26 January 2024

Superdry Plc

Half Year Results for the 26-week period ending 28 October 2023

In line with December trading statement, challenging H1, but strong progress on cost and inventory reduction programmes.

Superdry plc ("Superdry" or the "Group"), today announces its Half Year Results covering the 26-week period to 28 October 2023 ("H1 24") and an update on current trading covering the 12-week period to 20 January 2024.

- Group Revenue down 23.5% on prior year and impacted by the challenging consumer retail market, unseasonal weather, as well as the underperformance of our Wholesale segment.
- Statutory profit before tax of £3.3m (H1 23: £(17.7)m loss) due principally to the sale of Intellectual Property in the APAC region, offset partially by a non-cash impairment charge of £10.2m.
- Softer revenue performance has impacted underlying profitability and resulted in an Adjusted loss before tax of £(25.3)m (H1 23: £(13.6)m).
- Progress on turnaround programme designed to position Superdry for long-term success and which focuses on improving efficiency, driving simplification, and establishing a target operating model.
- Work to rightsize our operating cost base set to deliver in excess of £40m in savings this financial year, ahead of our initially stated target of £35m and with more than £20m achieved in H1, as we continue to prioritise driving forward our cost reduction agenda.
- HY 24 inventories of £130.9m, down 24.2% on the same period last year with FY 24 closing inventory projected to reach c.7m units, down from a peak of c.18.9m units at FY 19.
- Further action taken to support the balance sheet with funds received, post half-year end, from IP joint venture and disposal of assets in South Asian region for £28.3m, net of fees and taxes.
- Secondary lending facility agreed in August for up to £25m with Hilco Capital. Cash management remains a critical focus area for the business and we retain a number of mitigating actions to improve liquidity if required including, but not limited to, additional brand rights sales in non-core territories and the clearance of aged inventory at accelerated rates.
- Milder weather and heavy discounting across the sector impacted Christmas trading and, consistent with our December update, we expect full year results to reflect the more challenging environment seen to-date.

	H1 24	**H1 23**	***Change***
Group Revenue	£219.8m	£287.2m	*(23.5)%*
Gross Margin Rate	54.0%	52.1%	*1.9% pts*
Adjusted loss before tax[1]	£(25.3)m	£(13.6)m	*(86.0)%*
Adjusting items[1]	£28.6m	£(4.1)m	-
Statutory profit/(loss) before tax	£3.3m	£(17.7)m	-
Adjusted basic loss per share [1]	(26.5)p	(11.2)p	*(136.6)%*
Basic profit/(loss) per share	2.9p	(15.0)p	-
Net working capital[1]	£77.8m	£114.4m	*(32.0)%*
Net (Debt)/Cash position[1]	£(28.9)m	£(38.0)m	*23.9%*

Julian Dunkerton, Founder and Chief Executive Officer, said:

"This has clearly been a difficult period for Superdry. A challenging consumer retail market, set against a backdrop of macroeconomic uncertainty and some remarkably unseasonal weather conditions have all combined to weaken the financial performance of the Group. These macro and external factors have been further exacerbated by the underperformance of our Wholesale segment. Whilst, to some extent, this was expected due to the decision to exit our US operations and the sale of the brand rights in non-core territories, the segment continues to prove challenging.

Despite the near-term difficulties, we have made significant operational strides over the half year as part of our ongoing turnaround. Our cost savings programme remains on track and our inventory reduction programme is progressing well. We have also taken further action to support the balance sheet with a secondary lending facility agreed with Hilco Capital in August, and the agreement for a joint venture and disposal in South Asia, demonstrating the continuing attractiveness of the brand in foreign markets.

Our efforts continue to focus on rightsizing the cost base and creating an operating model suitable for the needs of the organisation over the longer-term. Christmas trading proved challenging, and we do not expect market conditions to get any easier in the near-term. However, I firmly believe we are taking the right steps for the business and the brand, to return Superdry to profitability."

H1 24 Financial Overview

- Statutory profit before tax of £3.3m (H1 23: £(17.7)m loss) includes £36.3m from the disposal of brand rights in the APAC region, which was formally approved by shareholders in May, offset partially by a non-cash impairment charge of £10.2m against store assets.
- Group Revenue declined 23.5% on the same period last year, with Retail down 13.1% and Wholesale down 41.1%.
- Ecommerce sales down 19.1% and impacted by the challenging trading environment, warmer weather, as well as a profit focused reduction in spend on digital marketing.
- Store sales performed more robustly but were still down 9.9% and impacted by the unseasonal weather and timing of promotions.
- Wholesale sales down 41.1% as the segment continues to underperform expectations and is impacted by a combination of factors that include declining volumes and structural changes within the broader market, but also strategic decisions taken by the business, such as the decision to exit our US operations, brand rights sales and continued clearance activity.
- Gross margin improved by 1.9 percentage points, largely driven by changing channel mix and price inflation, offset by markdown participation to clear aged stock.
- Total operating costs down 16.1% with significant reductions across selling and distribution and central costs, further validating our ongoing efforts to rightsize our operating cost base.
- Adjusted loss before tax increased to £(25.3)m (H1 23: £(13.6)m), reflecting the weaker revenue performance, a non-repeating FX gain in the prior year and increased finance costs of £9.3m (H1 23: £2.6m).
- Working capital reduced by £36.6m when compared to the same period last year. This was driven by our stock clearance programme, with inventories reducing by 24.2% to £130.9m over the period, combined with a reduction in both payables and receivables, reflecting the contraction in revenues, particularly within Wholesale.
- Net debt was £(28.9)m, marginally up on our closing FY 23 figure of £(25.6)m, but an improvement on the same period last year (H1 23: £(38.0)m) and reflects the completion of the APAC transaction and equity raise, offset by movements in working capital, lease repayments and increased finance costs.

Current Trading *(12 weeks to 20 January 2024)*

The table below shows the revenue change for the 12-week period to the 20 January 2024 when compared to the same period in the prior year. Overall performance in the 12 weeks since the period end has remained challenging, albeit there have been some more encouraging trends during the recent cold weather period.

	12 Weeks since H1 24
Group Revenue	(13.7)%
Retail[2]	(10.2)%
Stores	(10.4)%
Ecommerce	(10.1)%
Wholesale	(38.0)%

- Whilst Superdry's longstanding strength in outerwear resulted in some encouraging sales during recent spells of colder weather, the milder autumn that persisted through the peak Christmas trading period has negatively impacted Group Revenue, which is down 13.7%.
- Retail is down 10.2% on the same period last year. As documented in recently released figures from the Office for National Statistics ("ONS"), December saw a sharp drop in UK retail sales and the largest since the UK was in Covid lockdown, with consumers taking advantage of Black Friday promotions to complete their holiday season shopping earlier. These challenging market conditions, resulting heavy discounting across the sector and milder weather have all combined to impact Retail performance, with Stores down 10.4% and Ecommerce down 10.1%.
- Wholesale is down 38.0% in the 12 weeks since the half-year, with performance broadly in line with H1 as the segment continues to suffer from declining volumes and structural changes within the broader market, as well as strategic decisions taken by the business.

Outlook

The consumer retail market remains challenging and unpredictable, and sales performance has not been helped by the extreme weather events of the summer being followed by one of the warmest autumn seasons on record, which persisted through the peak Christmas trading period. We are mindful of these external and macro factors and as outlined as part of our December trading statement we expect full year profitability to be impacted by the weaker trading we have seen to-date, and internal expectations remain consistent with that view. As a management team, we continue to focus on the delivery of our cost efficiency programme and further opportunities to reduce the fixed cost base of the business, with in excess of £40m of savings due to be realised within the year.

Notes

1. 'Adjusted', 'Adjusting', Net working capital and 'Net (Debt)/Cash' are used as alternative performance measures ('APMs'). Definition of APMs and how they are calculated are disclosed in Note 22. 'Net working capital' has been reconciled within the Finance Review.
2. Retail is the combination of our Stores and Ecommerce segments.

Market Briefing

A webcast for investors will be held today starting at 9:30am GMT, followed by a Q&A with management. If you would like to register, please go to https://www.investormeetcompany.com/superdry-plc/register.

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Notes to Editors

Our mission is to be the "*#1 Premium Sustainable Style Destination*" through our distinct collections, defined by consumer style choices. We design affordable, premium quality clothing, accessories and footwear which are sold around the world. We have a clear strategy for delivering growth via a multi-channel approach combining Stores, Ecommerce, and Wholesale. Superdry has 216 physical stores and around 369 franchisees and licensees. We operate in 48 countries and have over 3,350 colleagues globally.

Cautionary Statement

This announcement contains certain forward-looking statements with respect to the financial condition and operational results of Superdry Plc. These statements and forecasts involve risk, uncertainty, and assumptions because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. These forward-looking statements are made only as at the date of this announcement. Nothing in this announcement should be construed as a profit forecast. Except as required by law, Superdry Plc has no obligation to update the forward-looking statements or to correct any inaccuracies therein.

CEO Review

The first half of the year has been another period of exceptional transformation and development for Superdry. Despite the near-term challenges faced by the Group, we have taken a number of steps designed to recapitalise and reshape the organisation, as we begin to create an operating model more suited to the needs of the business over the longer-term and return Superdry to profitability.

