1**	**82.0**	–	**293.1**
(Loss)/profit before tax			**(9.3)**	**40.8**	**(68.2)**	**(36.7)**

The segment measure of profit required to be presented under IFRS 8 Segments is gross profit. (Loss)/profit before tax has been presented as an additional profit measure which is considered to provide useful information to the reader since it allows comparison of the Group's results in FY21 with the Group's results under the segmental structure in FY20 (where the 'Stores' and 'Ecommerce' segments were a single 'Retail' segment). Certain costs have not been allocated between the Stores and Ecommerce segments in FY21.

The following additional information is considered useful to the reader:

	Adjusted* 2021 £m	Adjusting items £m	Reported 2021 £m
Revenue			
Retail	**342.3**	–	**342.3**
Wholesale	**213.8**	–	**213.8**
Total revenue	**556.1**	–	**556.1**
Operating loss			
Retail	**15.4**	**(19.2)**	**(3.8)**
Wholesale	**42.1**	**(1.3)**	**40.8**
Central costs	**(62.9)**	**(3.6)**	**(66.5)**
Total operating loss	**(5.4)**	**(24.1)**	**(29.5)**
Net finance expense – Central costs	**(1.7)**	–	**(1.7)**
Net finance expense – Retail	**(5.5)**	–	**(5.5)**
(Loss)/profit before tax			
Retail	**9.9**	**(19.2)**	**(9.3)**
Wholesale	**42.1**	**(1.3)**	**40.8**
Central costs	**(64.6)**	**(3.6)**	**(68.2)**
Total loss before tax	**(12.6)**	**(24.1)**	**(36.7)**

* Adjusted is defined as reported results before adjusting items and is further explained in note 36.

The net impairment losses and reversals on store assets and onerous property related contract charges amount to £15.8m and all relate to the Retail segment.

4. Segment information continued

	Stores 2020* £m	Ecommerce 2020* £m	Retail subtotal 2020 £m	Wholesale 2020 £m	Central costs 2020* £m	Group 2020 £m
Total segment revenue	287.2	151.6	438.8	510.9	–	949.7
Less: inter-segment revenue	–	–	–	(245.3)	–	(245.3)
Revenue from external customers	287.2	151.6	438.8	265.6	–	704.4
Gross profit	192.5	90.5	283.0	94.9	–	377.9
(Loss)/profit before tax			(125.1)	32.1	(73.9)	(166.9)

* The 2020 balances have been split out to reflect the change in operating segments from Retail to Stores and Ecommerce.

The following additional information is considered useful to the reader:

	Adjusted* 2020 £m	Adjusting items £m	Reported 2020 £m
Revenue			
Retail	438.8	–	438.8
Wholesale	265.6	–	265.6
Total revenue	704.4	–	704.4
Operating (loss)/profit			
Retail	5.3	(124.8)	(119.5)
Wholesale	31.4	0.7	32.1
Central costs	(71.0)	(1.0)	(72.0)
Total operating (loss)/profit	(34.3)	(125.1)	(159.4)
Net finance expense – Central costs	(1.9)	–	(1.9)
Net finance expense – Retail	(5.6)	–	(5.6)
Share of loss of investment – Central costs	–	–	–
(Loss)/profit before tax			
Retail	(0.3)	(124.8)	(125.1)
Wholesale	31.4	0.7	32.1
Central costs	(72.9)	(1.0)	(73.9)
Total (loss)/profit before tax	(41.8)	(125.1)	(166.9)

* Adjusted is defined as reported results before adjusting items and is further explained in note 36.

Revenue from external customers in the UK and the total revenue from external customers from other countries are:

	Group	
	2021 £m	2020 £m
External revenue – UK	**197.5**	254.5
External revenue – Europe	**283.5**	346.7
External revenue – Rest of World	**75.1**	103.2
Total external revenue	**556.1**	704.4

For all channels the geographic territories have been aligned to the internal management operational structure. In the prior year Russia and Ukraine were included within Europe. In 2021 these territories have been reallocated to Rest of World in line with the internal management structure. To ensure consistent comparatives, this methodology has been applied retrospectively to 2020.

The total of non-current assets, other than deferred tax assets, located in the UK is £68.9m (2020: £84.5m), and the total of non-current assets located in other countries is £93.6m (2020: £123.6m).

5. Selling, general and administrative expenses

	Group	
	2021 £m	2020 £m
Staff costs (note 7)	**81.9**	103.3
Short-term and variable rent payments net of lease incentives and waivers	**3.9**	2.4
Depreciation and amortisation	**53.4**	87.2
Store impairment charges and reversals of property, plant and equipment, right-of-use assets and intangibles	**10.7**	139.1
Non-store intangible asset impairments	**2.1**	–
Restructuring, strategic change and other costs	**1.0**	1.9
IFRS 16 Covid-19 rent concessions	**4.0**	–
Onerous property related contracts charge/(credit)	**5.1**	(12.0)
Other (including logistics costs, marketing, rates and service charges)	**178.9**	217.2
Total selling, general and administrative expenses	**341.0**	539.1

Staff costs for 2020 include a credit of £0.4m which does not relate to employee expenses for the purpose of note 7. Government grants for furlough support are netted off against staff costs, see note 37.

6. Adjusting items

The below adjustments are disclosed separately in the Group statement of comprehensive income and are applied to the reported loss before tax to arrive at the adjusted loss before tax. Further information about the determination of adjusting items in financial year 2021 is included in note 36.

	Group	
	2021 £m	2020 £m
Adjusting items		
Unrealised (loss)/gain on financial derivatives	**(4.7)**	1.9
Net store asset impairment charges and reversals, and onerous property related contracts provision	**(15.8)**	(124.8)
Non-store intangible asset impairments	**(2.1)**	–
Restructuring, strategic change and other costs	**(1.0)**	(1.9)
IFRS 2 charge on Founder Share Plan (note 9)	**(0.5)**	(0.3)
Total adjusting items	**(24.1)**	(125.1)
Taxation		
Tax impact of adjusting items (note 14)	**–**	0.1
Deferred tax on adjusting items (note 22)	**3.9**	17.3
Total taxation	**3.9**	17.4
Total adjusting items after tax	**(20.2)**	(107.7)

Adjusting items before tax in the period totalled a charge of £24.1m in the year (2020: £125.1m charge).

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.

The prior period review, performed following the downgraded forecast in the medium-term plan driven by Covid-19, identified stores which were either unprofitable, at risk of becoming unprofitable over time, or where anticipated future performance would not support the carrying value of assets. The overall costs charged to the 2020 Group statement of comprehensive income of non-cash impairments were £136.8m, affecting around 177 stores. In addition, the reassessment of the onerous property related contracts provision resulted in a release of £12.0m, affecting around 35 stores. There were no releases of impairment provisions against specific stores in the prior year.

6. Adjusting items continued

A subsequent review was performed in the current period, resulting from the continuing impact of the Covid-19 pandemic on trading performance across the store portfolio. This identified the need for an additional charge to the Group statement of comprehensive income for non-cash impairments of £22.8m, affecting 125 stores. Additionally, there is a non-cash credit of £12.1m in the Group statement of comprehensive income for the reversal of impairments that were recognised in previous periods, where revised future cash flow projections now support the carrying value of 52 stores. This includes a £5.6m impairment reversal for the Regent Street store. The total net impairment of £10.7m 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 155 to 157.

A reassessment was also performed on the onerous property related contracts provision, resulting in a charge of £5.1m, affecting around 30 stores. Onerous property related contracts provisions are no longer recognised on rental expenses, following the transition to IFRS 16. 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 155 to 157.

Intangible asset impairments

The Group has recognised impairment charges in the period for website and software intangible assets. A review was performed during the period over website and software intangible assets which are likely to be replaced or upgraded in the foreseeable future, leading to an impairment of £2.1m. This is considered to be an adjusting item due to the one-off nature of this review.

Restructuring, strategic change and other costs

Adjusting items include £1.4m (2020: £nil) resulting from the restructuring programme announced in the FY20 Group Annual Report. This restructuring included redundancies in order to make the Group fit for the future. The Directors consider these to be adjusting items due to their one-off nature.

During the prior year, the Board and the Executive Committee reviewed the long-term business plan for the Trendy & Superdry Holding Limited joint venture. Following discussions with the joint venture partner and considering the challenging retail environment due to Covid-19, both parties agreed to end the relationship. Costs for the wind-up of the business totalling £1.5m were accrued for in 2020; these were adjusting items based on the one-off nature of this decision. A credit of £0.4m has been recognised in the current year for unutilised accrued amounts.

Unrealised gain/(loss) on financial derivatives

A £4.7m charge has been recognised within adjusting items in respect of the fair value movement in financial derivatives (2020: £1.9m credit), which has been driven primarily by the timing of derivatives and the strong Sterling position against the US Dollar at the year-end, and its impact on forward currency contracts, buying US Dollar with Sterling or selling Euro for Sterling (see notes 34 and 36 for further details).

IFRS 2 charge on Founder Share Plan

The IFRS 2 charge of £0.5m (2020: £0.3m) in respect of the Founder Share Plan is also included within adjusting items (see notes 9 and 36 for further details).

Tax on adjusting items

The net tax credit on adjusting items totals £3.9m (2020: £17.4m credit). An adjusting tax credit of £1.4m (2020: £16.7m credit) arises as a result of impairments to the right-of-use assets, a £0.3m adjusting tax credit (2020: £1.5m credit) as a result of impairments to property, plant and equipment at the balance sheet date, and an adjusting tax credit of £2.2m (2020: £0.8m charge) arises in connection with movements on the derivative contracts and an updated onerous lease review.

7. Employee expense

	Group 2021 £m	Group 2020 £m	Company 2021 £m	Company 2020 £m
Wages and salaries	**69.0**	89.1	**11.3**	12.1
Social security costs	**9.4**	11.1	**1.5**	1.7
Share awards charge	**1.3**	1.2	**0.5**	0.2
Pension costs – defined contribution scheme	**2.2**	2.3	**0.4**	0.5
Total employee expense	**81.9**	103.7	**13.7**	14.5

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 37.

When compared to note 5, the 2020 total employee expense did not include £0.4m which had been credited within adjusting items.

The closing pension creditor for the Group is £0.5m (2020: £0.4m).

The average monthly number of full-time equivalent employees, including Directors on a service contract, are as follows:

	Group 2021 No.	Group 2020 No.	Company 2021 No.	Company 2020 No.
Administration	**674**	722	**197**	208
Retail	**2,148**	2,494	**57**	77
Total average headcount	**2,822**	3,216	**254**	285

Directors' remuneration is detailed in the Directors' Remuneration Report on pages 104 to 123.

Remuneration of Key Management Personnel, being the Executive Directors, Chief Marketing Officer, Chief Operating Officer, Creative Director, Group General Counsel & Company Secretary, Group HR Director, Logistics and Business Transformation Director, Global Sourcing and Sustainability Director, Merchandising Director, Group Retail Director and Group Wholesale Director, is recorded in the Group statement of comprehensive income. This excludes payments to the Interim Chief Financial Officer during the year. Remuneration of the key members of management is as follows:

	Group 2021 £m	Group 2020 £m
Short-term employee benefits	**3.3**	3.1
Post-employment benefits	**0.3**	0.3
Share-based payments	**0.3**	0.5
Payment for loss of office	**0.1**	–
Total remuneration of Key Management Personnel	**4.0**	3.9

The total amounts for Directors' remuneration in accordance with Schedule 5 to the Accounting Regulations were as follows:

	Group 2021 £m	Group 2020 £m
Short-term employee benefits	**1.1**	1.4
Share-based payments	**–**	–
Money purchase pension contributions	**0.1**	0.1
Total aggregate Directors' remuneration	**1.2**	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			
	2021 Number of shares	**2021 Weighted average exercise price**	2020 Number of shares	2020 Weighted average exercise price
At start of the period	**1,365,690**	**–**	684,868	–
Granted	**2,158,592**	**–**	1,026,040	–
Exercised	**–**	**–**	–	–
Forfeited	**(544,644)**	**–**	(176,041)	–
Cancelled	**(160,940)**	**–**	(169,177)	–
Total number of outstanding share awards at end of the period	**2,818,698**	**–**	1,365,690	–

None of the share awards were exercisable at the period end date (2020: nil).

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

	Group and Company		
Grant date	Type of award	Number of shares	Vesting period
October 2020	Restricted share award	1,491,157	3 years
October 2020	Restricted share award	667,435	2 years

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 £3.8m (2020: £2.9m), determined using the modified grant-date method. 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 were determined at the grant date using a Black-Scholes pricing model.

A charge of £1.0m (2020: £0.5m) 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 24 April 2021 had a weighted average remaining contractual life of 23 months (2020: 15 months); these shares have an exercise price of £nil (2020: £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 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 granted under the PSP during the year 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 2020	Cash-settled restricted share award	286,951	2 years	1.75	2.87

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

	Group and Company	
	2021 Number of shares	2020 Number of shares
At start of the period	**–**	–
Granted	**286,951**	–
Forfeited	**(25,793)**	–
Total number of outstanding share awards at end of the period	**261,158**	–

None of the share awards were exercisable at the period end date (2020: 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 (2020: £2.9m) and has been remeasured to £0.7m (2020: £nil) 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 £0.2m (2020: £nil) 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. No charge (2020: no charge) 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 31,032 shares (2020: 15,540 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 2021 for these awards is £0.1m (2020: £0.4m).

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 over the course of the current year.

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 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 are as follows:

Share-settled element – Senior management

- 50% – 31 January 2021
- 50% – 31 January 2022

Cash and share-settled elements – All other colleagues

- 50% – 31 January 2021
- 50% – 31 July 2021

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 will accrue over five financial periods in line with the original vesting period, up until financial year 2022.

A charge of £0.5m (2020: £0.3m) 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 number still in issue as at 24 April 2021 is 2,651,638, although none of these have met the vesting criteria. These options have a nil exercise price.

10. Auditor remuneration

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

	Group	
	2021 £'000	2020 £'000
Audit services		
Fees payable to the Company's auditor for the audit of the Company and the consolidated financial statements	**2,350**	1,500
The audit of the Company's subsidiaries pursuant to legislation	**150**	250
Total audit fees payable to the Company's auditor and its associates	**2,500**	1,750
Fees payable to the Company's auditor and its associates for other services		
Audit-related assurance services – interim review	**–**	200
All other services	**–**	–
Total fees payable to the Company's auditor and its associates for other services	**–**	200
Total auditor's remuneration	**2,500**	1,950

11. Other gains and losses (net)

	Group 2021 £m	2020 £m
Unrealised fair value (loss)/gain on foreign exchange forward contracts	**(4.7)**	1.9
Royalty income	**4.2**	7.2
Lease modifications and terminations	**14.3**	–
Other income	**0.8**	1.9
Total other gains and losses	**14.6**	11.0

The unrealised fair value loss on foreign exchange forward contracts of £4.7m (2020: £1.9m gain) has been treated as an adjusting item, see note 6.