Whilst financial performance has proven softer than anticipated, this has clearly been impacted by a number of external and macro factors, as well as some of the strategic decisions we have taken as part of our turnaround programme, such as our continued clearance of aged stock. Inventory reduction has been a critical area of focus and we have made great progress, with forecast inventory for FY 24 approximately 7m units, down from a peak of around 18.9m units only five years ago. This period of elevated clearance as we continue to reduce our stock holding to more efficient levels has invariably presented challenges, but we are confident in the steps we are taking to align inventory volumes with the ongoing requirements of the business.

Navigating our turnaround has also come amid an exceptionally challenging macroeconomic and consumer retail environment, as well as some unseasonal weather, both of which have combined to impact performance. The premium consumer retail market continues to prove challenging, whilst the extreme weather events of the summer have been followed by one of the warmest autumn seasons on record as we saw a slower uptake of our Autumn / Winter range with consumers delaying warm weather clothing purchases.

The result is that Group Revenue for the first half is down 23.5%, at £219.8m. This is driven by some softer performance from our Retail segment, but also the continued underperformance of our Wholesale division, which is down 41.1%. The stabilisation of the core business and revitalisation of routes to market within Wholesale is ongoing but, as messaged at our FY 23 results, this transformation is not a quick fix, and our efforts here remain a work in progress. It is also worth noting that a portion of the decline seen within Wholesale can be attributed to strategic decisions, such as our decision to exit our US operations and the sale of intellectual property in non-core territories, as well as differences in the timing of stock intake and dispatches which can skew year-on-year comparisons, but nevertheless, it remains a disappointing outturn.

Our Retail segment proved more robust in the first half but has also underperformed expectations and was down 13.1%, with Stores and Ecommerce down 9.9% and 19.1%, respectively. Both our Retail channels have been impacted by the previously mentioned external and macro factors, but also by some heavy discounting from competitors. The adjusted loss before tax of £(25.3)m reflects the weaker trading performance detailed above, whilst our statutory profit before tax of £3.3m includes £36.3m from the APAC brand rights transaction, which was formally approved by shareholders in May.

Cost efficiency programme

Despite the softer financial performance, a significant success of the first half has been our efforts to reduce costs and I am pleased to report we now expect in excess of £40m in savings to be realised within the year, ahead of our initially stated target of £35m, and with more than £20m achieved in H1.

A critical area of focus has been our store strategy, which is centred around exiting or regearing loss-making stores, whilst seeking to improve the profitability of our remaining store estate. During H1 we closed 12 stores, and we will continue to assess further opportunities for strategic store closures as they arise. These efforts and initiatives have been supported by programmes to better optimise store space and improve profitability, such as through our recently trialled vintage concessions.

Further to our work on stores, our critical procurement focus on the renegotiation and mitigation of cost increases on new and existing contracts is helping to drive forward our cost reduction agenda. These efforts have been supported by incremental savings we are making across our logistics network, which are targeted non-volume related cost savings, that focus on distribution operations across order fulfilment and customer returns management.

Our cost reduction programme marks a significant milestone as we strategically realign and rightsize our cost base with the requirements and shape of the organisation moving forward. However, when considering such progress, it is important to recognise that this activity does not limit our sustainability ambitions, product quality, or customer experience. We continue to evaluate strategic opportunities to further reduce our fixed cost base.

Simplifying the business

The steps we have taken to reduce costs and drive efficiencies have been complemented by actions to simplify Superdry and strengthen our balance sheet, with our efforts in this area centred around the sale of our intellectual property in non-core territories. Where Superdry has traditionally adopted more conventional routes to market around the world, this approach is changing, with sales of intellectual property creating a simpler operating model as we get our product in front of the consumer in a more efficient manner. Such activity also allows management to focus on growing the brand and increasing sales in regions where we have strongest expertise, as well as having the much needed effect of supporting our strategic recapitalisation.

In May 2023, we completed our first IP sale as shareholders approved the disposal of assets in the Asia Pacific region to our strategic partner, Cowell Fashion Company, for a consideration of £36.3m. More recently, in October 2023, we announced a joint venture and agreement for the disposal of assets in the South Asian region to our franchise partner in India, Reliance Brands. Having partnered with Reliance since 2012, they are a business we know well, and I am thoroughly excited by the opportunity that the growing Indian economy and population of affluent shoppers present. After the investment in the joint venture vehicle we received net proceeds, post the half-year end, of £28.3m.

Our strategic recapitalisation has also been supported by a 19.1% equity raise, completed in May 2023, as well as a secondary lending facility agreed with Hilco Capital, as announced in August 2023. The Hilco facility unlocks up to a further £25m of borrowing to help mitigate the headroom cap on our Bantry Bay agreement and the flexibility to access additional capital has been beneficial for the business during the Autumn / Winter buying season, the peak of our working capital cycle.

Whilst our efforts here have been significant, cash and liquidity management remain a critical area of focus as we go into 2024 and we will continue to assess further opportunities to simplify our operating model and provide further liquidity for the business as and when they arise.

Building the operating model of the future

Underpinning everything we are doing at Superdry is our desire to create an operating model that fits the profile of the business going forward; forging the Superdry of the future.

Central to this is the work we are doing on product, with our product first strategy, as well as efforts to improve the customer experience, both instore and online. We continue to put our product at the heart of everything we do, celebrating our heritage, whilst driving innovation. Our reduced seasonal option counts, which have come down from over 4,400 at their peak to around 2,200, are enabling greater product focus, and we are delivering a firmer stance on transitional product, such as overshirts and lightweight jackets, which achieve greater year-round sell-through.

Efforts to improve the customer experience have mainly centred around reshaping of the store estate and improving our instore offering. Vintage concessions have been trailed at several stores and 'consumer destinations', where we showcase small capsule collections in certain areas of stores, are both designed to target specific consumers and create a more captivating store journey. From a digital perspective, we are taking a data infused approach to marketing, becoming more data driven in how we measure the effectiveness of our campaigns, which proves the value of our marketing and enables more sophisticated forward planning.

There is much being done from an operational perspective too, where we continue to closely manage the clearance of aged stock. Inventory units were c.9.9m units at the end of FY 23, down from the peak of c.18.9m in 2019 and, as I mentioned earlier, we project FY 24 closing inventory to be c.7m units, significantly lower than prior years and a level more appropriate for the ongoing operation of the business. Further to the

logistics cost savings expected to be achieved this year, we are planning a larger operational reassessment of our logistics strategy and network as we go into FY 25.

Looking Forward

The macroeconomic environment continues to present its challenges, but Superdry is a business that is evolving. Despite the near-term difficulties we have faced, we remain steadfast in our commitment to the revitalisation of the brand and our mission to become the '*#1 Premium Sustainable Style Destination'.* It has been an extremely busy start to the year for Superdry, with the second half set for more of the same, and we look forward to providing you with further updates as we continue to reduce costs, simplify the organisation and build our future operating model.

Financial Review

Group revenue decreased 23.5% to £219.8m (H1 23: £287.2m), driven by the continued underperformance of our Wholesale division, but also impacted by the softer performance from our Retail segment.

Wholesale was down 41.1% to £62.6m (H1 23: £106.2m). Whilst to some extent this was expected due to strategic decisions taken by the business, as well as differences in the timing of stock intake and dispatches which can skew year-on-year comparisons, the decline is also reflective of the continued underperformance of the channel.

Our Retail segment was down 13.1%, driven predominantly by a decline in Ecommerce sales. Ecommerce was down 19.1% on the prior year to £51.2m (H1 23: £63.3m) and impacted by the well-documented external and macro-economic factors, but also by a profit-focused reduction in spend on digital marketing. Stores performed more robustly than our other segments but were down 9.9% to £106.0m (H1 23: £117.7m) and also impacted by the weather and timing of promotions.

Our adjusted loss before tax of £(25.3)m (H1 23: £(13.6)m) is a reflection of the softer Retail trading and underperformance of Wholesale, a non-repeating FX gain from the prior year and increased finance costs of £9.3m (H1 23: £2.6m).

Summary Financials *(£m)*	**H1 24**	**H1 23**	***Change (%)***
Stores	106.0	117.7	*(9.9)%*
Ecommerce	51.2	63.3	*(19.1)%*
Wholesale	62.6	106.2	*(41.1)%*
Group Revenue	**219.8**	**287.2**	***(23.5)%***
Stores	70.4	80.3	(12.3)%
Ecommerce	27.8	36.7	(24.3)%
Wholesale	20.5	32.5	(36.9)%
Gross Profit	**118.7**	**149.5**	**(20.6)%**
Gross Profit Margin %	*54.0%*	*52.1%*	*1.9% pts*
Selling and Distribution Costs	(119.3)	(150.6)	20.8%
Central Costs	(26.0)	(33.4)	22.2%
Other Gains	10.6	23.5	(54.9)%
Adjusted Operating Loss	**(16.0)**	**(11.0)**	**(45.5)%**
Net Finance Expense	(9.3)	(2.6)	257.7%
Adjusted Loss Before Tax[1]	**(25.3)**	**(13.6)**	**(86.0)%**
Adjusting Items			
Fair Value Movement on Forward Contracts	2.5	(4.1)	-
Restructuring and Strategic	36.3	-	-
OLP and Net Impairment Charges	(10.2)	-	-
Total Adjusting Items	**28.6**	**(4.1)**	-

Profit / (Loss) Before Tax	**3.3**	**(17.7)**	-
Tax (Expense) / Credit	(0.5)	5.5	-
Profit / (Loss) for Period	**2.8**	**(12.2)**	-

1. Adjusted operating loss, adjusted operating margin and adjusted loss before tax are defined as reported results before adjusting items as further explained in Note 22.

Retail Revenue

Retail Revenue comprises sales across our Stores and Ecommerce channels.

Retail Revenue *(£m)*	**H1 24**	**H1 23**	***Change (%)***
Stores	106.0	117.7	(9.9)%
Ecommerce	51.2	63.3	(19.1)%
Total Retail Revenue	**157.2**	**181.0**	**(13.1)%**
Ecommerce Revenue as a proportion of Retail Revenue	*32.6%*	*35.0%*	*(2.4)% pts*
Ecommerce Revenue as a proportion of Group Revenue	*23.3%*	*22.0%*	*1.3% pts*

Stores

Store revenue was down 9.9% on the same period last year to £106.0m.

This was driven predominantly by underperformance in the UK and Republic of Ireland, which saw a 10.2% decline to £56.6m. Stores in the UK and Republic of Ireland have been impacted by the unseasonal weather, with the extreme weather events of the summer and milder autumn impacting both footfall and conversion. Mainland Europe was down 3.6% to £39.8m, with the smaller contraction in sales largely reflective of a weaker prior year comparator following Europe's delayed post-pandemic recovery.

The Rest of the World, which relates to US stores, was impacted by price inflation, reflective of the increased operational and logistical costs of transporting products to the region. As a result, revenues were down 28.4% to £9.6m, with a similar decline visible in our Ecommerce segment as price inflation impacted both stores and web-platforms.

We closed 12 stores in the half year, ending the period with 216 owned stores. As part of our ongoing store reshape and turnaround programme we will continue to assess further opportunities for strategic store closures as they arise.

Store Revenue by Territory *(£m)*	**H1 24**	**H1 23**	***Change (%)***
UK and Republic of Ireland	56.6	63.0	(10.2)%
Mainland Europe	39.8	41.3	(3.6)%
Rest of World	9.6	13.4	(28.4)%
Total Store Revenue	**106.0**	**117.7**	**(9.9)%**

Ecommerce

Ecommerce revenue is a combination of sales made through our own websites and those made online through third party sites.

Our Ecommerce segment has been impacted by the well-documented macro and external factors, as well as a profit focused reduction in spend on digital marketing and price inflation across the UK, Republic and Ireland

and mainland Europe. As a result, Ecommerce sales in the UK and Republic of Ireland declined by 14.7% to £22.7m and mainland Europe was down 21.5% to £26.3m.

The Rest of the World was impacted by more significant price inflation than elsewhere, with a 29.0% decline to £2.2m similar to that seen within stores, as price inflation impacted both stores and web-platforms.

Ecommerce Revenue by Territory *(£m)*	**H1 24**	**H1 23**	***Change (%)***
UK and Republic of Ireland	22.7	26.6	(14.7)%
Mainland Europe	26.3	33.6	(21.7)%
Rest of World	2.2	3.1	(29.0)%
Total Ecommerce Revenue	**51.2**	**63.3**	**(19.1)%**

Wholesale

Wholesale performance continues to lag the rest of the Group with the segment down 41.1%, to £62.6m with the weaker performance broadly consistent across all territories.

The UK and Republic of Ireland was down 45.7% to £8.8m, whilst mainland Europe was down 43.8% to £35.0m. The UK and Republic of Ireland was impacted by the administration and subsequent liquidation of one of our franchise partners. Mainland Europe has also been impacted by lost accounts and the financial difficulties experienced by key partners, particularly in France.

Within the Rest of the World, Wholesale was down 32.4%, to £18.8m, however most of this decline can be attributed to strategic decisions taken by the business. The combined closure of our US operations and transactions to sell brand rights in foreign territories have both had an anticipated negative impact on sales, and account for most of the decline.

More broadly, it is worth noting that Wholesale has also been impacted over recent years by our growing third-party partner programme within Ecommerce. This is particularly the case in mainland Europe where successful contracts with online retailers such as Zalando have moved traffic away from Wholesale. Whilst there are no specific contract movements impacting this financial period, the changing landscape within wholesale that is seeing more product move to third-party sites, and away from the more traditional wholesale model, is invariably having an ongoing impact on sales and partner confidence.

Wholesale Revenue by Territory *(£m)*	**H1 24**	**H1 23**	***Change (%)***
UK and Republic of Ireland	8.8	16.2	(45.7)%
Mainland Europe	35.0	62.2	(43.7)%
Rest of World	18.8	27.8	(32.4)%
Total Wholesale Revenue	**62.6**	**106.2**	**(41.1)%**

Gross Margin

Gross margin improved by 1.9 percentage points to 54.0%. This has largely been driven by the changing channel mix following the decrease in Wholesale revenues.

The Retail gross margin was down 2.2 percentage points, to 62.5%, as price inflation has been offset by markdown participation to clear ageing stock as part of our ongoing inventory reduction programme. Specifically, within Ecommerce, margin dilution is also the result of the higher mix of third-party sales, where commission charges are included in the margin. Wholesale has seen a small improvement of 2.1 percentage points following price inflation and clearance participation taking place at more favourable rates.

Gross Margin by Channel *(%)*	H1 24	H1 23	*Change (%)*
Stores	66.4%	68.2%	(1.8)% pts
Ecommerce	54.3%	58.1%	(3.8)% pts
Retail	***62.5%***	***64.7%***	***(2.2)% pts***
Wholesale	32.7%	30.6%	2.1% pts
Total Gross Margin	**54.0%**	**52.1%**	**1.9% pts**

Total Operating Costs

Total operating costs decreased 16.1% to £134.7m.

In line with our ambition to reduce the Group's cost base, we have identified initial cost savings in excess of £40m, expected to be achieved within this financial year, with over £20m achieved in H1. Costs to deliver these savings were primarily incurred in the last financial year.

Selling and distribution costs decreased to £119.3m, down 20.8%. This is in part a volume related saving as a result of the reduction in revenues, but also a direct result of the work we are doing to reshape the business and cost base more appropriately as the decrease comes despite increasing store overheads, persistent elevated energy costs and wage inflation.

Central Costs are down 22.2% to £26.0m which is a result of our targeted reduction in costs across the business with a focus on the renegotiation and mitigation of cost increases on new and existing contracts.

Other gains were lower in HY 24 at £10.6m, down from £23.5m in the year previous and largely due to a £17.2m gain on foreign exchange in the prior period which has not repeated in the current period.

Operating Costs *(£m)*	H1 24	H1 23	*Change (%)*
Selling and Distribution Costs	(119.3)	(150.6)	20.8%
Central Costs	(26.0)	(33.4)	22.2%
Other Gains	10.6	23.5	(54.9)%
Total Operating Costs pre-Adjusting Items	**(134.7)**	**(160.5)**	**(16.1)%**

Adjusted Loss Before Tax

Our finance expense was £(9.3)m (H1 23: £(2.6)m). Finance costs are up on the prior period due to higher arrangement fees on loans and a higher net interest expense, coupled with higher rates of lease liability interest following Bank of England base rate rises.

This results in an Adjusted loss before tax for the year of £(25.3)m, up from an Adjusted loss before tax of £(13.6)m in the prior year.

Adjusting Items

Total adjusting items of £28.6m are comprised of restructuring and strategic adjusting items of £36.3m and the fair value movement on forward contracts of £2.5m, offset by onerous lease provision and impairment charges of £(10.2)m.

Restructuring and strategic relates to the income from the agreement to sell the Superdry intellectual property in certain countries in the APAC region for $50.0m, before fees and taxes, to the Cowell Fashion Company. The shareholder vote on this transaction was concluded on 30 May 2023 and is therefore reflected in our H1 24 report and accounts.

Additionally, a £2.5m gain has been recognised within adjusting items in respect of the fair value movement in financial derivatives, specifically relating to movements in FX and the revaluation of forward contracts (HY 23: £(4.1)m loss).

Onerous lease and impairment charges of £(10.2)m reflect an impairment on the increase in the IFRS16 right of use asset.

As a result, the statutory profit before tax is £3.3m, which includes total adjusting items of £28.6m. The same number at H1 23 was a £(17.7)m loss, which included total adjusting items of £(4.1)m.

Adjusting Items *(£m)*	**H1 24**	**H1 23**	***Change (%)***
Fair Value Movement on Forward Contracts	2.5	(4.1)	-
Restructuring and Strategic	36.3	-	-
OLP and Net Impairment Charges	(10.2)	-	-
Total Adjusting Items	**28.6**	**(4.1)**	**-**

Taxation

The tax charge on profits is £0.5m (H1 23: £5.5m tax credit). As a result, the Groups effective tax rate was 15.2%, which is less than the UK statutory tax rate of 25%. The difference is driven by the tax accounting impact of tax losses for which no tax benefit has been recognised, and tax rate differentials in overseas subsidiaries.