Royalty income relates to wholesale royalty agreements, see note 1f 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. This represents non-cash movements under IFRS 16. See note 1i for further detail.

12. Operating (loss)/profit

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

	Group 2021 £m	2020 £m
Depreciation on property, plant and equipment – owned (note 18)	**15.5**	23.5
Depreciation on right-of-use assets (note 30)	**27.3**	55.0
Depreciation on deferred liability	**(0.4)**	(0.4)
Loss on disposal of property, plant and equipment (note 18)	**0.1**	0.2
Amortisation of intangible assets (note 19)	**11.0**	8.7
Impairment charges and reversals of property, plant and equipment and right-of-use assets (note 5)	**10.7**	138.7
Impairment of intangibles (note 5)	**2.1**	0.4
Restructuring, strategic change and other property costs (note 5)	**1.0**	1.9
Cost of inventories recognised as an expense	**240.5**	300.5
Net impairment of inventories included in the above figure (note 23)	**2.3**	–
Short-term and variable rent payments net of lease incentives and waivers (note 5)	**3.9**	2.4
Onerous property related contracts charge (note 5)	**5.1**	(12.0)
Government grants including furlough, gross of provision (note 37)	**11.7**	2.9
Covid-19 rent concessions	**4.0**	–
Impairment credit/(loss) on trade receivables (note 24)	**3.8**	(9.2)
Net foreign exchange (gain)/loss	**(0.5)**	2.2

The above Group operating profit/(loss) includes £13.4m (2020: £10.2m) of depreciation savings on property, plant and equipment and intangible assets, and £4.2m (2020: £6.5m) of onerous contract provision utilisation.

13. Finance income and expense

	Group 2021 £m	2020 £m
Bank interest	**–**	0.2
Total finance income	**–**	0.2
Bank interest	**(1.7)**	(2.0)
Interest on lease liabilities	**(5.5)**	(5.7)
Total finance expense	**(7.2)**	(7.7)

14. Tax expense

The tax expense comprises:

	Group 2021 £m	Group 2020 £m
Current tax		
• UK corporation tax charge for the period	**–**	–
• Adjustment in respect of prior periods	**(0.9)**	(6.1)
• Overseas tax	**0.8**	1.8
Adjusting tax (credit)/expense	**–**	(0.1)
Total current tax (credit)/expense	**(0.1)**	(4.4)
Deferred tax		
• Origination and reversal of temporary differences	**7.9**	(1.0)
• Deferred tax asset movements in respect of tax losses	**(7.7)**	(5.8)
• Adjustment in respect of prior periods	**3.2**	5.0
Adjusting tax (credit)/expense	**(3.9)**	(17.3)
Total deferred tax (credit)/expense	**(0.5)**	(19.1)
Total tax (credit)/expense	**(0.6)**	(23.5)

The tax credit on adjusted loss is £0.1m (2020: £4.4m credit). The net tax credit on adjusting items totals £3.9m (2020: £17.4m tax credit), which includes a prior period charge of £0.4m.

An adjusting tax credit of £1.4m arises as a result of impairments to the right-of-use asset values, a £0.3m adjusting tax credit as a result of impairments to property, plant and equipment, at the balance sheet date and an adjusting tax credit of £2.2m arises in connection with movements on the derivative contracts and an updated onerous lease review.

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

	Group 2021 £m	Group 2020 £m
(Loss)/profit before tax	**(36.7)**	(166.9)
(Loss)/profit multiplied by the standard rate in the UK – 19.0% (2020: 19.0%)	**(7.0)**	(31.7)
Uncertain tax position	**1.3**	–
Permanent differences	**0.8**	1.2
Overseas tax differentials	**(1.0)**	(10.9)
Deferred tax not recognised	**2.4**	19.6
Change in overseas tax rates	**–**	–
Effect of tax rate changes	**0.2**	(0.6)
Adjustment in respect of prior periods	**2.7**	(1.1)
Total tax (credit)/expense excluding adjusting items	**(0.6)**	(23.5)

The Group's tax credit on adjusted losses of £3.3m (2020: £6.1m loss) represents an effective tax rate of 26.2% (2020: 14.6%) and the Group's tax credit on adjusting losses of £3.9m (2020: £17.4m loss) represents an effective tax rate of 16.2% (2020: 13.9%). Taken together the Group's tax credit of £0.6m (2020: £23.5m credit) represents a total effective tax rate of 1.6% (2020: 14.1%) for the period ended 24 April 2021. The Group's total effective tax rate of 1.6% is lower than the statutory rate of tax of 19%.

This is primarily due to the level of overseas losses in relation to which no tax benefit has been recognised, movements in amounts recognised in respect of leases, and the creation of a provision for uncertain tax positions.

Post 24 April 2021, Finance Bill 2021 substantively enacted provisions to increase the main rate of UK corporation tax to 25% from 1 April 2023. This was not enacted on the balance sheet date, 24 April 2021. Deferred tax balances relating to the UK as at 24 April 2021 have been measured at a rate of 19%. If we were to restate the deferred tax assets at 24 April 2021 using the 25% future rate, the maximum potential impact would be an increase to the deferred tax asset recognised by c.£12.8m.

15. Loss attributable to Superdry plc

The loss after tax for the 52 weeks ended 24 April 2021 for the Company was £12.6m (52 weeks ended 25 April 2020: loss of £148.0m). There was a credit to equity reserve of £1.6m (2020: £1.2m 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 24 April 2021 were £61.3m (2020: £72.2m).

16. Earnings per share

	Group	
	2021 £m	2020 £m
Earnings		
Loss for the period attributable to owners of the Company	**(36.1)**	(143.4)
	No.	No.
Number of shares at year-end	**82,041,820**	82,010,788
Weighted average number of ordinary shares – basic	**82,028,188**	82,001,955
Effect of dilutive options and contingent shares	**–**	387,495
Weighted average number of ordinary shares – diluted	**82,028,188**	82,389,450
Basic earnings per share (pence)	**(44.0)**	(174.9)
Diluted earnings per share (pence)	**(44.0)**	(174.1)

Adjusted earnings per share

	Group	
	2021 £m	2020 £m
Earnings		
Adjusted (loss)/profit for the period attributable to the owners of the Company	**(15.9)**	(35.7)
	No.	No.
Weighted average number of ordinary shares – basic	**82,028,188**	82,001,955
Weighted average number of ordinary shares – diluted	**82,028,188**	82,389,450
Adjusted basic earnings per share (pence)	**(19.4)**	(43.5)
Adjusted diluted earnings per share (pence)	**(19.4)**	(43.3)

As at 24 April 2021, 1,528,214 other share options were outstanding that could potentially dilute basic EPS in the future but were not included in the calculation of diluted EPS as they are antidilutive for the periods presented. There is no dilutive effect from the FSP scheme (note 9).

Due to the loss-making position of the Group at the year end, all potential ordinary shares are antidilutive.

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

17. Dividends

	Group and Company	
	2021 £m	2020 £m
Equity – ordinary shares		
Interim for the 52 weeks to 24 April 2021 – nil (2020: 2.0p per share)	**–**	1.6
Final dividend for the 52 weeks to 25 April 2020 – nil (2020: 2.2p per share)	**–**	1.8
Total dividends paid	**–**	3.4

Given the ongoing uncertainty 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 2021.

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 24 April 2021					
Cost					
At 26 April 2020	**5.3**	**213.5**	**66.4**	**30.1**	**315.3**
Exchange differences	**–**	**(2.6)**	**(0.8)**	**(0.3)**	**(3.7)**
Additions	**–**	**2.3**	**3.5**	**1.0**	**6.8**
Disposals	**–**	**(8.3)**	**(2.0)**	**(0.2)**	**(10.5)**
At 24 April 2021	**5.3**	**204.9**	**67.1**	**30.6**	**307.9**
Accumulated depreciation and impairments					
At 26 April 2020	**1.0**	**190.1**	**55.2**	**27.3**	**273.6**
Exchange differences	**–**	**(2.4)**	**(0.8)**	**(0.3)**	**(3.5)**
Disposals	**–**	**(8.2)**	**(2.0)**	**(0.2)**	**(10.4)**
Depreciation charge	**0.1**	**9.5**	**5.1**	**0.8**	**15.5**
Net impairment charges and reversals	**–**	**2.8**	**0.5**	**–**	**3.3**
At 24 April 2021	**1.1**	**191.8**	**58.0**	**27.6**	**278.5**
Net book value at 24 April 2021	**4.2**	**13.1**	**9.1**	**3.0**	**29.4**

The above property, plant and equipment net impairment movement of £3.3m constitutes part of the total net impairment of £10.7m in 2021 (2020: £136.8m) 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 the year.

	Group				
	Land and buildings £m	Leasehold improvements £m	Furniture, fixtures and fittings £m	Computer equipment £m	Total £m
52 weeks ended 25 April 2020					
Cost					
At 28 April 2019	5.3	212.5	63.6	27.8	309.2
Exchange differences	–	2.2	0.5	0.2	2.9
Additions	–	1.6	2.7	2.2	6.5
Disposals	–	(2.8)	(0.4)	(0.1)	(3.3)
Reclassified as held for sale	–	–	–	–	–
At 25 April 2020	5.3	213.5	66.4	30.1	315.3
Accumulated depreciation and impairments					
At 28 April 2019	0.5	164.7	46.3	23.6	235.1
Exchange differences	–	1.6	0.4	0.2	2.2
Depreciation charge	0.1	13.3	6.7	3.4	23.5
Net impairment charges and reversals	0.4	13.1	2.2	0.2	15.9
Disposals	–	(2.6)	(0.4)	(0.1)	(3.1)
At 25 April 2020	1.0	190.1	55.2	27.3	273.6
Net book value at 25 April 2020	4.3	23.4	11.2	2.8	41.7

Of the above impairment of £15.9m, £15.5m constitutes part of the total impairment of £136.8m in 2020 and relates to an impairment review performed on retail store assets; for further details on this please see note 2. This impairment has been included within adjusting expenses in the year. The remaining £0.4m relates to impairment of land during the year as a result of a revaluation triggered by the land sale in 2019. This land impairment has been included within adjusted expenses in the year as the disposal was undertaken through the normal course of business.

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 24 April 2021					
Cost					
At 26 April 2020	**1.9**	**11.0**	**3.8**	**18.5**	**35.2**
Additions	**–**	**0.2**	**1.1**	**1.2**	**2.5**
Disposals	**–**	**(1.3)**	**(0.4)**	**–**	**(1.7)**
At 24 April 2021	**1.9**	**9.9**	**4.5**	**19.7**	**36.0**
Accumulated depreciation					
At 26 April 2020	**0.5**	**9.0**	**2.8**	**17.7**	**30.0**
Depreciation charge	**–**	**0.8**	**0.4**	**0.3**	**1.5**
Disposals	**–**	**(0.8)**	**(0.3)**	**–**	**(1.1)**
Net impairment charges and reversals	**–**	**0.1**	**–**	**–**	**0.1**
At 24 April 2021	**0.5**	**9.1**	**2.9**	**18.0**	**30.5**
Net book value at 24 April 2021	**1.4**	**0.8**	**1.6**	**1.7**	**5.5**

	Company				
	Land and buildings £m	Leasehold improvements £m	Furniture, fixtures and fittings £m	Computer equipment £m	Total £m
52 weeks ended 25 April 2020					
Cost					
At 28 April 2019	1.5	10.7	3.7	17.3	33.2
Exchange difference	–	0.1	–	–	0.1
Additions	0.4	0.3	0.1	1.2	2.0
Disposals	–	(0.1)	–	–	(0.1)
At 25 April 2020	1.9	11.0	3.8	18.5	35.2
Accumulated depreciation					
At 28 April 2019	–	7.1	2.3	15.6	25.0
Depreciation charge	0.1	1.4	0.5	2.1	4.1
Net impairment charges and reversals	0.4	0.5	–	–	0.9
At 25 April 2020	0.5	9.0	2.8	17.7	30.0
Net book value at 25 April 2020	1.4	2.0	1.0	0.8	5.2

19. Intangible assets

	Group					
	Trademarks £m	Website and software £m	Lease premiums £m	Distribution agreements £m	Goodwill £m	Total £m
52 weeks ended 24 April 2021						
Cost						
At 26 April 2020	**4.3**	**54.2**	**14.3**	**15.7**	**21.5**	**110.0**
Exchange differences	**–**	**–**	**–**	**(0.8)**	**–**	**(0.8)**
Additions	**1.0**	**6.0**	**–**	**–**	**–**	**7.0**
Disposals	**–**	**–**	**(0.1)**	**–**	**–**	**(0.1)**
At 24 April 2021	**5.3**	**60.2**	**14.2**	**14.9**	**21.5**	**116.1**
Accumulated amortisation						
At 26 April 2020	**2.9**	**31.1**	**14.3**	**13.3**	**–**	**61.6**
Exchange differences	**–**	**–**	**–**	**(0.2)**	**–**	**(0.2)**
Amortisation charge	**0.4**	**10.3**	**–**	**0.3**	**–**	**11.0**
Impairment charges	**–**	**2.1**	**–**	**–**	**–**	**2.1**
Disposals	**–**	**–**	**(0.1)**	**–**	**–**	**(0.1)**
At 24 April 2021	**3.3**	**43.5**	**14.2**	**13.4**	**–**	**74.4**
Net book value at 24 April 2021	**2.0**	**16.7**	**–**	**1.5**	**21.5**	**41.7**

The above impairment charge of £2.1m relates to an impairment review performed on website and software assets. For further details on this please see notes 2 and 6. This impairment has been included within adjusting items in the year.

	Group					
	Trademarks £m	Website and software £m	Lease premiums £m	Distribution agreements £m	Goodwill £m	Total £m
52 weeks ended 25 April 2020						
Cost						
At 28 April 2019	3.8	47.5	15.9	15.4	21.2	103.8
Reclassified under transition to IFRS 16	–	–	(1.6)	–	–	(1.6)
Exchange differences	–	–	–	0.3	0.3	0.6
Additions	0.5	6.7	–	–	–	7.2
At 25 April 2020	4.3	54.2	14.3	15.7	21.5	110.0
Accumulated amortisation						
At 28 April 2019	2.5	23.4	13.9	12.5	–	52.3
Exchange differences	–	–	–	0.2	–	0.2
Amortisation charge	0.4	7.7	–	0.6	–	8.7
Impairments	–	–	0.4	–	–	0.4
At 25 April 2020	2.9	31.1	14.3	13.3	–	61.6
Net book value at 25 April 2020	1.4	23.1	–	2.4	21.5	48.4

19. Intangible assets continued

	Company		
	Trademarks £m	Website and software £m	Total £m
52 weeks ended 24 April 2021			
Cost			
At 26 April 2020	**0.7**	**40.6**	**41.3**
Additions	**0.1**	**2.2**	**2.3**
At 24 April 2021	**0.8**	**42.8**	**43.6**
Accumulated amortisation			
At 26 April 2020	**0.2**	**24.8**	**25.0**
Amortisation charge	**0.1**	**7.0**	**7.1**
Impairment charges	**–**	**1.6**	**1.6**
At 24 April 2021	**0.3**	**33.4**	**33.7**
Net book value at 24 April 2021	**0.5**	**9.4**	**9.9**

	Company		
	Trademarks £m	Website and software £m	Total £m
52 weeks ended 25 April 2020			
Cost			
At 28 April 2019	0.6	35.9	36.5
Additions	0.1	4.7	4.8
At 25 April 2020	0.7	40.6	41.3
Accumulated amortisation			
At 28 April 2019	0.1	19.4	19.5
Amortisation charge	0.1	5.4	5.5
At 25 April 2020	0.2	24.8	25.0
Net book value at 25 April 2020	0.5	15.8	16.3

Amortisation of intangible assets is included within selling, general and administrative expenses in the Group statement of comprehensive income.

Impairment of goodwill

Goodwill of £21.5m is split between the Group's operating segments as £14.3m for Wholesale, £4.7m for Ecommerce and £2.5m for Stores.

The operating segments of the Group were revised during the reporting period, as disclosed in note 4. The goodwill balance at 25 April 2020 of £21.5m was previously split into £14.3m for Wholesale and £7.2m for Retail; this is equivalent to £14.3m for Wholesale, £3.6m for Ecommerce and £3.6m for Stores under the revised reporting structure. The reallocation within the affected unit was performed using a relative value approach.

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.

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.

19. Intangible assets continued

Key assumptions

In determining the recoverable amount, it is necessary to make a series of assumptions to estimate the present value of future cash flows. In each case, these key assumptions have been made by management reflecting 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 11.6% (2020: 10.1%) is derived from the Group's post-tax weighted average cost of capital of 10.9% (2020: 9.8%).

Operating cash flows

The key assumptions within the forecast operating cash flows include the growth rates in both sales and gross profit margins, changes in the operating cost base 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.

Long-term growth rates

To forecast beyond the Group's medium-term plan, long-term average growth rates ranging from 0% to 2.0% (2020: 2.2%) have been used. The recoverable amount of each subsidiary 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 2.0% (2020: additional five years at 2.1%).

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. A sensitivity analysis as to potential changes in key assumptions has been performed, using a version of the medium-term financial plan adjusted for the reverse stress test scenario referred to in the Viability Statement in the CFO Review on page 83. The present values of the future cash flows of the Stores, Ecommerce and Wholesale CGUs are significant and are insensitive to any reasonably possible changes to key assumptions.

20. Investments

52 weeks ended 24 April 2021	Company 24 April 2021 £m	 25 April 2020 £m
Cost		
At 26 April 2020	**467.5**	463.0
Additions	**4.5**	4.5
At 24 April 2021	**472.0**	467.5
Provision for impairment		
At 26 April 2020	**210.0**	51.3
Write-downs	**1.6**	158.7
At 24 April 2021	**211.6**	210.0
Net balance sheet amount at 24 April 2021	**260.4**	257.5

The total net book value of investments is £260.4m (2020: £257.5m). During 2021, an investment of £3.1m was made in SuperGroup Sweden AB as a capital injection. An addition of £1.4m (2020: £0.3m) 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 £25.2m (2020: £26.5m) and an impairment charge of £1.6m (2020: £158.7m) on the Group's investment in subsidiary undertakings has been recognised. The loss allowance is based on the calculated NPV of the subsidiary compared to 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 four years.

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 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 2.0% (adjusting for any intercompany impairment as explained in note 24). This recoverable amount is calculated using a value in use model based on the discounted cash flows. The recoverable amount is compared to the investment carrying value and any difference recorded as impairment.

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 12.6% to 15.1% (2020: 9.5% to 11.5%) and are derived from the Group's post-tax WACC which range from 10.0% to 11.6% (2020: 9.4% to 11.4%).

This review has led to an impairment of £1.6m being recognised in the Stores segment for subsidiaries, being a £1.2m impairment of SuperGroup Sweden AB and £0.4m impairment of C-Retail Limited. An equivalent review was performed in the prior reporting period, which resulted in an impairment of £41.0m being recognised in respect of subsidiaries in the Stores segment, £59.9m in respect of subsidiaries in the Ecommerce segment and £57.8m in respect of subsidiaries in the Wholesale segment. No circumstances in the current year support the previously recognised impairment being reversed.

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	2021 % 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)	Clothing retailer in concessions	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	Hong Kong	**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 Nordic and Baltics A/S[1]	Denmark wholesale agent	Denmark	**100**
SD 1 Aps	Clothing retailer in Denmark	Denmark	**100**
SD 2 Aps	Dormant	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 24 April 2021. 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 24 April 2021. 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	24 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 24 April 2021, the carrying value of the investment in Trendy & Superdry Holding Limited and Horace SARL was £nil. Under equity accounting, no charge was recognised in the financial statements in respect of the Group's share of the joint venture losses in the year, as the opening investment asset was £nil.

Trendy & Superdry Holding Limited operates in China through its wholly owned subsidiaries, Tianjin Trendy SuperGroup Clothing Sales Co. Ltd and Tianjin Trendy SuperGroup Commercial Co. Ltd, who act as clothing retailers and wholesale distributors.

During the prior year, the Board and the Executive Committee reviewed the long-term business plan for the Trendy & Superdry Holding Limited joint venture. Following discussions with the joint venture partner and considering the challenging retail environment due to Covid-19, both parties agreed to end the relationship. As such, the wholly owned subsidiaries have ceased trading and the entities are currently in the process of being liquidated. A portion of the exit fee accrual has been released in the current year (£0.4m), representing the latest estimated view of exit fees.

The below table outlines the closing net assets in relation to the joint ventures held:

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020s £m
Opening net assets	**–**	–	**–**	–
Investment in the period	**–**	–	**–**	–
Impairment of investment	**–**	–	**–**	–
Closing net assets	**–**	–	**–**	–

Long-term loan to joint venture

The loans advanced by Superdry plc to the trading subsidiaries of Trendy & Superdry Holding Limited have a term of three years and interest accrues at 5% per annum.

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Opening loan balance	**–**	–	**–**	–
Closing loan balance	**–**	–	**–**	–

The loan balances were impaired in 2019 under IFRS 9 to reflect the uncertainty of the timeline for repayment of the joint venture loans. This loan was deemed to be credit impaired and was therefore categorised as level 3 in the impairment model. The loans remain fully impaired at the reporting date.

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 104 to 123.

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 104 to 123, there is no material indebtedness owed to or by the Company or the Group to any employee or any other person or entity considered to be a related party.

During the reporting period, the Group has spent £0.1m (2020: £0.1m) on travel and subsistence through companies in which Julian Dunkerton has a personal investment. The balance outstanding at 24 April 2021 was £nil (2020: £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. The properties are rented to the Group at a rate that is not on an arm's-length basis. Rental charges for these properties during the year were £0.1m (2020: £0.1m). The balance outstanding at 24 April 2021 was £nil (2020: £nil).

Company transactions with subsidiaries

The Company has made management charges and has intercompany receivable balances included within trade and other receivables as follows:

	Management charges		Intercompany payables		Intercompany receivables	
	2021 £m	2020 £m	Balance sheet 24 April 2021 £m	Balance sheet 25 April 2020 £m	**Balance sheet 24 April 2021 £m**	Balance sheet 25 April 2020 £m
C-Retail Limited	**4.6**	8.2	**(50.7)**	(49.2)	**59.3**	18.8
DKH Retail Limited	**18.0**	16.6	**(180.8)**	(153.2)	**52.2**	46.7
Superdry France SARL	**1.1**	1.1	**2.4**	2.3	**0.6**	1.4
Superdry Germany GmbH	**2.1**	2.6	**0.4**	0.6	**3.1**	4.7
SuperGroup Concessions Limited	**–**	–	**(2.6)**	(2.1)	**–**	(0.4)
SuperGroup Internet Limited	**16.2**	8.9	**(46.8)**	(46.4)	**43.9**	22.2
SuperGroup Retail Ireland Limited	**0.4**	0.6	**–**	–	**0.2**	0.8
SuperGroup Retail Spain S.L.U.	**0.3**	0.4	**–**	–	**1.0**	0.7
SuperGroup Europe BVBA	**0.8**	0.9	**1.7**	–	**3.3**	2.5
SuperGroup Netherlands BV & SuperGroup Netherlands Retail BV	**0.5**	0.7	**6.4**	(0.2)	**6.1**	1.9
Superdry Nordic and Baltics A/S	**–**	–	**–**	–	**0.7**	1.0
Superdry Retail LLC	**2.8**	3.1	**6.0**	(0.4)	**2.5**	–
Superdry Wholesale LLC	**0.5**	0.5	**6.4**	(0.4)	**29.5**	31.9
Superdry Retail Sweden AB	**–**	–	**(3.6)**	2.6	**–**	–

The above intercompany receivable amounts are disclosed net of impairment charges.

In addition, loan interest of £0.2m (2020: £0.2m) has been charged to Superdry Retail LLC, £0.6m (2020: £0.2m) of loan interest to Superdry Wholesale LLC and £nil (2020: £0.1m) 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 25 April 2020	5.7	7.8	9.1	8.3	(0.8)	–	23.2	–	53.3
Credited/(charged) to the Group statement of comprehensive income – adjusted	(0.2)	(2.5)	6.6	(0.6)	0.1	–	(5.8)	(1.0)	(3.4)
Credited/(charged) to the Group statement of comprehensive income – adjusting items	0.5	–	1.3	–	–	0.8	1.3	–	3.9
At 24 April 2021	6.0	5.3	17.0	7.7	(0.7)	0.8	18.7	(1.0)	53.8

* £3.3m of the £5.3m deferred tax asset on temporary differences arises in respect of provisions for unrealised profits on consolidation. 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.

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.

All but an immaterial portion of the deferred tax asset has been recognised in respect of jurisdictions which have suffered losses in either or both the current or prior year, primarily due to the impact of the Covid-19 pandemic.

The value of deferred tax assets recognised per jurisdiction is set out below.

	Deferred tax asset recognised	
Jurisdiction	**2021 £'000**	2020 £'000
UK	**40.3**	31.4
Germany	**9.7**	17.1
Other	**3.8**	4.8
Total	**53.8**	53.3

Deferred tax assets are recognised only 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. The forecasts are based on the Group's medium-term financial plan, extrapolated for a further five years using long-term growth rates that are indicative of country-specific rates.

In assessing the probability of suitable future taxable profits outside the UK the Group has taken into account the existence of limited risk distributor contracts with certain of its European retail subsidiaries. No deferred tax asset has been recognised for the Group's US subsidiaries. Despite forecasting a return to profitability for Supergroup USA, the Group's US subsidiaries do not have a record of profitability in recent years and the US subsidiaries are exposed to a greater degree of operational and economic risk at a company level than the Group's European retail subsidiaries, which function as limited risk distributors.

There are unrecognised deferred tax assets of £37.0m at the balance sheet date (2020: £42.7m), of which £25.1m (2020: £20.2m) relate to US operations and £11.4m (2020: £16.7m) relate to temporary differences on leases. Of the unrecognised deferred tax assets attributable to US operations, £7.6m relates to losses which accrued in the periods to 29 April 2017. US tax losses arising in periods ending prior to 31 December 2017 have an expiration period of 20 years.

22. Deferred tax assets and liabilities continued

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 25 April 2020	1.8	0.1	0.1	–	–	2.0
Credited/(charged) to the Group statement of comprehensive income – adjusted	(0.8)	(0.1)	3.6	–	–	2.7
Credited/(charged) to the Group statement of comprehensive income – adjusting items	–	–	–	–	–	–
At 24 April 2021	1.0	–	3.7	–	–	4.7

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. In the past two years, the Group has experienced an already challenging retail environment, exacerbated by the business disruption caused by the global Covid-19 pandemic.

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 IAS 12, with due consideration to guidance contained within IFRIC 23.

	Group	
52 weeks ended 24 April 2021	**24 April 2021 £m**	25 April 2020 £m
Deferred tax liability	**3.0**	–
Deferred tax asset	**(2.0)**	–
Uncertain tax position – net deferred tax liability	**1.0**	–
Uncertain tax position – current tax liability	**0.3**	–
Uncertain tax position – total	**1.3**	–

23. Inventories

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Finished goods	**148.3**	158.7	**1.5**	2.3
Net inventories	**148.3**	158.7	**1.5**	2.3

Inventory write-downs for each period are as follows:

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
At start of period	**9.8**	4.8	**0.2**	0.1
Provision charge in the period	**6.1**	7.7	**–**	0.1
Unused amounts reversed	**(3.8)**	–	**–**	–
Utilised in period	**(3.0)**	(2.7)	**(0.2)**	–
At end of period	**9.1**	9.8	**–**	0.2

The net movement in the inventory provision, excluding utilised amounts, is £2.3m (2020: £7.7m).

24. Trade and other receivables

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Trade receivables	**62.2**	75.8	**–**	–
Less: allowance for expected credit losses	**(8.6)**	(14.6)	**–**	–
Net trade receivables	**53.6**	61.2	**–**	–
Other amounts due from related parties	**–**	–	**227.3**	278.6
Less: loss allowance for amounts due from related parties	**–**	–	**(25.2)**	(26.5)
Net amounts due from related parties	**–**	–	**202.1**	252.1
Taxation and social security	**9.1**	–	**1.6**	–
Other receivables	**20.9**	20.0	**1.2**	1.0
Prepayments	**8.5**	3.1	**5.4**	4.8
Rent deposits held by landlords	**10.2**	7.3	**–**	–
Total trade and other receivables	**102.3**	91.6	**210.3**	257.9

Prepayments for the Group include £nil (2020: £nil) of prepaid rent and rates.