Profit / (Loss) after tax

Group statutory profit after tax was £2.8m, compared to a £(12.2)m loss at H1 23. This reflects the softer underlying performance from the business, offset by the £36.3m gain from the disposal of brand rights in the APAC region.

(Loss) / Profit per Share

Reflecting the adjusted loss made by the Group, Adjusted Basic EPS is (26.5)p per share (H1 23: (11.2)p).

Reported basic EPS, which includes the APAC transaction, is 2.9p (H1 23: (15.0)p) and is based on a basic weighted average of 97,453,367 shares (H1 23: 81,380,288 shares).

Dividends

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

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

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

Cash Flow

Cash and liquidity management remains a critical area of both focus and challenge for the business. The softer financial performance, driven predominantly by the weaker outturn from Wholesale, as well as broader macro and external pressures has resulted in a drawdown of £56.7m on our Asset Backed Lending (“ABL”) facility.

Net cash and cash equivalents were £27.8m at the period end, but given the drawdown on our ABL facility, our net debt is £(28.9)m.

Working Capital

Working Capital *(£m)*	**H1 24**	**H1 23**	***Change***	***Change (%)***
Inventories	130.9	172.6	*(41.7)*	*(24.2)%*
Trade and Other Receivables	81.6	120.4	*(38.8)*	*(32.2)%*
Trade and Other Payables	(134.7)	(178.6)	*43.9*	*(24.6)%*
Net Working Capital	**77.8**	**114.4**	***(36.6)***	***(32.0)%***

Inventory value decreased during the period to £130.9m, down 24.2%. We continue to prioritise the targeted sale of aged inventory as part of our stock clearance programme and expect FY 24 closing inventory to be significantly lower than the prior year.

Trade and other receivables decreased 32.2% to £81.6m, whilst trade and other payables declined by 24.6% to £134.7m in line with the reduction in revenues, particularly within Wholesale, and offset somewhat by the extension in trade terms.

Balance Sheet

Total non-current assets were £113.0m, up from £107.7m at FY 23. This was primarily driven by an increase in right of use assets, which rose from £48.5m at FY 23 to £57.2m. The increase in the value of right of use assets comes despite a £10.2m net impairment, which relates to store asset impairment charges and reversals and onerous property related contracts provision.

During the period the group received signed contracts for leases that were agreed in both the current and prior periods, this made them eligible for IFRS 16 accounting adjustments. An impairment review was performed on these stores, driving an impairment of right of use assets of £10.4m, partially offset by £0.2m of utilisation in the period, the combination of which result in a net impact of £10.2m.

Our non-current assets of property, plant and equipment and intangible assets reduced by £0.7m and £3.2m, respectively, reflecting net additions, depreciation and amortisation in the period.

Total current assets increased to £338.9m, from £254.0m at FY 23 as a result of the increase in cash and bank balances, which rose to £125.0m (FY 23: £58.2m), as well as an increase in inventories from £112.5m to £130.9m with the half-year period end a high-water mark for the purchase of Autumn / Winter stock.

Total current liabilities rose in the period to £358.1m (FY 23: £275.7m) because of the increase in our borrowings, which were up to £153.9m (FY 23: £83.8m).

Total non-current liabilities were £135.4m, down from £139.0m. This was driven predominantly by a reduction in lease liabilities, which fell to £123.6m (HY 23: £127.6m).

Our retained earnings increased to £108.8m (FY 23: £104.6m), resulting in a net balance sheet liability of £(41.4)m, an improvement £11.7m on our FY 23 reported net liability of £(53.1)m, reflecting the increase in retained earnings and a £10.0m increase in the share premium account, which is a result of the equity raise completed in May 2023.

Condensed Group Balance Sheet as at 28 October 2023

	Note	Group	
		Unaudited H1 24 £m	Restated* Unaudited H1 23 £m
ASSETS			
Non-current assets			
Property, plant and equipment	11	15.6	20.9
Right-of-use assets	13	57.2	68.1
Intangible assets	12	39.6	45.0
Deferred tax assets		–	73.2
Derivative financial instruments	19	0.6	0.9
Total non-current assets		**113.0**	**208.1**
Current assets			
Inventories		130.9	172.6
Trade and other receivables		81.6	120.4
Derivative financial instruments	19	1.4	8.9
Cash and bank balances	18	125.0	27.8
Total current assets		**338.9**	**329.7**
LIABILITIES			
Current liabilities			
Borrowings	18	153.9	65.8
Trade and other payables		134.7	178.6
Current income tax liabilities		3.1	3.9
Provisions for other liabilities and charges		1.7	2.4
Derivative financial instruments	19	0.6	4.6
Lease liabilities		64.1	58.1
Total current liabilities		**358.1**	**313.4**
Net current (liabilities)/assets		**(19.2)**	**16.3**
Non-current liabilities			
Trade and other payables		3.6	6.4
Provisions for other liabilities and charges		7.2	5.5
Deferred income tax liabilities		0.2	0.4
Deferred liabilities		0.6	0.7
Lease liabilities		123.6	128.9
Total non-current liabilities		**135.4**	**141.9**
Net (liabilities)/assets		**(41.4)**	**82.5**
EQUITY			
Total equity		**(41.4)**	**82.5**

*The financial statements for the prior financial year have been restated to incorporate the impact of misstatements to balances at the year-end and in the brought forward balance sheet position at the end of FY22. The misstatements impact the values of Other receivables, Property, plant and equipment and Intangible assets.

During the prior financial year the Company undertook a full review of the realisability of debtor balances. Following this review, it was established that the Other receivables balance had been overstated in earlier periods due to historically inconsistent information flows and manual data management for our E-commerce debtor balances, resulting in charges that had not been recognised in the Group statement of comprehensive income and incorrect foreign exchange calculations. The adjustments impacted the balance sheets in FY22 and FY21, reducing the Other receivables balance by £4.9m, comprising an additional charge of £1.5m to profit and loss for FY22 and a reduction of £3.4m to the brought forward retained earnings at the end of FY21.

In addition, it had been established that on disposal of impaired assets, the gross value of the assets, accumulated amortisation and associated impairments had not been correctly removed from the prior year balance sheet. As a result, property, plant and equipment and intangible assets in the prior year had been restated to correctly remove the gross assets and associated amortisation disposed, and to reflect the removal of the associated impairments on disposed properties. At the end of FY22, these adjustments increased property, plant and equipment by £1.0m and intangible assets by £0.2m, with a corresponding credit to selling, general and administrative expenses. More details can be found In the Group Annual Account for FY23 note 37.

Principal risks and uncertainties

The principal risks and uncertainties were outlined in the 2023 Annual Report (Pages 47-61).

These have been reviewed and amended to ensure they are reflective of our existing risk profile and are assessed on an ongoing basis.

Specific principal risks and uncertainties include:

- Our ability to meet our liquidity needs is dependent on the availability of adequate financing from the banks and capital markets, healthy trading conditions and the ongoing support of our stakeholders.
- Macroeconomic headwinds continue to impact the wide range of markets that we operate in, and we are exposed to the changing economic and political environments that impact consumer spending, leading to increased operational costs, and which can also impact profitability.
- Superdry's ability to achieve success depends on a relevant commercial product strategy that is aligned to brand position, consumer segmentation and focus on commercial opportunities.
- Compromise to our key technological and / or physical assets would significantly impede our ability to trade, particularly during the peak trading period from November to January. Key assets include our Ecommerce platform, Distribution Centres, Critical IT Systems, Head Office and large stores.
- Elevated stock levels represent a risk in terms of shortfall in cash flow and additional storage costs. Conversely, stock availability represents a risk, particularly if the recent attacks on container ships in the Red Sea continue for a sustained period.

Performance across our global, omni-channel proposition represents a risk. Specifically:

- Retail store performance represents a risk and, 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, also resulting in a number of loss-making sites with onerous lease terms.
- Wholesale performance continues to be at risk from a turbulent macroeconomic environment which is impacting the financial health of our wholesale partners who are more cautious about committing to forward orders.
- Ecommerce performance represents a significant growth opportunity, however, represents a risk in terms of reliance on the channel to offset lost store sales in the short-term and delivery of medium- and long-term business objectives. For example, we will be unable to achieve these objectives if the consumer is moving faster than we can adapt and if our Ecommerce platforms trail in the wake of competition.
- Control failure in key controls could lead to financial loss and heightened risk of fraud and error.
- Our financial results could be impacted by changes in exchange rates. Most of our stock purchases are made using foreign currency (mainly $US) and therefore, our costs are exposed to foreign exchange movements.
- We need to recruit, develop, and retain the calibre of leadership that will enable us to succeed.
- If the wrong strategy is developed, or the strategy is not implemented effectively (e.g. cost reduction programme, including the inability of the Group to efficiently exit a sufficient number of store leases, or suitably optimise our estate), this could significantly impact the success of the business and erode investor sentiment.
- There is a risk our information security is breached causing data and / or systems compromise. This could lead to fraud, impact our ability to trade, attract regulatory scrutiny, litigation or fines and cause damage to the brand.
- Failure by suppliers to adhere to our Ethical Trading Code of Practice could erode our reputation as a responsible brand. We have seen an increase in regulatory guidance on green claims over the last 18

months, with some organisations being investigated. Failure to demonstrate our credentials in this area could also lead to reputational damage.

- Climate related matters also represent a risk to the business. For example, physical risks which are relevant to our Sourcing department and associated countries of origin (e.g. extreme weather events that impact our upstream logistics network) and transitional risks that are relevant to all geographies (e.g. failing to keep up with changes in technology) that impact our ability to meet our net zero targets. In addition, unseasonal weather patterns also represent a risk in terms of demand for our products at particular points in the year and our ability to sell in-season clothing.

Going concern summary

The financial statements continue to be prepared on the going concern basis. This conclusion is based on the Group's current forecasts, sensitivities, and mitigating actions available. The FY 23 Group financial statements signed on 1 September 2023 refer to a material uncertainty linked to cash headroom above facility limits. The cash injection from the sale of IP through the JV with Reliance Brand Holdings UK Ltd has bolstered the balance sheet. However, with the continued challenges in the macro environment coupled with the headroom on the ABL facility, the Directors note that until and unless key mitigations can be actioned with certainty, there exists a material uncertainty related to Going Concern. This may cast significant doubt over the Group's ability to continue as a going concern until said mitigations result in cost savings/additional financing sufficient to increase headroom over the ABL facility and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The material uncertainty related to Going Concern arises due to:

- The headroom within the current funding facilities in the context of an uncertain macro-economic environment in lieu of any additional financing (including any future IP deal similar to agreement for APAC and India of which a number are in discussion);
- The ability of the Group to operate within existing committed financing facilities from the Group's forecasts, which may be affected by continued uncertainty in the macro-economic environment and the risk associated with volatile trading conditions and business performance (various options are being considered);
- The ability of the Group to successfully deliver the proposed cost out initiatives in the projected timeframe, given the scope and material nature of said savings.

After considering the forecasts, sensitivities and mitigating actions available to Group management and having regard to the risks and uncertainties to which the Group is exposed (including the material uncertainty referred to above), the Group directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and operate within its borrowing facilities and covenants for the period 12 months from date of signature. Accordingly, the financial statements continue to be prepared on the going concern basis. Please see note 2 for further detail on the going concern assessment.

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

On 25 January 2024 the Board of Directors of Superdry Plc approved this statement.

The Directors confirm that, to the best of their knowledge:

- The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the UK;

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

    - DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
    - DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

The Directors of Superdry Plc are listed on the Board section of the Group website:
www.corporate.superdry.com/about-superdry/leadership/

On behalf of the Board of Directors:

Julian Dunkerton

Chief Executive Officer

25 January 2024

Financial Information

Condensed Group Statement of Comprehensive Income for the 26 weeks ended 28 October 2023 (unaudited)

to the members of Superdry plc

	Note	Adjusted* H1 24 £m	Adjusting items (note 7) £m	Total H1 24 £m	Adjusted* H1 23 £m	Adjusting items (note 7) £m	Total H1 23 £m
Revenue	5	219.8	–	219.8	287.2	–	287.2
Cost of sales		(101.1)	–	(101.1)	(137.7)	–	(137.7)
Gross profit		**118.7**	**–**	**118.7**	**149.5**	–	**149.5**
Selling, general and administrative expenses		(145.3)	(10.2)	(155.5)	(184.0)	–	(184.0)
Other gains and losses (net)	6	11.1	38.8	49.9	23.4	(4.1)	19.3
Impairment (charge)/credit on trade receivables		(0.5)	–	(0.5)	0.1	–	0.1
Operating profit/(loss)		**(16.0)**	**28.6**	**12.6**	**(11.0)**	**(4.1)**	**(15.1)**
Finance income		0.5	–	0.5	–	–	–
Finance expense		(9.8)	–	(9.8)	(2.6)	–	(2.6)
Profit/(Loss) before tax	5	**(25.3)**	**28.6**	**3.3**	**(13.6)**	**(4.1)**	**(17.7)**
Tax (expense)/credit	8	(0.5)	–	(0.5)	4.5	1.0	5.5
Profit/(Loss) for the period		**(25.8)**	**28.6**	**2.8**	**(9.1)**	**(3.1)**	**(12.2)**
Attributable to:							
Owners of the Company		(25.8)	28.6	2.8	(9.1)	(3.1)	(12.2)
Other comprehensive expense net of tax:							
Items that may be subsequently reclassified to profit or loss							
Currency translation differences on translation of foreign operations		(3.4)	–	(3.4)	(7.1)	–	(7.1)
Total comprehensive income/(expense) for the period		**(29.2)**	**28.6**	**(0.6)**	**(16.2)**	**(3.1)**	**(19.3)**
Attributable to:							
Owners of the Company		(29.2)	28.6	(0.6)	(16.2)	(3.1)	(19.3)

	Note	pence per share	pence per share
Earnings per share:			
Basic	16	2.9	(15.0)
Diluted	16	2.7	(15.0)

* Adjusted and adjusting items are defined in note 7.

H1 2024 is for the 26 weeks ended 28 October 2023 and H1 2023 is for 26 weeks ended 29 October 2022.

Financial Information

Condensed Group Balance Sheet as at 28 October 2023

to the members of Superdry plc Registered number: 07063562

		Group	
	Note	Unaudited H1 24 £m	Audited FY23 £m
ASSETS			
Non-current assets			
Property, plant and equipment	11	15.6	16.3
Right-of-use assets	13	57.2	48.5
Intangible assets	12	39.6	42.8
Deferred tax assets		–	–
Derivative financial instruments	19	0.6	–
Total non-current assets		**113.0**	**107.6**
Current assets			
Inventories		130.9	112.5
Trade and other receivables		81.6	82.2
Derivative financial instruments	19	1.4	1.1
Cash and bank balances	18	125.0	58.2
Total current assets		**338.9**	**254.0**
LIABILITIES			
Current liabilities			
Borrowings	18	153.9	83.8
Trade and other payables		134.7	120.8
Current income tax liabilities		3.1	3.0
Provisions for other liabilities and charges		1.7	5.4
Derivative financial instruments	19	0.6	2.2
Lease liabilities		64.1	60.5
Total current liabilities		**358.1**	**275.7**
Net current (liabilities)		**(19.2)**	**(21.7)**
Non-current liabilities			
Trade and other payables		3.6	3.0
Provisions for other liabilities and charges		7.2	7.1
Deferred income tax liabilities		0.2	0.4
Deferred liabilities		0.6	0.9
Lease liabilities		123.6	127.6
Total non-current liabilities		**135.4**	**139.0**
Net (liabilities)		**(41.4)**	**(53.1)**
EQUITY			
Share capital	15	5.0	4.1
Share premium		159.3	149.3
ESOP Reserve		(0.1)	(0.1)
Translation reserve		(11.9)	(8.5)
Merger reserve		(302.5)	(302.5)
Retained earnings		108.8	104.6
Total equity		**(41.4)**	**(53.1)**

Financial Information
Condensed Group Cash Flow Statement for the 26 weeks ended 28 October 2023 (unaudited)

to the members of Superdry plc

	Note	Group	
		H1 24 £m	H1 23 £m
Cash generated from/(used in) operating activities	9	**27.1**	**(7.5)**
Tax payment		(0.7)	(0.8)
Net cash generated from/(used in) operating activities		**26.4**	**(8.3)**
Cash flow from investing activities			
Purchase of property, plant and equipment		(1.0)	(2.0)
Purchase of intangible assets		(2.2)	(5.6)
Net cash used in investing activities		**(3.2)**	**(7.6)**
Cash flow from financing activities			
Lease incentives – Landlord contributions		0.6	–
Repayment of ABL facility		(23.3)	(121.5)
Drawdown of ABL facility		32.0	155.0
Interest paid		(9.8)	(2.6)
Interest received		0.5	–
Proceeds from issues of shares		10.3	–
Repayment of leases – principal amount		(27.0)	(30.7)
Net cash (used in)/generated from financing activities		**(16.7)**	**0.2**
Net increase/(decrease) in cash and cash equivalents*	18	**6.5**	**(15.7)**
Cash and cash equivalents at beginning of period	18	**22.4**	**17.4**
Exchange (losses)/gains on cash and cash equivalents	18	(1.1)	12.2
Cash and cash equivalents at end of period*	18	**27.8**	**13.9**

* Cash and cash equivalents includes bank overdrafts

H1 2024 is for the 26 weeks ended 28 October 2023 and H1 2023 is for 26 weeks ended 29 October 2022.