The fair values of trade and other receivables are equal to their carrying value. The balances due from related parties are repayable on demand.

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 24 April 2021:

	Carrying amount £m	**Current £m**	**Overdue 1-30 days**	**Overdue 31-60 days**	**Overdue 60 days +**
Expected loss rate %	**13.7%**	**0.5%**	**20.1%**	**25.8%**	**76.1%**
Gross carrying amount – trade receivables	**62.2**	**43.2**	**7.8**	**3.4**	**7.8**
Loss allowance	**(8.6)**	**(0.2)**	**(1.6)**	**(0.9)**	**(5.9)**

24. Trade and other receivables continued

The table below shows the credit risk exposure on the Group's trade receivables at 25 April 2020:

	Carrying amount £m	Current £m	Overdue 1-30 days	Overdue 31-60 days	Overdue 60 days +
Expected loss rate %	19.3%	5.6%	6.2%	9.0%	71.8%
Gross carrying amount – trade receivables	75.8	36.6	15.8	8.4	15.0
Loss allowance	(14.6)	(2.0)	(1.0)	(0.8)	(10.8)

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.

The closing loss allowances for trade receivables as at 24 April 2021 reconciles to the opening loss allowances as follows:

	2021 £m	2020 £m
At start of period	**14.6**	5.4
Change in allowance, net of recoveries charged to the Group statement of comprehensive income	**–**	15.3
Receivables written off during the year as uncollectable, previously provided for	**(2.2)**	(6.1)
Unused loss allowance reversed	**(3.8)**	–
At end of period	**8.6**	14.6

The changes in the loss allowance for trade receivables has resulted in a net provision movement for the year of £6.0m (2020: £9.2m net impairment loss) as the provision associated with the debt written off has been utilised (£2.2m, 2020: £6.1m).

The individually impaired receivables relate wholly to the Wholesale segment except for the China joint venture impairment of receivables which is attributable to central costs. The other classes within trade and other receivables for the Group do not contain impaired assets.

Impairment of intercompany receivables – Company accounts

On 24 April 2021 net intercompany receivables of £99.4m are included in stage 3 of IFRS 9's general impairment model. 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 £26.5m. During 2021, there has been a release of £1.3m of the impairment of amounts due from related parties bringing the year-end balance within intercompany receivables that are classified as stage 3 to £25.2m. All other intercompany receivable amounts are classified as stage 1, and as such no material expected credit loss has been recognised on these.

The table below shows the credit risk exposure on the Company's receivables:

	2021 Carrying amount £m	2020 Carrying amount £m
Expected loss rate %	**11.1%**	9.8%
Gross carrying amount – receivables	**227.3**	269.1
Loss allowance	**(25.2)**	(26.5)

The decrease in the rate of expected credit losses has mainly been impacted due to releases in the provision for C-Retail Limited and Supergroup Internet Limited of £5.1m and £0.7m respectively. This is offset by increases in the provisions for Superdry Germany of £0.6m, Superdry France of £1.4m, Superdry Ireland of £1m and the US entities of £1.4m. The closing loss allowances for intercompany receivables as at 24 April 2021 reconcile to the opening loss allowances as follows:

	2021 £m	2020 £m
At start of period	**26.5**	44.2
Change in allowance, net of recoveries charged to the Group statement of comprehensive income	**(1.3)**	(17.7)
At end of period	**25.2**	26.5

25. Cash and bank balances

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Cash at bank and in hand	**38.9**	307.4	**0.9**	3.2
Total cash and cash balances	**38.9**	307.4	**0.9**	3.2

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 24 April 2021, the Group had £22.4m (2020: £285.3m) deposited with HSBC Bank plc, £0.7m (2020: £1.9m) deposited with Barclays Bank plc, £2.0m (2020: £1.6m) deposited with Santander UK plc, £5.7m (2020: £10.1m) deposited with BNP Paribas, £0.7m (2020: £1.7m) deposited with ING Bank, £0.2m (2020: £0.3m) deposited with Sydbank and £nil (2020: £0.6m) deposited with Banque Populaire Alsace Lorraine Champagne. The remainder of the cash is deposited in other bank accounts.

The Moody's credit rating as at 24 April 2021 for HSBC Bank plc is Aa3 (2020: Aa3), Barclays Bank plc is A1 (2020: A1), Santander UK plc is A2 (2020: A2), BNP Paribas is Aa3 (2020: Aa3), ING Bank is Aa3 (2020: Aa3), Sydbank is A1 (2020: A1) and Banque Populaire Alsace Lorraine Champagne is A1 (2020: A1).

Included with cash and bank balances is £0.1m (2020: £0.2m) of rent deposits held for sub-tenants of the Regent Street store, and £1.1m (2020: £1.5m) of cash deposits from franchise customer guarantees, all of which is held in escrow. Additionally, there is EUR 1.8m (2020: EUR 1.9m) deposited with Europäisch-Iranische Handelsbank AG which is subject to restrictions on repatriation. These amounts are restricted cash.

26. Borrowings

	Group		Company	
	2021 £m	2020* £m	**2021 £m**	2020 £m
Unsecured borrowings				
RCF	**–**	–	**–**	–
Bank overdraft	**–**	270.7	**–**	60.1
Total unsecured borrowings	**–**	270.7	**–**	60.1
Secured borrowings				
ABL facility	**–**	–	**–**	–
Total secured borrowings	**–**	–	**–**	–
Total borrowings	**–**	270.7	**–**	60.1

The Group has up to a net £10m uncommitted overdraft facility which has no financial covenants and is included within the cash pooling arrangements.

On 7 August 2020, the Group entered a new financing facility with existing lenders HSBC and BNPP in the form of a new Asset Backed Lending facility (**ABL facility**) which is for up to £70m, with a term until January 2023. The ABL facility can be extended by up to one year, at the request of the Group and the agreement of the lenders. The borrowing base will vary throughout the year dependent on the level of the Company's eligible inventory and receivables. As at year end, £70m was reported to HSBC as being available to borrow based on eligible inventory and receivables in April 2021. The ABL facility with HSBC and BNPP remained undrawn through the period to 24 April 2021.

The ABL facility has two financial covenants: an EBITDAR (earnings before interest, tax, depreciation, amortisation and rent) covenant which is calculated on an internal budget basis; and a fixed charge cover covenant, this being the ratio of EBITDA plus consolidated rent payable to consolidated net interest payable and consolidated net rent payable. These covenants are calculated on frozen UK GAAP accounting standards basis, and exclude the impact of IFRS 16, IFRS 15 and IFRS 9. Both covenants are measured over a 12-month period and are tested quarterly.

The ABL facility also 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. Also, if at any time headroom is less than £10m for a period of five consecutive days or a termination event is continuing, each Company will grant a fixed charge to the security agent. Covenant resets were agreed with the lenders in both January and July 2021 as the macroeconomic impact of social distancing and lockdown restrictions continued to extend past initial expectations.

The ABL facility replaced the previously held revolving credit facility (**RCF**) which had been due to expire in January 2022.

The 2020 bank overdraft balance represents individual overdrawn balances within the Group's cash-pooling arrangements. These had been disclosed gross in line with the requirements of IAS 32: Financial instruments: Presentation. There are no such overdraft balances in 2021.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

27. Trade and other payables

	Group		Company	
	2021 £m	2020* £m	**2021 £m**	2020 £m
Non-current				
Deferred cash contributions and rent-free periods	**–**	0.4	**–**	–
Other payables	**1.2**	1.8	**–**	–
Total non-current trade and other payables	**1.2**	2.2	**–**	–
Current				
Trade payables	**65.2**	50.3	**2.3**	1.9
Amounts due to related parties	**–**	–	**261.8**	246.0
Taxation and social security	**4.4**	2.6	**1.1**	1.4
Other payables	**8.1**	1.9	**0.9**	0.3
Returns liability	**12.0**	13.3	**–**	–
Contract liabilities	**5.1**	5.4	**–**	–
Accruals	**31.7**	29.8	**8.4**	10.6
Total current trade and other payables	**126.5**	103.3	**274.5**	260.2
Total trade and other payables	**127.7**	105.5	**274.5**	260.2

* The prior year deferred income balance of £18.7m has been represented as two separate categories in the current year, being returns liability and contract liabilities.

Other payables include wage liabilities of £6.0m (2020: £0.4m) and agents' commission accruals of £2.6m (2020: £0.2m).

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		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
1 – 2 years	**–**	0.1	**–**	–
2 – 5 years	**–**	0.3	**–**	–
Greater than 5 years	**–**	–	**–**	–
Non-current deferred cash contributions and rent-free periods	**–**	0.4	**–**	–

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	
	2021 £m	2020 £m
Opening balance	**5.4**	7.7
New liabilities	**5.3**	9.1
Released to the income statement	**(5.6)**	(11.4)
Closing balance	**5.1**	5.4

Substantially all the revenue deferred at the current financial year-end will be recognised within two financial years. The prior year table has been represented, following the separation of deferred income into two separate categories in the current year, being returns liability and contract liabilities.

28. Provision for other liabilities and charges

	Group					
	Onerous property related contracts	**Other provisions**	**Total**	Onerous property related contracts	Other provisions	Total
	2021 £m	**2021 £m**	**2021 £m**	2020 £m	2020 £m	2020 £m
Provisions for other liabilities and charges at the start of the period	**12.4**	**2.6**	**15.0**	78.5	1.2	79.7
New provisions	**–**	**1.6**	**1.6**	–	1.4	1.4
Adjustment on adoption of IFRS 16	**–**	**–**	**–**	(48.4)	–	(48.4)
Exchange differences	**(0.7)**	**–**	**(0.7)**	0.8	–	0.8
Utilisation in the period	**(4.2)**	**(0.1)**	**(4.3)**	(6.5)	–	(6.5)
Releases on exited stores	**(0.5)**	**–**	**(0.5)**	–	–	–
Charge/(release) in the period	**5.1**	**–**	**5.1**	(12.0)	–	(12.0)
Provisions for other liabilities and charges at the end of the period	**12.1**	**4.1**	**16.2**	12.4	2.6	15.0
Analysed as:						
Current provisions	**4.6**	**1.6**	**6.2**	4.2	–	4.2
Non-current provisions	**7.5**	**2.5**	**10.0**	8.2	2.6	10.8

Note 2 outlines the nature, descriptions and sensitivities surrounding the onerous property related contract provisions.

The other provisions category relates to the dilapidation provisions and additions in the year relate to the furlough provision. Dilapidations provisions will be utilised upon the exit or expiry of various property leases which are expected to be between 2021 and 2031. Onerous property related contracts are utilised over the remaining life of the lease, expected to be between 2021 and 2029. The furlough provision is to cover any furlough related clawbacks and is expected to be utilised in the next financial year. It is included within "Other Provisions" in the table above.

	Company	
	Onerous property related contracts	Onerous property related contracts
	2021 £m	2020 £m
Provisions for other liabilities and charges at the start of the period	**0.3**	2.8
Adjustment on adoption of IFRS 16	**–**	(2.1)
Utilisation in the period	**–**	(0.3)
Charge/(release) in the period	**0.3**	(0.1)
Provisions for other liabilities and charges at the end of the period	**0.6**	0.3
Analysed as:		
Current provisions	**0.3**	0.1
Non-current provisions	**0.3**	0.2

29. Contingencies and commitments

Capital expenditure commitments

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Property, plant and equipment	**–**	–	**–**	–

Contingent liabilities

The Company is party to an unlimited cross guarantee over all liabilities of the Group. The value of this amount is deemed not practical to disclose.

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 £3.4m.

30. Leases

Right-of-use asset

52 weeks ended 24 April 2021	Group Right-of-use asset £m	Company Right-of-use asset £m
Cost		
At 25 April 2020	**344.2**	**6.7**
Additions	**17.0**	**0.5**
Disposals	**(7.7)**	**–**
Lease modifications	**(7.6)**	**–**
Exchange rate difference	**(2.5)**	**–**
At 24 April 2021	**343.4**	**7.2**

Accumulated depreciation	Group Right-of-use asset £m	Company Right-of-use asset £m
At 25 April 2020	**226.2**	**1.2**
Depreciation charge	**27.3**	**0.7**
Disposals	**(7.5)**	**–**
Net impairment charges and reversals	**7.4**	**3.5**
Exchange rate difference	**(1.1)**	**–**
At 24 April 2021	**252.3**	**5.4**
Net balance sheet amount at 24 April 2021	**91.1**	**1.8**

The above right-of-use asset net impairment movement of £7.4m constitutes part of the total net impairment of £10.7m in 2021 (2020: £136.8m) and relates to an impairment review performed on store assets with the remaining £3.3m 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 year.

The carrying amount of the right-of-use asset is split between motor vehicles of £0.2m (2020: £0.4m) and property of £89.9m (2020: £117.6m).

30. Leases continued

52 weeks ended 25 April 2020	Group Right-of-use asset £m	Company Right-of-use asset £m
Cost		
At 28 April 2019	–	–
Recognition of cost of transition	335.7	6.3
Additions	7.7	–
Disposals	(2.0)	–
Lease modifications	(0.6)	0.3
Exchange rate difference	3.4	0.1
At 25 April 2020	344.2	6.7

Accumulated depreciation	Group Right-of-use asset £m	Company Right-of-use asset £m
At 28 April 2019	–	–
Recognition of impairment at transition	48.4	–
Depreciation charge	55.0	1.2
Disposals	–	–
Net impairment charges and reversals	122.8	–
At 25 April 2020	226.2	1.2
Net balance sheet amount on 25 April 2020	118.0	5.5

Items in the Group statement of comprehensive income not impacted by IFRS 16 are:

	Group 2021 £m	Group 2020 £m
Lease expense relating to short-term assets	4.3	5.1
The expense of variable lease payments not included in the lease liabilities	1.3	3.8

The above lease expenses are gross of onerous property related contracts provision, capital contribution releases and rent-free releases. The equivalent disclosures in note 5 and note 12 are disclosed net of these.

30. Leases continued

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 0.3% and 8.5% (2020: 0.1% to 8.5%).