Financial Information

Condensed Group Statement of Changes in Equity for the 26 weeks ended 28 October 2023 (unaudited)

to the members of Superdry plc

Group	Note	Share capital £m	Share premium £m	ESOP share reserve £m	Translation reserve £m	Merger reserve £m	Retained earnings £m	Total equity £m
Balance at 29 April 2023		**4.1**	**149.3**	**(0.1)**	**(8.5)**	**(302.5)**	**104.6**	**(53.1)**
Comprehensive (expense)/income								
Profit for the period		–	–	–	–	–	2.8	2.8
Other comprehensive expense		–	–	–	–	–	–	–
Currency translation differences		–	–	–	(3.4)	–	–	(3.4)
Total other comprehensive expense		**–**	**–**	**–**	**(3.4)**	**–**	**–**	**(3.4)**
Total comprehensive income/(expense) for the period		**–**	**–**	**–**	**(3.4)**	**–**	**2.8**	**(0.6)**
Transactions with owners								
Shares issued	15	0.9	10.0	–	–	–	–	10.9
Employee share award schemes		–	–	–	–	–	1.4	1.4
Dividend payments	10	–	–	–	–	–	–	–
Total transactions with owners		**0.9**	**10.0**	**–**	**–**	**–**	**1.4**	**12.3**
Balance at 28 October 2023		**5.0**	**159.3**	**(0.1)**	**(11.9)**	**(302.5)**	**108.8**	**(41.4)**

Financial Information

Condensed Group Statement of Changes in Equity for the 52 weeks ended 29 April 2023 (audited)

to the members of Superdry plc

Group	Note	Share capital £m	Share premium £m	ESOP share reserve £m	Restated* Translation reserve £m	Merger reserve £m	Restated* Retained earnings £m	Total equity £m
Balance at 30 April 2022 as originally reported		**4.1**	**149.2**	**(2.0)**	**(1.6)**	**(302.5)**	**256.7**	**103.9**
Correction of misstatement		**–**	**–**	**–**	**0.1**	**–**	**(3.8)**	**(3.7)**
Restated total equity at 30 April 2022		**4.1**	**149.2**	**(2.0)**	**(1.5)**	**(302.5)**	**252.9**	**100.2**
Comprehensive (expense)/income								
Loss for the period		–	–	–	–	–	(148.1)	(148.1)
Other comprehensive expense		–	–	–	–	–	–	–
Currency translation differences		–	–	–	(7.0)	–	–	(7.0)
Total other comprehensive expense		**–**	**–**	**–**	**(7.0)**	**–**	**–**	**(7.0)**
Total comprehensive expense for the period		**–**	**–**	**–**	**(7.0)**	**–**	**(148.1)**	**(155.1)**
Transactions with owners								
Shares issued		–	0.1	–	–	–	–	0.1
ESOP shares acquired		–	–	1.9	–	–	–	1.9
Employee share award schemes		–	–	–	–	–	(0.2)	(0.2)
Dividend payments		–	–	–	–	–	–	–
Total transactions with owners		**–**	**0.1**	**1.9**	**–**	**–**	**(0.2)**	**1.8**
Balance at 29 April 2023		**4.1**	**149.3**	**(0.1)**	**(8.5)**	**(302.5)**	**104.6**	**(53.1)**

* The comparative period to 30 April 2022 has been restated to correct certain misstatements, see FY23 Annual Report.

Notes to the Financial Information

1. Basis of preparation

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 condensed interim financial information (“interim financial information”) of Superdry Plc for the 26 weeks ended 28 October 2023 (“October 2023”) comprise the company and its subsidiaries (together referred to as “the Group”). The prior comparative period is for the 26 weeks ended 29 October 2022 (“October 2022”).

a) Basis of preparation

This interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The Group statutory financial statements for the 52 weeks ended 29 April 2023 ("April 2023") are available upon request from the company's registered office at Superdry Plc, Unit 60, The Runnings, Cheltenham, Gloucestershire, GL51 9NW or www.corporate.superdry.com.

This interim financial information has been prepared in accordance with UK adopted IAS 34 "Interim Financial Reporting" and the requirements of the Disclosures and Transparency Rules. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Group financial statements as at and for the 52 weeks ended 29 April 2023 ("Group Annual Report FY23”), which have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the United Kingdom and companies act 2006. This interim financial information was approved by the Board of Directors on 25 January 2024.

The comparative figures for April 2023 are extracted from the Group's statutory accounts for that financial year. Those accounts have been reported on by the company's auditor and delivered to the registrar of companies. The report of the auditor (i) was unqualified; (ii) did not drawn attention to any matters by way of emphasis; and (iii) did not contain statements under section 498(2) or (3) of the Companies Act 2006 but did include a section highlighting a material uncertainty that may cast significant doubt on the Group and Company’s ability to continue as a going concern. Further detail is provided within the Assessment of the Group’s Prospects section of this announcement.

The financial information in this interim financial information document is neither audited nor reviewed by the auditor.

This interim financial information has been prepared under the going concern basis. The Group directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and operate within its borrowing facilities and covenants for 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.

2. Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial period (see Annual Report for the year ended 29 April 2023).

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Going concern

The financial position of the Group, its cash flows and liquidity position are set out in the interim financial statements. Furthermore, the Group’s year end FY23 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.

Background and context

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

The Russian invasion of Ukraine occurred in the second half of FY22, and whilst the Group was not directly impacted, the lasting effects of this have been felt into FY24 on supply chains, the resultant input price inflation and the consequential impact on consumer confidence has increased the uncertainty in our forecasts, particularly in the short term, and therefore further challenges our ability to achieve the brand reset and the financial objectives in our plan.

In response to the challenging macroeconomic conditions and to offset the adverse impacts above, a cost saving programme was announced on 14 April 2023 to save an initial £35m in FY24 achieved through store estate optimisation, logistics and distribution savings, better procurement and continued range reduction.

On 19 December the Group issued a trading update where, despite continued progress on the cost saving programme, full year profitability was expected to be below the Group's expectations for FY24. This was driven by H1 sales performance down 13.1% YoY in retail and down 41.1% YoY on wholesale.

Borrowing Facilities, IP Sale and Equity Issue – recapitalising the business

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

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

In March 2023 the Group reached agreement with Cowell, a company listed on the South Korean stock exchange, to sell the Superdry's intellectual property in certain countries in the APAC region for $50m before fees and taxes, significantly bolstering the liquidity position. The shareholder vote on this transaction was concluded on 30 May 2023 and therefore will be reflected in the FY24 report and accounts. It was also agreed with the Group's lenders to increase the borrowing availability over the period until the funds were received on the IP sale to provide additional funding. The net proceeds (£36.3m) were received from the APAC deal in March and May 2023.

In May 2023 the Group successfully completed an equity raise with net proceeds totalling c.£11m.

In August 2023 a second lien ABL financing facility was agreed with Hilco Capital Limited of up to £25m for a period of 12 months, with an option at the company's discretion, to extend for a further 6 months.

In October 2023 the Group signed a JV agreement with Reliance Brand Holdings UK Ltd and agreed the sale of Superdry's intellectual property and related trademarks in India, Sri Lanka and Bangladesh to the JV entity of which the Group will own 24%. The consideration for the sale of the IP is £40m, of which Superdry has received gross cash proceeds of £30.4 million (approx. £28.3 million net of fees and taxes) in November 2023.

As at 23 January 2024 the Group had net cash of £33.7m with undrawn borrowing facilities of £12.4m.

Base case

The Group's going concern assessment covers the 12-month period from the date of approval of the financial statements, derived from the latest FY24 and FY25 forecasts in the Group's medium term financial plan (the 'Plan'). Given the downgraded profits as mentioned above as well as the continued impact of the cost-of-living crisis which continues to impact the wider retail sector and the Group, the trading outlook has been adjusted to reflect these uncertainties, and Board approved in January 2024. The most significant assumptions in this revised set of projections are:

- All trading channels benefit from ongoing product improvements, operational initiatives and marketing activity to support the brand reset which began in October 2020, the full benefit of which is not yet realised, given the challenging macroeconomic environment. This benefit is offset by pressure on all trading channels as a result of the cost-of-living crisis impacting consumer spending.
- Store trading is predicted to decline year-on-year with negative like for like forecasts over the duration of FY24 and through FY25. The net number of stores is expected to reduce which will impact top-line revenues but drive greater profitability.
- Ecommerce revenues are projected to grow into FY25 driven by new 3rd party site openings, own website optimisation, the annualization of charging for delivery and returns on our own sites and the resultant returns rate reduction.
- Wholesale revenues are projected to decline significantly into FY24 as a result of lower order book placings for autumn winter and spring summer reflecting the stock overhang from the pandemic-impacted trading of FY20-FY22. FY25 wholesale revenue is projected to decline vs FY24 but at a slower rate as the impact of the switch to an agency model in major markets drives modest recovery.
- A significant cost saving programme across all areas of the business more than offsets inflationary pressure through FY24 and FY25. Cost saving measures include store estate optimisation, logistics and distribution savings, better procurement and continued range reduction.

In assessing the Group's going concern status the Directors considered the base case (with the assumptions outlined above) and the reverse stress test scenario focussing on the key risk areas of the Group to assess the headroom above facility limits against the feasibility of such downside scenarios materialising.

Reverse Stress Test

Given the base case reflects the results of the turnaround plan, and due to the current macroeconomic uncertainties already discussed, there is a degree of uncertainty around the Group achieving its targets and therefore a scenario has been modelled reflecting the principle risk in delivering the plan being a material miss to the trading plan that results in a breach of the facility limits.

The reverse stress test scenarios show that, with consideration given to the current positive conversations with our lenders and other working capital related mitigations with precedent, that a miss in Group revenues of 11% would result in a breach of facility limits at the Groups working capital low point in September 2024. The facility availability is dependent on the position of

receivables and inventory at each reporting month-end. This assessment makes no reference to any future IP sale for which the Group are in progressed discussions about.

Summary

The financial statements continue to be prepared on the going concern basis. This conclusion is based on the Group's current forecasts, sensitivities and mitigating actions available. The FY23 Group financial statements signed on 1 September 2023 refer to a material uncertainty linked to cash headroom above facility limits. The cash injection from the sale of IP through the JV with Reliance Brand Holdings UK Ltd has bolstered the balance sheet. However, with the continued challenges in the macro environment coupled with the headroom on the ABL facility, the Directors note that until key mitigations can be actioned with certainty, there exists a material uncertainty related to Going Concern. This may cast significant doubt over the Group's ability to continue as a going concern until said mitigations result in cost savings/additional financing sufficient to increase headroom over the ABL facility and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The material uncertainty related to Going Concern arises due to:

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

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

Store impairment estimates

During the period the group received signed contracts for leases that were agreed in both the current and prior periods, this made them eligible for IFRS 16 accounting adjustments. Store assets are subject to impairment based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on the higher of the value in use and fair value less costs to dispose, although as all the Group's owned stores are leasehold, only value in use has been considered in the impairment assessment. Value in use is calculated from expected future cash flows using suitable discount rates and including management assumptions and estimates of future performance. An impairment and net impairment charge of £10.4m (H1 23: £nil) was recognised in the period. The recoverable amount for stores where we received contracts in the period and that are showing an impairment in the interim financial statement totals £8.1m at the balance sheet date, this relates to ROU assets.

As the result of the newly signed contracts in the period, previously accrued onerous property related contract provisions have now been reversed as a result of the IFRS 16 accounting adjustment and impairments as described above, the impact is £0.2m resulting in a net overall impairment charge of £10.2m.

For impairment testing purposes, the Group has determined that each store is a Cash Generating Unit (CGU). Stores that received signed contracts for leases that were agreed in both the current and prior periods, making them eligible for IFRS 16 accounting adjustments, have been tested for impairment.

The key assumptions used for interim reporting are based on the Group's Annual Report FY23 notes 1 and 2.

During the period, the Group has recognised an impairment and net impairment charge of £10.4m relating to right-of-use assets. These impairment charges have been recognised as part of adjusting items within selling, general and administrative expenses. The total carrying value after the impairment assessment of property, plant and equipment is £15.6m (note 11), right-of-use assets are £57.2m (note 13) and intangible assets are £39.6m (note 12).

3. Key sources of estimation uncertainty and critical judgements in applying the Group's accounting policies

The preparation of interim financial information 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.

In preparing this interim financial information, unless stated otherwise, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those that applied to the consolidated financial statements for the 52 weeks ended 29 April 2023 (as set out on pages 139 to 143 of the Group Annual Report FY23). These were as follows:

- Store impairment estimates;
- Attributing Ecommerce sales and costs to stores;
- Store impairment judgements;
- Onerous property related contracts provisions;
- Valuation of Goodwill;
- Inventory provision;
- Recoverability of trade debtors;
- Foreign exchange translation on intragroup balances;
- Determination of Adjusting items;
- Deferred Tax Asset.

4. Seasonality of operations

Due to the seasonal nature of the Retail segment, higher revenues and operating profits are usually expected in the second half of the year under normal trading conditions. This weighting of higher revenues in the second half of the year is a consequence of the brand's strength in cooler weather categories, such as outerwear, which also carry higher average selling prices. Operating profits therefore benefit from operating cost leverage, particularly in the Group's stores. Wholesale seasonality is more evenly spread across the year. In the financial period ended 29 April 2023, 35.3% of total revenues accumulated in the first half of the year, with 64.7% in the second half. This corresponded to (4.2)% of adjusted profit before tax in the first half of the year and 104.2% in the second half.

5. 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 2. Gross profit is the measure reported to the Group's CODM for the purpose of resource allocation and assessment of segment performance. The Group derives its revenue from contracts with customers for the transfer of goods and services being recognised at a point in time.

Segmental information for the business segments of the Group for H1 24 and H1 23 is set out below. The 'Retail' subtotal of the 'Stores' and 'Ecommerce' segments presented below is considered useful additional information to the reader.

H1 24 segmental analysis (unaudited)	Stores £m	Ecommerce £m	Retail subtotal £m	Wholesale £m	Central costs £m	Group £m
Total segment revenue	106.0	51.2	157.2	143.5	–	300.7
Less: inter-segment revenue	–	–	–	(80.9)	–	(80.9)
Revenue from external customers	**106.0**	**51.2**	**157.2**	**62.6**	–	**219.8**
Gross profit	**70.4**	**27.8**	**98.2**	**20.5**	–	**118.7**
Profit/(loss) before tax			**(12.3)**	**10.1**	**5.5**	**3.3**

The segment measure of profit required to be presented under IFRS 8 Segments is gross profit/(loss). Profit/(loss) before tax has been presented as an additional profit measure which is considered to provide useful information to the reader. Certain costs have not been allocated between the Stores and Ecommerce segments in both the current and prior period.

The following additional information is considered useful to the reader:

H1 24 segmental analysis (unaudited)	Adjusted* £m	Adjusting items £m	Reported £m
Revenue			
Retail	157.2	–	157.2
Wholesale	62.6	–	62.6
Total revenue	**219.8**	–	**219.8**
Operating profit/(loss)			
Retail	98.2	(8.1)	90.1
Wholesale	20.5	0.4	20.9
Central costs	(134.7)	36.3	(98.4)
Total operating profit/(loss)	**(16.0)**	**28.6**	**12.6**
Net finance expense – Central costs	(4.4)	–	(4.4)
Net finance expense – Retail	(4.9)	–	(4.9)
Profit/(loss) before tax	**(25.3)**	**28.6**	**3.3**
Retail	(4.2)	(8.1)	(12.3)
Wholesale	9.7	0.4	10.1
Central costs	(30.8)	36.3	5.5
Total profit/(loss) before tax	**(25.3)**	**28.6**	**3.3**

* Adjusted is defined as reported results before adjusting items and is further explained in note 22.

H1 23 segmental analysis (unaudited)	Stores £m	Ecommerce £m	Retail subtotal £m	Wholesale £m	Central costs £m	Group £m
Total segment revenue	117.7	63.3	181.0	194.7	–	375.7
Less: inter-segment revenue	–	–	–	(88.5)	–	(88.5)
Revenue from external customers	**117.7**	**63.3**	**181.0**	**106.2**	**–**	**287.2**
Gross profit	**80.3**	**36.7**	**117.0**	**32.5**	**–**	**149.5**
Profit/(loss) before tax			**(12.9)**	**11.9**	**(16.7)**	**(17.7)**

The following additional information is considered useful to the reader:

H1 23 segmental analysis (unaudited)	Adjusted* £m	Adjusting items £m	Reported £m
Revenue			
Retail	181.0	–	181.0
Wholesale	106.2	–	106.2
Total revenue	**287.2**	–	**287.2**
Operating profit/(loss)			
Retail	(7.8)	(3.2)	(11.0)
Wholesale	12.9	(0.9)	12.0
Central costs	(16.1)	–	(16.1)
Total operating loss	**(11.0)**	**(4.1)**	**(15.1)**
Net finance expense – Central costs	(0.6)	–	(0.6)
Net finance expense – Retail	(2.0)	–	(2.0)
Profit/(loss) before tax	**(13.6)**	**(4.1)**	**(17.7)**
Retail	(9.7)	(3.2)	(12.9)
Wholesale	12.8	(0.9)	11.9
Central costs	(16.7)	–	(16.7)
Total loss before tax	**(13.6)**	**(4.1)**	**(17.7)**

* Adjusted is defined as reported results before adjusting items and is further explained in note 22.

Revenue from external customers in the UK and the total revenue from external customers from other countries are:

	Group	
	Unaudited H1 24 £m	Unaudited H1 23 £m
External revenue – UK	88.1	105.8
External revenue – Europe	101.1	137.0
External revenue – Rest of World	30.6	44.4
Total external revenue	**219.8**	**287.2**

The total of non-current assets, other than deferred tax assets, located in the UK is £43.5m (H1 23: £79.9m), and the total of non-current assets located in other countries is £77.1m (H1 23: £55.0m). Balance sheet by segment is not prepared or reviewed on a regular basis.

6. Other gains and losses (net)

The below adjustments are disclosed separately in the Group statement of comprehensive income and are applied to the reported profit/(loss) before tax to arrive at the adjusted (loss) before tax.

	Group	
	Unaudited H1 24 £m	Unaudited H1 23 £m
Realised (loss)/gains on foreign exchange contracts	(0.2)	10.3
Unrealised (loss)/gains on foreign exchange	(0.2)	6.9
Net (loss)/gains on foreign exchange excluding unrealised fair value (loss)/gains on foreign exchange forward contracts	**(0.4)**	**17.2**
Unrealised fair value gains/(losses) on foreign exchange forward contracts	2.5	(4.1)
Royalty income	3.2	3.4
Lease modifications and terminations	5.8	2.0
Other income	38.8	0.8
Total other gains and losses	**49.9**	**19.3**

The unrealised fair value gain on foreign exchange forward contracts of £2.5m (H1 23: £4.1 loss) has been treated as an adjusting item, see note 7. Hedge accounting is not applied by the Group to these financial instruments.

Royalty income relates to wholesale royalty agreements. 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.

H1 24 other income also contains income arising from the Intellectual Property Sale: APAC of £36.3m.