	Group		Company	
Analysed as:	**2021 £m**	2020 £m	**2021 £m**	2020 £m
Current lease liability	**94.1**	80.1	**2.1**	1.8
Non-current lease liability	**175.5**	240.8	**3.6**	6.3
Total lease liability	**269.6**	320.9	**5.7**	8.1

The remaining contractual maturities of the lease liabilities, which are gross and undiscounted, are as follows:

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Less than one year	**94.1**	84.4	**1.5**	2.3
One to two years	**54.3**	65.2	**1.2**	1.9
Two to three years	**43.8**	55.7	**0.9**	1.6
Three to four years	**36.7**	45.1	**0.9**	1.2
Four to five years	**25.5**	37.8	**0.5**	0.8
More than five years	**24.4**	51.8	**0.3**	0.8
Total undiscounted lease liability	**278.8**	340.0	**5.3**	8.6

Reconciliation of liabilities to cash flow arising from financing activities:

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Opening lease liability	**320.9**	–	**8.1**	–
Recognition of lease liability on transition	**–**	372.1	**–**	8.8
Payment of lease liability	**(45.4)**	(66.8)	**(0.8)**	(1.4)
Present value of Covid-19 rent concessions and deferrals	**(4.2)**	–	**(0.2)**	–
Increase due to lease additions and modifications	**18.0**	7.8	**0.1**	0.4
Decrease due to lease disposals and modifications	**(21.3)**	(2.3)	**(1.7)**	–
Interest expense	**5.5**	5.7	**0.2**	0.2
Foreign exchange differences	**(3.9)**	4.4	**–**	0.1
Closing lease liability	**269.6**	320.9	**5.7**	8.1

All movements in the table above are non-cash movements except for payment of lease liability and interest expense which are cash movements.

31. Property commitments

The future aggregate minimum lease payments under non-cancellable commitments are as follows:

	Land and buildings			
	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Due within 1 year	**15.8**	13.3	**0.7**	0.7
Due in more than 1 year, but no more than 5 years	**35.2**	31.3	**1.8**	2.0
Due in more than 5 years	**5.1**	5.6	**0.2**	0.4
Total operating lease commitments	**56.1**	50.2	**2.7**	3.1

The Group leases various stores, offices and vehicles under non-cancellable operating leases. The leases have varying terms, escalating clauses and renewal rights. On renewal, the terms of the leases are renegotiated. From 28 April 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases. Following the transition to IFRS 16, rent is recorded as a right-of-use asset, so the above disclosure relates to service charges only.

Not included in the above commitments are contingent rental payments which are linked to sales generated from stores.
For individual stores, up to 100% of lease payments are based on variable contracts with various percentages within the terms.

32. Note to the cash flow statement

Reconciliation of operating profit to cash generated from operations

		Group		Company	
	Note	**2021 £m**	2020 £m	**2021 £m**	2020 £m
Operating (loss)/profit		**(29.5)**	(159.4)	**(6.0)**	2.5
Adjusted for:					
• Loss/(gain) on derivatives	6	**4.7**	(1.9)	**–**	–
• Depreciation of property, plant and equipment and right-of-use assets	18,30	**42.4**	78.5	**2.2**	5.3
• Amortisation of intangible assets	19	**11.0**	8.7	**7.1**	5.5
• Impairment of property, plant and equipment, right-of-use assets and intangible assets		**12.8**	139.1	**5.2**	0.8
• Loss on disposal of property, plant and equipment		**0.1**	0.3	**0.7**	0.3
• Lease modifications	30	**(14.3)**	–	**(1.6)**	–
• IFRS 16 Covid-19 rent concessions		**(4.0)**	–	**(0.6)**	–
• Increase/(decrease) in onerous property related contracts provision (net of releases on exited stores)	28	**4.6**	(12.0)	**0.1**	(0.1)
• Increase/(decrease) in other provisions	28	**1.6**	–	**–**	–
• Release of lease incentives		**(0.3)**	(0.1)	**–**	–
• Employee share award schemes	8	**1.1**	0.9	**0.4**	0.6
• IFRS 2 charge – FSP	9	**0.5**	0.3	**0.1**	(0.3)
• Foreign exchange losses		**0.5**	(1.9)	**(0.6)**	0.1
• Write down of inventory	23	**2.3**	7.7	**–**	0.1
• Net impairment (credit)/loss of trade receivables	24	**(3.8)**	15.3	**–**	–
Operating cash flow before movements in working capital		**29.7**	75.5	**7.0**	14.8
Changes in working capital:					
• Decrease/(increase) in inventories		**6.2**	21.6	**0.8**	(0.3)
• (Increase)/decrease in trade and other receivables		**(10.8)**	14.6	**48.8**	(55.8)
• Increase/(decrease) in trade and other payables and provisions		**25.0**	(24.2)	**14.8**	10.6
Cash generated from/(used in) operating activities		**50.1**	87.5	**71.4**	(30.7)

Group cash flows arising from adjusting items are £1.4m (2020: £nil).

33. Net cash/(debt)

Analysis of net cash/(debt)

	Group			
	2020 £m	Cash flow £m	Non-cash changes £m	**2021 £m**
Cash and bank balances	307.4	(278.7)	10.2	**38.9**
Overdraft	(270.7)	270.7	–	**–**
Net cash/(debt)	36.7	(8.0)	10.2	**38.9**

	Company			
	2020 £m	Cash flow £m	Non-cash changes £m	**2021 £m**
Cash and bank balances	3.2	(2.9)	0.6	**0.9**
Overdraft	(60.1)	60.1	–	**–**
Net cash/(debt)	(56.9)	57.2	0.6	**0.9**

Non-cash changes relate to exchange gains on cash and cash equivalents. Interest of £nil (2020: £0.2m) has been incurred in respect of short-term facilities.

The position outlined above is not inclusive of financing liabilities in relation to IFRS 16. Financing liabilities comprise overdrafts and lease liabilities, and the reconciliation from opening to closing financing liabilities is disclosed in the table above for overdrafts, and in note 30 for lease liabilities.

See note 36 for an explanation of the use of net cash/debt.

34. 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 (2021 overdrafts: £nil, 2020 overdrafts: £270.7m). 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

From 25 April 2018, the Group applied the IFRS 9 simplified approach in measuring expected credit losses (**ECL**). 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.

34. Financial risk management continued

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.

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 24 April 2021 and 25 April 2020, the Group had entered 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 24 April 2021, if the currency had weakened/strengthened by 10% against both the US Dollar and Euro with all other variables held constant, profit for the period would have been £13.8m (2020: £29.9m) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US Dollar/Euro trade receivables, cash and cash equivalents, and trade payables. The figure of 10% used for sensitivity analysis has been chosen because it represents a range of reasonably probable fluctuations in exchange rates.

34. Financial risk management continued

The Group's foreign currency exposure is as follows:

	Group			
	2021 US Dollar £m	**2021 Euro £m**	2020 US Dollar £m	2020 Euro £m
Financial assets				
Trade receivables	**2.5**	**40.5**	1.4	46.4
Cash and cash equivalents	**3.5**	**20.1**	21.6	74.7
Financial assets exposure	**6.0**	**60.6**	23.0	121.1
Financial liabilities				
Trade payables	**(8.3)**	**(11.1)**	(11.2)	(11.8)
Lease liabilities	**(29.7)**	**(116.3)**	(47.2)	(159.0)
Overdrafts	**–**	**–**	(86.4)	(127.0)
Financial liabilities exposure	**(38.0)**	**(127.4)**	(144.8)	(297.8)
Net exposure	**(32.0)**	**(66.8)**	(121.8)	(176.7)

Cash flow interest rate risk

The Group has financial assets and liabilities which are exposed to changes in market interest rates. Changes in interest rates impact primarily on deposits, loans and borrowings by changing their future cash flows (variable rate). Management does not currently have a formal policy of determining how much of the Group's exposure should be at fixed or variable rates and the Group does not use hedging instruments to minimise its exposure. However, at the time of taking out new loans or borrowings, management uses its judgement to determine whether it believes that a fixed or variable rate would be more favourable for the Group over the expected period until maturity. Sensitivity analysis has not been provided due to the low level of loans and borrowings within the Group. The Group's significant interest-bearing assets and liabilities are disclosed in notes 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 (2021: £nil overdraft, 2020: £270.7m overdraft). These balances have been excluded from contractual cash flows.

Following Covid-19, the Group is closely managing cash flows through reduced capital expenditure, tight control over day-to-day spend and working collaboratively with suppliers. Government support has been utilised where available, including furlough schemes, with additional details found in note 37. There is additionally a focus on improving operational efficiency through reducing stock levels, and on overall liquidity.

During the year the Group entered a new financing facility with existing lenders, HSBC and BNPP in the form of a new Asset Backed Lending facility (**ABL facility**) which is for up to £70m, with a term until January 2023. The ABL facility can be extended by up to one year, at the request of the Group and the agreement of the lenders. Further information can be found in note 26.

34. Financial risk management continued

Maturity of undiscounted financial liabilities (excluding derivatives)

The expected maturity of undiscounted financial liabilities is as follows:

	2021 £m	2020 £m
In one year or less	**105.0**	352.7
In two to five years	**1.2**	1.8

The above balances relate to trade payables, other payables, accruals and overdrafts. See note 30 for analysis of undiscounted lease liabilities.

Valuation hierarchy

The table below shows the financial instruments carried at fair value by valuation method:

	Group					
			2021			2020
	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	–	**2.7**	–	–	2.6	–
Liabilities						
Derivative financial instruments						
• forward foreign exchange contracts	–	**(7.2)**	–	–	(2.3)	–

The level 2 forward foreign exchange valuations are derived from mark-to-market valuations based on observable market data as at the close of business on 24 April 2021.

The notional principal amount of the outstanding outright FX contracts as at 24 April 2021 was £103.0m (2020: £245.2m). There are no structured forward foreign exchange contracts in place as at 24 April 2021 (2020: structured forward foreign exchange contracts in place to sell up to EUR 96m (£87.4m)).

Derivative financial instruments

There is a master netting agreement in place in relation to derivatives. All cash flows will occur within 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	
	2021 £m	2020 £m	2021 £m	2020 £m
Forward foreign exchange contracts – current	**2.4**	2.5	–	–
Forward foreign exchange contracts – non-current	**0.3**	0.1	–	–
Total derivative financial assets	**2.7**	2.6	–	–
Forward foreign exchange contracts – current	**5.7**	2.1	–	–
Forward foreign exchange contracts – non-current	**1.5**	0.2	–	–
Total derivative financial liabilities	**7.2**	2.3	–	–

All financial derivative instruments are due within 24 months.

The full fair value of a derivative is classified as a non-current asset or liability where the remaining maturity of the derivative is more than 12 months and as a current asset or liability if the maturity of the derivative is less than 12 months.

34. Financial risk management continued

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 2020.

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 36. Total capital employed is calculated as "equity" as shown in the consolidated balance sheet plus net debt. The Group is in a net cash position on 24 April 2021.

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 36 for definition). Considering the current economic climate and consistent with the FY20 decision, the Board did not propose an interim dividend and has made the decision not to recommend a final dividend for FY21.

The capital structure is as follows:

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Equity	**90.4**	112.7	**213.2**	225.4
Cash and cash equivalents	**38.9**	307.4	**0.9**	3.2
Overdraft	**–**	(270.7)	**–**	(60.1)
Net cash and cash equivalents	**38.9**	36.7	**0.9**	(56.9)

	Group					
	Assets at fair value through profit or loss 2021 £m	**Financial assets at amortised cost 2021 £m**	**Total 2021 £m**	Assets at fair value through profit or loss 2020 £m	Financial assets at amortised cost 2020 £m	Total 2020 £m
Trade and other receivables excluding non-financial assets	**–**	**84.7**	**84.7**	–	88.5	88.5
Derivative financial instruments	**2.7**	**–**	**2.7**	2.6	–	2.6
Cash and cash equivalents	**–**	**38.9**	**38.9**	–	307.4	307.4
Financial instruments – assets	**2.7**	**123.6**	**126.3**	2.6	395.9	398.5

	Group					
	Liabilities at fair value through profit or loss 2021 £m	**Other financial liabilities at amortised cost 2021 £m**	**Total 2021 £m**	Liabilities at fair value through profit or loss 2020 £m	Other financial liabilities at amortised cost 2020 £m	Total 2020 £m
Derivative financial instruments	**7.2**	**–**	**7.2**	2.3	–	2.3
Lease liabilities	**–**	**269.6**	**269.6**	–	320.9	320.9
Overdrafts	**–**	**–**	**–**	–	270.7	270.7
Trade and other payables excluding non-financial liabilities	**–**	**106.2**	**106.2**	–	83.8	83.8
Financial instruments – liabilities	**7.2**	**375.8**	**383.0**	2.3	675.4	677.7

34. Financial risk management continued

	Company	
	Financial assets at amortised cost 2021 £m	Financial assets at amortised cost 2020 £m
Trade and other receivables excluding non-financial assets	**203.3**	243.6
Cash and cash equivalents	**0.9**	3.2
Financial instruments – assets	**204.2**	246.8

	Company	
	Other financial liabilities at amortised cost 2021 £m	Other financial liabilities at amortised cost 2020 £m
Trade and other payables excluding non-financial liabilities	**273.4**	258.8
Lease liabilities	**5.7**	8.1
Overdrafts	**–**	60.1
Financial instruments – liabilities	**279.1**	327.0

35. Share capital

Authorised, allotted and fully paid 5p shares

Group and Company	Number of shares	Value of shares (£m)
24 April 2021	82,041,820	4.1
25 April 2020	82,010,788	4.1

31,032 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.

36. 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 (loss)/profit before tax, adjusted tax expense and adjusted effective tax rate, adjusted earnings per share and net cash/debt.

Like-for-like (**LFL**) has been removed as an APM in the current year as it is no longer considered relevant as a key measure of performance due to the disruption caused from Covid-19 related store closures.

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.

36. Alternative performance measures continued

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 (including related to the joint venture);
- impact on deferred tax assets/liabilities for changes in tax rates;
- business restructuring programmes;
- derecognition of deferred tax assets;
- asset impairment charges and onerous property related contracts provision;
- the movement in the fair value of unrealised financial derivatives; and
- IFRS 2 charges in respect of Founder Share Plan (**FSP**).

If other items meet the criteria, which are applied consistently from year to year, they are also treated as adjusting other items.

In previous reporting periods "Adjusting items" were described as "Exceptional and other items".

Adjusting items in this period

The following items have been included within "Adjusting items" for the period ended 24 April 2021:

Fair value remeasurement of foreign exchange contracts – financial years 2021 and 2020

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 years 2021 and 2020

Adjusting items include costs resulting from the restructuring programme announced in the FY20 Group Annual Report. The Directors consider these to be adjusting due to their size and their one-off nature.

During the prior year, the Board and Executive Committee reviewed the long-term business plan for the Trendy & Superdry Holding Limited joint venture. Following discussions with the joint venture partner and considering the challenging retail environment due to Covid-19, both parties agreed to end the relationship. Costs for the wind-up of the business totalling £1.5m were accrued for; these are adjusting items based on the one-off nature of this decision. A credit of £0.4m has been recognised in the current year for unutilised accrual amounts.

Store asset impairment and onerous property related contracts provision – financial years 2021 and 2020

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 £10.7m of fixed assets, 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 related contracts provision of £5.1m has been charged.

A similar exercise was performed in financial year 2020 across all store assets, resulting in a fixed asset impairment of £136.8m and an onerous property related contracts provision release of £12.0m.

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 2021 and 2020

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 current and subsequent periods.

The Directors consider the plan to be one-off in nature and unusual in that the share awards are being funded exclusively by the Founders. The full-year charge for FY21 and FY22 has been estimated between £0.2m – £0.5m each period. 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. See note 9 for further details of the FSP.

36. Alternative performance measures continued

Intangible asset impairments – financial year 2021

The Group has recognised impairment charges in the period for website and software intangible assets. A review was performed during the period over website and software intangible assets which are likely to be replaced or upgraded in the foreseeable future, leading to an impairment of £2.1m.

The Directors consider the website and software intangible asset impairment to be an adjusting item due to the one-off nature of the review. It is the Group's policy to present asset impairment charges as adjusting items. See notes 2 and 6 for further details.

Adjusted operating 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. In previous reporting periods "Adjusted operating profit and margin" was described as "Underlying operating profit and margin". Although the Group is currently making an operating loss, adjusted operating profit and margin remain key metrics monitored by management given the Group's intention to return to profitability.

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

	2021 £m	2020 £m
Reported revenue	**556.1**	704.4
Operating loss	**(29.5)**	(159.4)
Adjusting items	**24.1**	125.1
Adjusted operating (loss)/profit	**(5.4)**	(34.3)

	2021 £m	2020 £m
Operating margin	**(5.3)%**	(22.6)%
Adjusted operating margin	**(1.0)%**	(4.9)%

36. Alternative performance measures continued

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.

This is a measure used within the Group's incentive plans. Refer to the Remuneration Report on pages 104 to 123 for an explanation of why this measure is used within incentive plans.

In previous reporting periods "Adjusted (loss)/profit before tax" was described as "Underlying (loss)/profit before tax".

A reconciliation from loss before tax, the most directly comparable IFRS measure, to the adjusted loss before tax is set out below.

	2021 £m	2020 £m
Loss before tax	**(36.7)**	(166.9)
Adjusting items	**24.1**	125.1
Adjusted loss before tax	**(12.6)**	(41.8)

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 divided by the adjusted (loss)/profit before tax.

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

In previous reporting periods "Adjusted tax expense and adjusted effective tax rate" was described as "Underlying tax expense and underlying effective tax rate".

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

	2021 £m	2020 £m
Adjusted loss before tax	**(12.6)**	(41.8)
Tax credit/(expense)	**0.6**	23.5
Adjusting items – current tax	**–**	(0.1)
Adjusting items – deferred tax	**(3.9)**	(17.3)
Adjusted tax credit/(expense)	**(3.3)**	6.1
Adjusted effective tax rate	**26.2%**	(14.6)%

36. 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 33 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.

In previous reporting periods "Adjusted EPS" was described as "Underlying EPS".

37. 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 £9.2m was recognised in the year (2020: £2.9m), through the UK's Coronavirus Job Retention Scheme (CJRS) and equivalent schemes in other countries. A provision of £1.6m has been recognised to cover any existing furlough related clawbacks, as outlined in note 28.

The business rates reductions from the UK government totalled £15.7m (2020: £1.7m).

Lost revenue and subsidy support in the UK and other territories of £2.5m has been recognised in the year (2020: £nil).

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.

38. Post balance sheet events

There are no events that are material in value or nature that constitute disclosure as post balance sheet events.

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
SuperGroup Nordic and Baltics 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

(Unaudited)	2017 £m	2018 £m	2019* £m	2020** £m	**2021 £m**
Revenue	752.0	872.0	871.7	704.4	**556.1**
Cost of sales	(299.0)	(365.5)	(391.3)	(326.5)	**(263.0)**
Gross profit	453.0	506.5	480.4	377.9	**293.1**
Selling, general and administrative expenses – adjusted	(375.4)	(418.5)	(447.0)	(412.1)	**(321.6)**
Impairment credit/(losses) on trade receivables	–	–	–	(9.2)	**3.8**
Other gains and losses (net) – adjusted	11.8	12.3	10.8	9.1	**19.3**
Operating (loss)/profit before adjusting items – adjusted	89.4	100.3	44.2	(34.3)	**(5.4)**
Adjusting items (net)	(2.2)	(31.7)	(116.3)	(125.1)	**(24.1)**
Operating (loss)/profit	87.2	68.6	(72.1)	(159.4)	**(29.5)**
Finance costs (net)	0.2	(0.3)	(1.0)	(7.5)	**(7.2)**
Impairment losses on financial assets	–	–	(10.0)	–	**–**
Share of loss in investment/joint venture	(2.6)	(3.0)	(6.2)	–	**–**
(Loss)/profit before tax	84.8	65.3	(89.3)	(166.9)	**(36.7)**
Tax credit/(expense)	(18.8)	(14.6)	(12.4)	23.5	**0.6**
(Loss)/profit for the period	66.0	50.7	(101.7)	(143.4)	**(36.1)**
Profit attributable to non-controlling interests	–	–	–	–	**–**
(Loss)/profit attributable to equity shareholders	66.0	50.7	(101.7)	(143.4)	**(36.1)**
Adjusted (loss)/profit before tax	87.0	97.0	38.0	(41.8)	**(12.6)**
Basic earnings per share (pence)	81.2	62.2	(124.2)	(174.9)	**(44.0)**
Adjusted basic earnings per share (pence)	84.5	93.6	32.4	(43.5)	**(19.4)**
Weighted average number of shares (m)	81.3	81.5	81.9	82.0	**82.0**

* Financial year 2019 includes the implementation of IFRS 9 and IFRS 15. Financial periods 2017-2018 have not been restated for this.
** Financial year 2020 includes the implementation of IFRS 16. The comparative periods have not been restated for this.

Notice of Annual General Meeting (AGM)

Friday 22 October 2021 at 10.00am

AGM

This document is important and requires your immediate attention: action required

If you are in doubt about any aspect of the proposals referred to in this document or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 or, if you reside elsewhere, another appropriately authorised financial adviser. If you have sold or transferred your shares in Superdry plc, you should pass this Notice and accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer, so that they can pass these documents to the person who now holds the shares.

Coronavirus (Covid-19)

The Board of Directors (Board or the Directors) of Superdry plc (Company) has put in place flexible arrangements for this year's AGM, to allow for the adaption of plans, should government guidelines or circumstances change. This could include limiting the numbers of attendees at the AGM, should that become necessary. This year's AGM will be broadcast as a live webcast, open to shareholders only, with the option to ask questions. Shareholders wishing to attend the meeting in person, where this is possible, are asked to register their intention as soon as practicable by email to company.secretary@superdry.com. Shareholders wishing to view the live webcast will need their shareholder identification number and a PIN, which can be found on your Form of Proxy or equivalent electronic communication. Should government rules prohibit attendance, the meeting will be held as a closed meeting, with the minimum required quorum.

Shareholders should monitor the Company's website and regulatory news announcements for any AGM updates.

Please note that those viewing the live webcast will not be able to vote or change their vote in 'real time'. Given the constantly evolving nature of the Covid-19 pandemic, all shareholders are encouraged to vote on all resolutions by appointing the Chair of the meeting as their proxy in the manner set out below. This will ensure that your vote is counted even if attendance at the meeting is restricted, or you are unable to attend in person.

Questions

If you have a question relating to the business of the meeting, you can either:

- submit a question in advance of the meeting – please send your question by email to company.secretary@superdry.com. We will, to the extent appropriate and not already covered in publicly available materials, respond to your question(s) as soon as possible. Please note that all questions should be submitted by 9.00am on Wednesday 20 October 2021. Responses to shareholder questions will be placed on the Investor section of our corporate website corporate.superdry.com; or
- ask a question at the meeting or via the live webcast, subject to any restrictions in place, as above.

As usual, we will announce the results via an RNS and publish them on our corporate website following the conclusion of the AGM.

Dear Shareholder

Notice of AGM

I have pleasure in sending you the Notice of the AGM of Superdry plc. This will be my first AGM as Chair and the Board and I am looking forward to welcoming shareholders at our AGM this year, should government guidance allow. At the time of this notice, it is possible under government guidelines to host an AGM, but this year we are also offering shareholders the option of a live webcast. The meeting will be held at the Company's Head Office at The Runnings, Cheltenham, Gloucestershire GL51 9NW. Full details and instructions of how you can put questions to the Board are provided in this notice. Explanatory notes on the resolutions accompany this Notice of AGM.

Biographical details of the Directors seeking re-election or election can be found in the notes to the resolutions, which follow the Notice of AGM.

The Board believes that all of the proposed resolutions in this Notice of AGM are in the best interests of the Company and shareholders as a whole and recommends that you vote in favour of the resolutions, as members of the Board intend to do in respect of their own beneficial shareholdings.

We encourage shareholders to vote on all resolutions by appointing the Chair of the meeting as their proxy as set out in note 3 of this document and by returning it to Computershare Investor Services plc, by no later than **10.00am on Wednesday 20 October 2021**. Information about how to appoint a proxy electronically is also given in note 3 of this document.

All resolutions will be put to a poll – this reflects best practice and will ensure that the decisions of all members based on their shareholding interests are accurately recorded. The poll results will be announced on Friday 22 October 2021.

Yours faithfully

Peter Sjölander
Chair

24 September 2021

Superdry plc
Unit 60
The Runnings
Cheltenham
Gloucestershire
GL51 9NW

Tel: +44 (0) 1242 578376
corporate.superdry.com

Registered office: as above
Registered in England and Wales
Company number: 07063562

Notice of Annual General Meeting 2021

Notice is hereby given that the AGM of Superdry plc will be held at the Company's Head Office at The Runnings, Cheltenham, Gloucestershire GL51 9NW on Friday 22 October at 10.00am for the purposes set out below:

Resolutions 1 to 14 and 19 will be proposed as ordinary resolutions and resolutions 15 to 18 will be proposed as special resolutions.

Report and Accounts

1. To receive the audited accounts of the Company for the year ended 24 April 2021 and the Directors' Report and the Auditor's Report.

Remuneration Report

2. To approve the Directors' Remuneration Report (other than the part containing the Directors' Remuneration Policy) for the year ended 24 April 2021 as set out in the Annual Report and Accounts.

Remuneration Policy

3. To receive and approve the Directors' Remuneration Policy set out in the Annual Report and Accounts FY21, which will take effect at the conclusion of the meeting.

Directors

4. To re-elect Julian Dunkerton as a Director of the Company.
5. To re-elect Faisal Galaria as a Director of the Company.
6. To re-elect Georgina Harvey as a Director of the Company.
7. To re-elect Alastair Miller as a Director of the Company.
8. To re-elect Helen Weir as a Director of the Company.
9. To elect Peter Sjölander as a Director of the Company.
10. To elect Shaun Wills as a Director of the Company.

Auditors

11 To re-appoint Deloitte LLP as the Company's auditors to hold office until the conclusion of the next general meeting of the Company at which accounts are laid.

12 To authorise the Directors to agree the auditors' remuneration.

Political donations

13 To consider the following resolution as an ordinary resolution:

"That the Company and any company which is or becomes a subsidiary of the Company during the period to which this resolution relates be and is hereby authorised to:

a. make donations to political parties and independent election candidates;

b. make donations to political organisations other than political parties; and

c. incur political expenditure, during the period commencing on the date of this resolution and ending at the close of the AGM of the Company to be held in 2022, provided that in each case any such donations and expenditure made by the Company and any such subsidiary shall not exceed £40,000 per company and together with those made by any such subsidiary and the Company shall not in aggregate exceed £150,000. Any terms used in this resolution which are defined in Part 14 of the Companies Act 2006 (the '***Act***') shall bear the same meaning for the purposes of this resolution."

Directors' authority to allot shares

14 To consider the following resolution as an ordinary resolution:

a. "That pursuant to Article 6 of the Company's Articles of Association and section 551 of the Act, the Board be authorised to allot shares or grant rights to subscribe for or to convert any securities into shares:

up to a nominal amount of £1,367,467; and

b. comprising equity securities (as defined in the Act) up to a nominal amount of £2,734,935 (such amount to be reduced by the aggregate nominal amount of any allotments or grants made under (a) above) in connection with an offer by way of a rights issue to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings and to people who are holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities, and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

Such authorities shall apply until the end of the AGM of the Company to be held in 2022 (or, if earlier, 15 months from the date of this resolution) but, in each case, so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to be granted after the authority ends and the Board may allot shares or grant rights under any such offer or agreement as if the authority had not ended. This resolution revokes and replaces all unexercised authorities previously granted to the Board to allot shares or grant rights for or to convert any securities into shares but without prejudice to any such allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities."

Disapplication of pre-emption rights

15 To consider the following resolution as a special resolution:

"That, if resolution 14 is passed, the Board be authorised to allot equity securities (as defined in the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares as if section 561 of the Act did not apply to any such allotment or sale, such authority to be limited to:

a. the allotment of equity securities in connection with a rights issue or any other offer to holders of ordinary shares in proportion (as nearly as practicable) to their respective holdings and to holders of other equity securities as required by the rights of those securities or as the Board otherwise consider necessary, but subject to such exclusions or other arrangements as the Board deems necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

b. the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities or sale of treasury shares up to an aggregate nominal value of £205,120.

Such authority to expire at the end of the AGM of the Company to be held in 2022 (or, if earlier, 15 months from the date of this resolution) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired."

16 To consider the following resolution as a special resolution:

"That if resolution 14 is passed, the Board be authorised in addition to any authority granted under resolution 15 to allot equity securities (as defined in the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if Section 561 of the Act did not apply to any such allotment or sale, such authority to be:

a. limited to the allotment of equity securities or sale of treasury shares up to a nominal value of £205,120; and
b. used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by The Pre-Emption Group prior to the date of this notice.

Such authority to expire at the end of the AGM of the Company to be held in 2022 (or, if earlier, 15 months from the date of this resolution) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired."

Authority to purchase own shares

17 To consider the following resolution as a special resolution: "That the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of s.693 of the Act) of its ordinary shares of 5 pence each in the capital of the Company, subject to the following conditions:

a. the maximum number of ordinary shares authorised to be purchased is 8,204,805.
b. the minimum price (exclusive of expenses) which may be paid for an ordinary share is 5 pence (being the nominal value of an ordinary share);
c. the maximum price (exclusive of expenses) which may be paid for each ordinary share is the higher of: (i) an amount equal to 105% of the average of the middle market quotations of an ordinary share of the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased; and (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System (SETS);
d. this authority shall expire at the close of the AGM of the Company to be held in 2022 (or, if earlier, 15 months from the date of this resolution);
e. a contract to purchase shares under this authority may be made prior to the expiry of this authority, and concluded in whole or in part after the expiry of this authority; and
f. all ordinary shares purchased pursuant to the said authority shall be either:
    a. cancelled immediately upon completion of the purchase; or
    b. held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Act."

Notice period for general meetings, other than AGMs

18 To consider the following resolution as a special resolution: "That a general meeting (other than an AGM) may be called on not less than 14 clear days' notice."

Amendment to Performance Share Plan (PSP) rules

19 To consider the following resolution as an ordinary resolution: "That the proposed amendment to the rules of the Superdry Performance Share Plan (the PSP) in respect of its 5% dilution limit, in the form presented to the AGM and as summarised in the explanatory notes section of this Notice of AGM, be approved and the Directors be authorised to make the amendment to the rules of the PSP and to do all such other acts and things as they may consider appropriate to implement the amendment."

By order of the Board

Ruth Daniels
Company Secretary

24 September 2021

Explanatory notes to Notice of AGM

Receiving the Directors' Report and Accounts (resolution 1)

The Directors must present the Directors' Report and the accounts of the Company for the year ended 24 April 2021 to shareholders at the AGM. The Directors' Report, the accounts, and the Auditor's Report (on the accounts and on those parts of the Directors' Remuneration Report that are capable of being audited) are contained within the Annual Report and Accounts.

Approval of Directors' Remuneration Report (resolution 2)

Resolution 2 seeks approval by shareholders of the Directors' Remuneration Report (other than the part containing the Remuneration Policy) for the year ended 24 April 2021, which can be found in the Annual Report and Accounts and gives details of the Directors' remuneration for the same year ended 24 April 2021. The vote is advisory only and does not affect the actual remuneration paid to any individual Director.

Approval of Directors' Remuneration Policy (resolution 3)

The current Directors' Remuneration Policy was approved by shareholders at the 2020 AGM. The Companies Act 2006 (Act) requires the Company to obtain shareholder approval of its Directors' Remuneration Policy at least every three years. However, due to changes proposed in the Directors' Remuneration Policy, the Company is seeking the approval of shareholders of its Directors' Remuneration Policy at the AGM, which can be found in the Annual Report and Accounts. The vote on this resolution is a binding vote and, if passed, will mean that the Directors can only make remuneration payments in accordance with the approved policy. If approved, the policy will take effect immediately after the conclusion of the AGM.

Re-election of Directors (resolutions 4 to 10)

Resolutions 4 to 10 (inclusive) propose the re-election of each of the Directors of the Company. The Board is satisfied that each Non-Executive Director proposed for re-election is independent for the purposes of the UK Corporate Governance Code (with the exception of the Chair whose independence was determined on his appointment only) and there are no relationships or circumstances likely to affect their character or judgement.

Julian Dunkerton was appointed at the end of financial year 2019. Georgina Harvey, Faisal Galaria, Alastair Miller and Helen Weir were each appointed in financial year 2020. Peter Sjölander was appointed at the start of financial year 2022. All of the Directors seeking re-election have wide business knowledge and bring valuable skills and experience to the Board. The Chair considers that each of the Directors proposed for election or re-election continues to make an effective and valuable contribution and demonstrates commitment to the role. Separate resolutions will be proposed for each re-election. Biographies of each of the Directors seeking election or re-election can be found below.

Julian Dunkerton
Executive Director/Chief Executive Officer

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 was appointed permanent CEO in December 2020. Julian continues to focus on brand and design and is an ambassador for sustainability.

Faisal Galaria
Independent Non-Executive Director

Faisal was appointed as a Director of the Board in July 2019. Faisal is a member of each of the Remuneration, Nomination and Audit Committees. Faisal brings extensive digital expertise to the Superdry Board. Faisal is the CEO of Blippar, a global Augmented Reality technology company. Previously, he was the Chief Strategy and Investment Officer of GoCompare Group, where he helped lead its listing on the London Stock Exchange in November 2016 and oversaw several successful acquisitions. He has held senior roles at a number of leading global digital businesses including Spotify, Kayak.com and Skype and has extensive experience in management consulting, as a partner at Alvarez & Marsal and Andersen.

Georgina Harvey
Independent Non-Executive Director

Georgina was appointed as a Director of the Board in July 2019. Georgina is Chair of the Remuneration Committee and is also a member of each of the Nomination and Audit Committees. Georgina is an experienced Non-Executive Director and is a member of the Board of McColls Retail Group plc, where she is Senior Independent Director and Chair of the Remuneration Committee; and a member of the board of Capita plc, where she is Chair of the Remuneration Committee. Prior to developing her portfolio career, Georgina spent seven years as managing director of Regionals at Trinity Mirror, sitting on the Executive Committee.

Alastair Miller
Independent Non-Executive Director

Alastair was appointed as a Director of the Board in July 2019. Alastair is Chairman of the Audit Committee and also a member of each of the Nomination and Remuneration Committees. 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.

Helen Weir
Independent Non-Executive Director

Helen was appointed as a Director of the Board and as Senior Independent Director in July 2019. Helen is a member of each of the Audit, Nomination and Remuneration Committees. Helen has extensive experience of both publicly quoted companies and retail businesses, having been Finance Director of Marks and Spencer, John Lewis, Lloyds Bank (where she was also the CEO of the Retail Bank) and Kingfisher. Helen is a member of the Supervisory Board of Koninklijke Ahold Delhaize N.V., where she Chairs the Governance and Nomination Committee, and a Non-Executive Director of Greencore Group, where she chairs the Audit Committee. Helen is a Trustee of Marie Curie. Her previous non-Executive roles include SABMiller, Royal Mail, and Just Eat. Helen is a qualified Fellow of the Chartered Institute of Management Accountants and was awarded a CBE for services to Finance in the 2008 honours list.

Peter Sjölander
Chair and Non-Executive Director

Peter was appointed as a Director and as Chair of the Board in April 2021. Peter is also Chair of the Nomination Committee. From 2007 to 2015 Peter was CEO of Helly Hansen, 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 Dometic Group AB (listed in Sweden) and Fiskars Oyj (listed in Finland). He is also a senior adviser to Altor Equity Partners and EQT Group.

Shaun Wills
Executive Director/Chief Financial Officer

Shaun was appointed as an Executive Director and Chief Financial Officer in April 2021. He brings over 30 years' experience gained in a number of household-name clothing brands and retailers, most recently as Finance Director of Marks and 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.

Appointment of auditors and authority for the Directors to approve the auditor's remuneration (resolutions 11 and 12)

The auditor of a Company must be appointed at each general meeting at which accounts are laid, to hold office until the conclusion of the next such meeting.

The Board recommends that Deloitte LLP be re-appointed as auditor of the Company until the conclusion of the next general meeting at which the accounts are laid, and that authority is given to the Directors, in accordance with standard practice, to determine the auditor's remuneration.

Authority to make political donations (resolution 13)

It is not proposed or intended to alter the Company's policy of not making political donations, within the normal meaning of that expression. However, given the breadth of the relevant provisions in the Act it may be that some of the Company's activities may fall within the wide definitions under the Act and, without the necessary authorisation, the Company's ability to communicate its views effectively to political audiences and to relevant interest groups could be inhibited. Such activities may include briefings at receptions or conferences – when the Company seeks to communicate its views on issues vital to its business interests – including, for example, conferences of a party-political nature or of special interest groups. Accordingly, the Company believes that the authority contained in resolution 13 is necessary to allow it (and its subsidiaries) to fund activities which it believes are in the interests of shareholders that the Company should support. Such authority will enable the Company and its subsidiaries to be sure that they do not, because of any uncertainty as to the bodies or the activities covered by the Act, unintentionally commit a technical breach of the Act. Any expenditure which may be incurred under authority of this resolution will be disclosed in next year's Annual Report and Accounts.

Authority to allot shares (resolution 14)

The Directors may only allot shares or grant rights to subscribe for, or convert any security into, shares if authorised to do so by shareholders. The authority conferred on the Directors at last year's AGM under section 551 of the Act to allot shares expires on the date of the forthcoming AGM.

Accordingly, this resolution 14 seeks to renew the existing authority under s.551 of the Act which would otherwise expire at the AGM, to, in the case of paragraph (a), give the Board authority to allot the Company's unissued shares up to a maximum nominal amount of £1,367,467 and, in the case of paragraph (b), give the Board authority to allot ordinary shares (including the shares referred to in paragraph (a)) up to a nominal amount of £2,734,935 in connection with a pre-emptive offer to existing shareholders by way of a rights issue (with exclusions to deal with fractional entitlements to shares and overseas shareholders to whom the rights issues cannot be made due to legal and practical problems).

The amount of £1,367,467 represents approximately one-third of the Company's issued ordinary share capital as on 14 September 2021, being the last practicable date prior to the publication of this notice. The amount of £2,734,935 represents approximately two-thirds of the Company's issued ordinary share capital on 14 September 2021, being the last practicable date prior to publication of this notice. This renewed authority will remain in force until the AGM to be held in 2022 (or, if earlier, 15 months from the date of this resolution). The Board has continued to seek annual renewal of this authority in accordance with best practice as set out in the latest institutional guidelines published by The Investment Association. The Company holds no treasury shares.

The Board has no present intention to exercise this authority. However, renewal of this authority will ensure that the Board has flexibility in managing the Company's capital resources so that the Board can act in the best interests of shareholders generally. If the Board takes advantage of the additional authority to issue shares representing more than one-third of the Company's issued share capital or for a rights issue where the monetary proceeds exceed one-third of the Company's pre-issue market capitalisation, all members of the Board wishing to remain in office will stand for re-election at the next AGM following the decision to make the relevant share issue.

Disapplication of pre-emption rights (resolutions 15 and 16)

Under s.561(1) of the Act, if the Directors wish to allot ordinary shares, or grant rights to subscribe for, or convert securities into ordinary shares, or sell treasury shares for cash (other than pursuant to an employee share scheme) they must in the first instance offer them to existing shareholders in proportion to their holdings. There may be occasions, however, when the Directors need the flexibility to finance business opportunities by the issue of shares without a pre-emptive offer to existing shareholders. This cannot be done under the Act unless the shareholders have first waived their pre-emption rights.

Resolution 15 seeks to renew the authority given to the Board which would otherwise expire at the AGM, to allot equity securities for cash on a non-pre-emptive basis, (a) pursuant to a rights issue and so as to allow the Directors to make exclusions or such other arrangements as may be appropriate to resolve legal or practical problems which, for example, might arise with overseas shareholders, or (b) up to an aggregate nominal amount of £205,120 (which includes the sale on a non-pre-emptive basis of any shares held in treasury) and which represents less than 5% of the issued ordinary share capital of the Company on 14 September 2021, being the latest practicable date prior to publication of this notice.

The Board seeks an additional authority under resolution 16 to allot equity securities for cash on a non-pre-emptive basis up to an aggregate nominal amount of £205,120 (which includes the sale on a non-pre-emptive basis of any shares held in treasury) and which represents less than 5% of the issued ordinary share capital of the Company on 14 September 2021, being the latest practicable date prior to publication of this notice, if used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by The Pre-Emption Group prior to the date of this notice.

The authorities contained in resolutions 15 and 16 will expire at the conclusion of the AGM to be held in 2022 (or, if earlier, 15 months from the date of the resolutions).

The Board has continued to seek annual renewal of the authority to disapply pre-emption rights in accordance with best practice. In accordance with the latest guidelines issued by The Pre-Emption Group, the Board confirms its intention that no more than 7.5% of the issued share capital will be issued for cash on a non-pre-emptive basis during any rolling three-year period.

The Board has no present intention of exercising these authorities. The renewal of the existing authority under resolution 15 and the additional authority sought under resolution 16 will ensure that the Board has flexibility in managing the Company's capital resources so that the Board can act in the best interests of shareholders generally.

Authority to purchase own shares (resolution 17)

Resolution 17 gives the Company authority to buy back its own ordinary shares in the market as permitted by the Act. This renews the authority granted at last year's AGM which expires on the date of the AGM. The authority limits the number of shares that could be purchased to a maximum of 8,204,805 (representing 10% of the issued share capital of the Company on 14 September 2021, being the latest practicable date prior to publication of this notice) and sets minimum and maximum prices. This authority will expire at the conclusion of the AGM of the Company next year (or, if earlier, 15 months from the date of this resolution).

The Directors have no present intention of exercising the authority to purchase the Company's ordinary shares but will keep the matter under review, considering the cash reserves of the Company, the Company's share price and other investment opportunities. The authority will be exercised only if the Directors believe that to do so will result in an increase in earnings per share and will be in the interests of shareholders generally.

Any purchase of ordinary shares will be by means of market purchases through the London Stock Exchange. Any shares purchased under this authority may either be cancelled or held as treasury shares. Treasury shares may subsequently be cancelled, sold for cash or used to satisfy options issued to employees pursuant to the Company's employee share schemes. On 14 September 2021, being the latest practicable date prior to publication of this notice, there were options over 1,652,409 ordinary shares in the capital of the Company which represent 2.01% of the Company's issued ordinary share capital.

If the authority to purchase the Company's ordinary shares was exercised in full, these options would thereafter represent 2.24% of the Company's issued ordinary share capital.

The authority will only be valid until the conclusion of the next AGM in 2022 (or, if earlier, 15 months from the date of this resolution). The current Articles of Association provide the Company with the power to purchase its own shares (Article 46) and the Company has sought the authority of the shareholders to do this by way of special resolution.

Notice of general meetings (resolution 18)

Under the Shareholder Rights Regulations the notice period for general meetings of the Company under the Act is 21 days unless shareholders approve a shorter notice period, which cannot, however, be less than 14 clear days' notice (other than an AGM which will continue to be held on 21 clear days' notice). Before the coming into force of the Shareholder Rights Regulations on 3 August 2009, the Company was able to call general meetings (other than an AGM) on 14 clear days' notice and would like to preserve this ability. In order to be able to do so in future, shareholders must have approved the calling of meetings on 21 clear days' notice. Resolution 18 seeks such approval.

The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Shareholder Rights Directive before it can call a general meeting on 14 clear days' notice. It is intended that the shorter notice period would not be used as a matter of routine for such meetings but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole.

Amendment to Performance Share Plan (PSP) rules (resolution 19)

Renewed for 10 years in 2020, the PSP is the Company's discretionary long-term incentive arrangement used to grant and govern share-based awards to selected employees, including the Company's Executive Directors.

The current terms of the PSP include that, in any 10 calendar year period, the Company may not issue (or grant rights to issue) more than (i) 5% of the issued ordinary share capital of the Company under the PSP and any other discretionary employee share plan adopted by the Company (the PSP's 5% limit) and (ii) 10% of the issued ordinary share capital of the Company under the PSP and any other employee share plan (discretionary or otherwise) adopted by the Company (the PSP's 10% limit).

Such limits are the PSP's 'dilution limits' and are calculated by reference to relevant awards with award dates falling in the 10 calendar year period ending that year that remain potentially dilutive (assuming maximum vesting) or were dilutive. In each case, treasury shares count as new issue shares for the purposes of these limits, unless institutional investor guidelines cease to require them to count as such.

As at the date of the publication of this notice, little headroom remains against the PSP's 5% limit and overall dilution for the purposes of the PSP's 10% limit stands at approximately 7%.

The pressure on the PSP's 5% limit has arisen as a result of the Company's low share price in recent years and the widening of our award policy under PSP (in 2020, Restricted Share Awards were granted to c.550 employees below Board level, 428 of which had no prior awards under the PSP).

To ensure adequate scope to operate desired award policy over the coming years, resolution 19 seeks shareholders' approval for the disapplication of the PSP's 5% limit to leave the PSP's 10% limit as the PSP's sole dilution limit in relation to both current awards and future awards.

The proposed disapplication of the PSP's 5% limit is supported by the Remuneration Committee of the Board and has been the subject of consultation with investors, together with the proposed new Directors' Remuneration Policy.

Reintroducing the application of the PSP's 5% limit would be kept under review by and at the discretion of the Remuneration Committee of the Board.

No other changes are proposed to the PSP and subject to shareholder approval the disapplication of the PSP's 5% limit would become effective upon such approval.

A marked-up copy of the rules of the PSP will be available for inspection from the date of notice until the conclusion of the AGM, at our registered office in line with note 8 of the Notes to the Notice of AGM, below, at corporate.superdry.com and at the AGM.

How to join the meeting

This year we will be hosting a live webcast, giving you the opportunity to attend the meeting in person or to join online, using your smartphone, tablet or computer.

If you choose to join online, you will be able to view a live webcast of the meeting and ask questions in real time, but voting will not be enabled.

Visit: meetnow.global/MAA4A5N
You will need the latest version of Chrome, Safari, Edge or Firefox.

Please ensure your browser is compatible.

MEETING ACCESS

To login you must have your Shareholder Reference Number and PIN.

22 OCTOBER 2021 AT 10:00AM

You will be able to log into the site from 9.30am.

Access

Once the web-page above has loaded into your web browser, select Shareholder on the login screen and enter your Shareholder Reference Number and PIN. If you are a proxy or corporate representative, select Invitation and enter your credentials, which you will receive via email.

Click "JOIN MEETING NOW".

If you are a guest:

Only invited guests will be permitted to attend the meeting. If you wish to attend, you will need to contact Superdry plc.

Please note, guests will not be able to ask questions.

Navigation

When successfully authenticated, the home screen will be displayed. You can view Company information, ask questions and watch the webcast.

You will have options to ask questions and view meeting materials.

If viewing on a computer the webcast will appear automatically once the meeting has started.

Messaging

Any eligible member attending remotely is eligible to partake in the discussion.

Type your message into the box at the bottom of the screen, select a relevant topic (if applicable) and press 'Send' to submit.

If you have trouble logging in, call the number provided.

If you are attending in person please join us at our Head Office, The Runnings, Cheltenham, Gloucestershire, GL51 9NW on Friday 22 October at 10.00am.

www. corporate.superdry.com

Notes to Notice of AGM

1. **Documents enclosed**

   This Notice of AGM is being sent to all shareholders who have requested to receive shareholder communications in paper form. It is also available at corporate.superdry.com. A Form of Proxy is enclosed with this notice.

2. **Entitlement to attend and vote**

   Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered in the register of members of the Company at the close of business on 20 October 2021, or, if this AGM is adjourned, in the register of members at the close of business two days before any adjourned meeting, shall be entitled to vote at the AGM in respect of the number of ordinary shares registered in their name at that time. Changes to the entries in the register of members after close of business on 20 October 2021, or, if this AGM is adjourned, in the register of members at the close of business two days before any adjourned meeting, shall be disregarded in determining the rights of any person to vote at the AGM.

   To facilitate entry to the webcast, shareholders are requested to use their Shareholder Reference Number (SRN) and PIN shown on their attendance card/Form of Proxy to log in to the webcast on their electronic device (whether by smart phone, tablet or PC). For further information please refer to the section 'Entry to the live webcast' (note 5) of this notice. Persons who are not shareholders of the Company (or their appointed proxy or corporate representative) will not be able to attend the AGM unless prior arrangements have been made with the Company.

Where a member is appointing a third party as their proxy to attend the meeting on their behalf or, where a corporate member is appointing someone as their representative, the appointee's contact email address and, in the case of an individual representing a corporate member, a copy of the Letter of Representation, must be provided to Computershare by emailing corporate-representatives@computershare.co.uk to enable the provision of access credentials. Access credentials will be emailed to the appointee one working day prior to the meeting.

3. **Proxies, corporate representatives and nominated persons**

Proxies

Registered shareholders may appoint a proxy to exercise all or any of their rights to vote on their behalf.

A shareholder may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company and may be appointed by:

a. completing and returning the Form of Proxy attached to this Notice;
b. as an alternative to completing the hard copy Form of Proxy, shareholders can appoint a proxy electronically by going to the following website: www.investorcentre.co.uk/eproxy. You will be asked to enter the Control Number, the Shareholder Reference Number (SRN) and PIN as provided on your Form of Proxy and agree to certain terms and conditions;
c. if you are a user of the CREST system (including CREST Personal Members), having an appropriate CREST message transmitted.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment by using the procedures described in the CREST manual (www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST manual. All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy must be transmitted so as to be received by the Company's agent (ID. Number 3RA50) 48 hours before the AGM. It is the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings. The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

IMPORTANT: To be effective your Form of Proxy must be received by the Company's registrars no later than 10.00am on Wednesday 20 October 2021. Further details regarding the appointment of proxies are given in the notes to the Form of Proxy. The rights of shareholders in relation to the appointment of proxies as stated above do not apply to a person nominated under s.146 of the Companies Act 2006 (the ***Act***) to enjoy information rights (a ***Nominated Person***). Such rights can only be exercised by shareholders of the Company.

If you wish your proxy appointee to attend the meeting virtually, please contact Computershare Investor Services plc by email on corporate-representatives@computershare.co.uk or alternatively call +44 (0370) 889 3102, providing details of your proxy appointment including their email address so that unique credentials can be issued to allow the proxy to access the electronic meeting. Access credentials will be emailed to the appointee one working day prior to the meeting. Lines are open 8.30am to 5.30pm Monday to Friday (excluding bank holidays).

Corporate representatives

Corporate shareholders may appoint one or more corporate representatives, who may exercise on its behalf all its powers, provided that if two or more representatives are appointed either: (i) each corporate representative is appointed to exercise the rights attached to a different share or shares held by that shareholder; or (ii) the corporate representatives vote in respect of the same shares, the power is treated as exercised only if they purport to exercise the power in the same way as each other (in other cases, the power is treated as unexercised).

If you are appointing a corporate representative, or have been appointed a corporate representative and wish to attend the meeting virtually, please contact Computershare Investor Services plc by emailing corporate-representatives@computershare.co.uk providing details of your appointment including their email address, confirmation of the meeting they wish to attend and a copy of the Letter of Representation, so that unique credentials can be issued to allow the corporate representative to access the electronic meeting. Access credentials will be emailed to the appointee one working day prior to the meeting. If documentation supporting the appointment of the corporate representative is supplied later than the deadline for appointment of a proxy (48 hours prior to the meeting), issuance of unique credentials to access the meeting will be issued on a 'best endeavours' basis.

Nominated Person(s)

Any Nominated Person to whom this Notice has been sent may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

4. **AGM business**

Shareholders have a right to ask questions relating to the business of the AGM and the Company must cause such questions to be answered, unless such answers would interfere unduly with the business of the AGM, involve the disclosure of confidential information, if the answer has already been published on the Company's website or if it is not in the interests of the Company or the good order of the AGM that the question be answered.

5. **Entry to the live webcast**

In order to participate in the live webcast, you will need to visit **meetnow.global/MAA4A5N** on your device operating a compatible browser using the latest version of Chrome, Firefox, Edge or Safari. Please note that Internet Explorer is not supported. **It is highly recommended that you check your system capabilities in advance of the meeting day.**

If you are a shareholder, you can use your unique Shareholder Reference Number and PIN as displayed on your Form of Proxy/Attendance Card. If you are an appointed proxy or a corporate representative you will have had to be provided with a unique invite code to access the meeting and exercise your rights. These credentials will be issued one working day prior to the meeting, conditional on evidence of your proxy appointment or corporate representative appointment having been received and accepted. If you have not been provided with your meeting access credentials, please ensure you contact Computershare on the morning of the meeting, but no later than one hour before the start of the meeting.

Access to the meeting via **meetnow.global/MAA4A5N** will be available from 22 October 2021 at 9:30am. During the meeting, you must ensure you are connected to the internet **at all times** in order to participate in the meeting. Therefore, it is your responsibility to ensure connectivity for the duration of the meeting.

6. **Technical issues**

If you experience any technical issues with the site, you may either call our registrar on the telephone number provided on the site or once you have entered the meeting, you can raise your question using the chat function. If you have technical issues prior to the start of the meeting you should contact our registrar on the shareholder helpline.

7. **Website publication of audit concerns**

Under section 527 of the Act, shareholders meeting the threshold requirements set out in that section have the right to request publication on the Company's website of any concerns that they propose to raise at the AGM relating to:

i. the audit of the Company's accounts (including the Auditor's Report and conduct of the audit) that are to be submitted to the AGM; or

ii. any circumstance connected with an auditor of the Company ceasing to hold office since the last AGM of the Company. The Company will publish the statement if sufficient requests have been received in accordance with section 527(2) of the Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 to 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.

8. **Total voting rights**

On 14 September 2021, being the last practicable date prior to the publication of this Notice, the Company's issued share capital consisted of 82,048,045 ordinary shares, carrying one vote each. Therefore, the total exercisable voting rights in the Company on 14 September 2021 are 82,048,045.

9. **Sending documents relating to the AGM to the Company**

Any documents or information relating to the proceedings at the AGM may only be sent to the Company at its registered office address. Shareholders may not use any electronic address provided in this Notice or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than expressly stated.

10. **Documents available for inspection**

Copies of the following documents are available for inspection at an agreed time during normal business hours (Saturdays, Sundays and public holidays excepted) at the Company's offices at Unit 60, The Runnings, Cheltenham, Gloucestershire, GL51 9NW from 9.00 am on the date of publication of this Notice until the conclusion of the AGM (email during normal business hours as noted above to company.secretary@superdry.com): Executive Directors' service contracts, Non-Executive Directors' letters of appointment, a copy of the Articles of Association of the Company and a copy of the rules of the Superdry Performance Share Plan.

11. **Information available on website**

In accordance with section 311A of the Act, a copy of this notice is available on the Company's website corporate.superdry.com.

12. **Voting outcome**

The results of the voting will be announced through a Regulatory Information Service and will appear on the Company's website corporate.superdry.com on 22 October 2021.

Shareholder information

Registered office

Unit 60 The Runnings
Cheltenham
Gloucestershire
GL51 9NW

Registered in England and Wales
Registered number 07063562
T: +44 (0) 1242 578376

Shareholder enquiries: company.secretary@superdry.com
Investor Relations: investor.relations@superdry.com

Share registrar

For shareholder queries:

Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Shareholder information line 0370 889 3102
Lines are open Monday to Friday, excluding bank holidays and weekends, 8.30am to 5.30pm (+44 370 889 3102 if calling from outside the UK).

For those with hearing difficulties, a textphone is available on 0370 702 0005 for UK callers with compatible equipment.

AGM

The AGM will be held on Friday 22 October 2021 at 10.00am. The notice of meeting is in this report and is also available at corporate.superdry.com. The results of the meeting will be accessible on corporate.superdry.com shortly after the meeting.

Dividend

No interim dividend was paid, and no final dividend has been proposed for FY21.

Electronic communications

Shareholders may choose to receive all shareholder documentation in electronic form, rather than by post. If you elect this option, you will receive an email each time a shareholder document is published on our website.

Tax vouchers and annual statements will be sent to your Investor Centre account. You can register for the Investor Centre at www.computershare.com/investor.

To receive documents in electronic form, you need to change your preferences on your Investor Centre account, or alternatively you can call the shareholder information line on 0370 889 3102.

Share dealing

Superdry plc certificated shares can be traded through most banks, building societies or stockbrokers. Computershare offers telephone and internet dealing services. Terms and Conditions and details of commission charges are available on request from Computershare.

This service is available Monday to Friday, 8.00am to 4.30pm, excluding bank holidays and weekends, where a professional and qualified dealer will be pleased to assist you. Please call 0370 703 0084 and ensure you have your Shareholder Reference Number (SRN) ready when you make the call. The SRN appears on your share certificate. To register for internet dealing services visit www.computershare-sharedealing.co.uk

Share price information

The latest Superdry plc share price is available at www.corporate.superdry.com

Unauthorised brokers (boiler room scams)

Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. If you receive any unsolicited investment advice, please check with the Financial Conduct Authority (FCA) before getting involved by visiting www.fca.org.uk/register/. If you think you have been approached by an unauthorised firm, you should contact the FCA consumer helpline on 0800 111 6768. Further information can be found at www.fca.org.uk

Cautionary statement

This FY21 Annual Report and Accounts (Report) contains certain forward-looking statements with respect to financial condition, results of the operations and businesses of Superdry plc. These statements and forecasts involve risk, uncertainty and assumptions because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. These forward-looking statements are made only as at the date of this Report. Except as required by law, Superdry plc has no obligation to update the forward-looking statements or to correct any inaccuracies therein.

The information in this Report is deemed to constitute inside information as stipulated by the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this Report, this information is now considered to be in the public domain.

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