7. Adjusting items

The below adjustments are disclosed separately in the Group statement of comprehensive income and are applied to the reported profit/(loss) before tax to arrive at the adjusted profit/(loss) before tax. Further information about the determination of adjusting items in financial year 2024 is included in note 22.

	Group	
	Unaudited H1 24 £m	Unaudited H1 23 £m
Adjusting items		
Unrealised gain/(loss) on financial derivatives	2.5	(4.1)
Store asset impairment and onerous property related contracts provision charge	(10.4)	–
Store asset impairment and onerous property related contracts provision reversal	0.2	–
Intellectual Property Sale: APAC	36.3	–
Total adjusting items gain/(charge)	**28.6**	**(4.1)**
Taxation		
Deferred tax on adjusting items	–	1.0
Total taxation	–	**1.0**
Total adjusting items after tax	**28.6**	**(3.1)**

Total adjusting items of £28.6m are comprised of the fair value movement on forward contracts of £2.5m, store impairment net charges and onerous property related contracts provision £10.2m and restructuring and strategic adjusting items of £36.3m.

Within restructuring and strategic, there is a £36.3m benefit from the agreement to sell the Superdry intellectual property in certain countries in the APAC region for $50.0m, before fees and taxes, to the Cowell Fashion Company. The shareholder vote on this transaction was concluded on 30 May 2023 and is therefore reflected in our H1 24 report and accounts.

Additionally, a £2.5m gain has been recognised within adjusting items in respect of the fair value movement in financial derivatives, specifically relating to movements in FX and the revaluation of forward contracts (H1 23: £4.1m loss).

During the period the group received signed contracts for leases that were agreed in both the current and prior periods, this made them eligible for IFRS 16 accounting adjustments. An impairment review was performed on these stores (which are reported under the stores operating segment), that resulted in an impairment of right of use assets of £10.4m, partially offset by £0.2m of utilisation in the period. A significant level of estimation and judgement has been used to determine the charges and reversals, for which further disclosure can be found in note 2.

8. Tax expense/(credit)

The Group's income tax charge for H1 24 is £0.5m (H1 23: £5.5m income tax credit).

The Group has a tax charge of £nil on adjusting items of £28.6m (H1 23: £1.0m) which represents an effective tax rate of 0% (H1 23: 25%). Taken with the adjusted tax charge of £nil (H1 23: £1.0m), the Group's total income tax charge of £0.5m (H1 23: £5.5m) represents a total effective tax rate of 15.2% (H1 23: 31.2%).

This is primarily due to the tax accounting impact of movements in timing differences for which no tax benefit has been recognised and the tax rate differentials in overseas subsidiaries.

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

	Group	
	Unaudited H1 24 £m	Unaudited H1 23 £m
Profit/(loss) before tax	3.3	(17.7)
Profit/(loss) multiplied by the standard rate in the UK – 25.0% (H1 23: 19.0%)	0.8	(3.3)
Expenses not deductible for tax purposes	0.1	0.3
Fixed asset differences	–	0.4
Overseas tax differentials	4.2	1.3
Deferred tax not recognised	(4.6)	(2.1)
UK rate change on CY movement	–	(2.1)
Total tax expense/(credit) excluding adjusting items	**0.5**	**(5.5)**

9. Note to the cash flow statement

Reconciliation of operating profit/(loss) to cash generated from operations.

		Group	
	Note	Unaudited H1 24 £m	Unaudited H1 23 £m
Operating profit/(loss)		**12.6**	**(15.1)**
Adjusted for:			
• (Gain)/Loss on derivatives	7	(2.5)	4.1
• Depreciation of property, plant and equipment and right-of-use assets	11, 13	10.3	20.9
• Amortisation of intangible assets	12	3.2	3.9
• Impairment charge of property, plant and equipment, right-of-use assets and intangible assets		10.4	–
• Gain/(Loss) on disposal of property, plant and equipment		1.4	(0.2)
• Lease modifications		(5.8)	(2.0)
• IFRS 16 Covid-19 rent concessions		–	0.1
• (Decrease) in onerous property related contracts provision (net of releases on exited stores)		(2.6)	(3.4)
• (Decrease) in other provisions		(0.7)	(0.2)
• Employee share award schemes		1.4	1.8
• Foreign exchange (gains)		(0.5)	(16.8)
• Net release of inventory provision		4.0	1.4
• Net impairment of trade receivables		0.5	(0.1)
Operating cash inflow/(outflow) before movements in working capital		**31.7**	**(5.6)**
Changes in working capital:			
• (Increase) in inventories		(22.4)	(41.0)
• Decrease/(increase) in trade and other receivables		0.1	(5.7)
• Increase in trade and other payables and provisions		17.7	44.8
Cash generated from / (used in) operating activities		**27.1**	**(7.5)**

10. Dividends

	Group	
	H1 24 £m	H1 23 £m
Equity – ordinary shares		
Interim for the 26 weeks to 28 October 2023 – nil (H1 23: nil per share)	–	–
Final dividend for the 52 weeks to 29 April 2023 – nil (H1 22: nil per share)	–	–
Total dividends paid	–	–

Given the continued uncertainty in the trading environment and in order to maintain liquidity, the Board did not propose an interim dividend and has made the decision not to recommend an interim dividend for H1 24. In addition, under the terms of our recent loan facility, the Company is restricted from declaring, making or paying dividends to shareholders without prior permission from Bantry Bay, which cannot be unreasonably withheld.

11. Property, plant and equipment

Movements in the carrying amount of property, plant and equipment in the period to H1 24 were as follows:

	Group				
	Land and buildings £m	Leasehold improvements £m	Furniture, fixtures and fittings £m	Computer equipment £m	Total £m
NBV at 29 April 2023 (audited)	**4.0**	**0.6**	**7.4**	**4.3**	**16.3**
Additions	–	0.2	0.6	0.1	0.9
Disposals	(0.2)	(0.9)	(0.3)	–	(1.4)
Depreciation charge	–	–	(1.4)	1.1	(0.3)
Exchange differences	–	0.1	–	–	0.1
NBV at 28 October 2023 (unaudited)	**3.8**	**–**	**6.3**	**5.5**	**15.6**

12. Intangible assets

Movements in the carrying amount of intangible assets in the period to H1 24 were as follows:

	Group					
	Trademarks £m	Website and software £m	Lease premiums £m	Distribution agreements £m	Goodwill £m	Total £m
NBV at 29 April 2023 (audited)	**1.8**	**17.6**	**0.3**	**1.5**	**21.6**	**42.8**
Additions	–	2.1	0.1	–	–	2.2
Disposals	–	(2.3)	–	–	–	(2.3)
Amortisation charge	(0.2)	(3.0)	–	–	–	(3.2)
Exchange differences	–	–	–	0.2	(0.1)	0.1
NBV at 28 October 2023 (unaudited)	**1.6**	**14.4**	**0.4**	**1.7**	**21.5**	**39.6**

13. Leases

Right of use asset

	Group
	£m
NBV at 29 April 2023 (audited)	**48.5**
Additions	28.0
Disposals	(4.1)
Lease modifications	5.1
Depreciation charge	(10.0)
Net impairment charges and reversals	(10.4)
Exchange differences	0.1
NBV at 28 October 2023 (unaudited)	**57.2**

The above right-of-use asset net impairment movement of £10.4m (H1 23: £nil) constitutes part of the total net impairment of £10.4m in H1 24 (H1 23: £nil). For further details on this please see notes 2. This impairment has been included within adjusting items in the current year.

The carrying amount of the right-of-use asset is split between motor vehicles of £nil (H1 23: £nil) and property of £57.2m (H1 23: £68.1m).

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 6.0% and 8.3% (H1 23: 5.9% to 8.4%).

14. Contingencies and commitments

Contingent liabilities

DKH Ltd have issued a debenture in favour of HSBC UK Bank Plc ("HSBC") in relation to all outstanding facilities with HSBC. The debenture provides a fixed and floating charge over the company's assets, but, further to an intercreditor agreement, ranks after charges arising under the ABL facilities provided by Bantry Bay and Hilco.

The Group has contractual agreements with third party wholesale agents which include a right for the wholesale agent to be indemnified when the contract is terminated. These future indemnity amounts are held as contingent liabilities until the contract is terminated, at which point they are held as provisions or accruals. The value of future obligations for contracts which have not yet been terminated (and have no defined end date) is £3.0m (H1 23: £3.3m).

15. Equity securities

16,836,411 ordinary shares of 5p each were authorised, 15,700,000 shares were related to the equity raise and 1,136,411 shares were allotted and issued in the period under the Superdry Plc Share based Long Incentive Plans. The allotted share capital of the Company and Group at H1 24 was £5.0m (FY23: £4.1m).

16. Earnings per share

	Group	
	Unaudited H1 24 £m	Unaudited H1 23 £m
Earnings		
Profit/(loss) for the period attributable to owners of the Company	2.8	(12.2)
	No.	No.
Number of shares at period-end*	98,984,306	81,399,763
Weighted average number of ordinary shares – basic	97,453,367	81,380,288
Effect of dilutive options and contingent shares	6,475,124	4,374,461
Weighted average number of ordinary shares – diluted	103,928,491	85,754,749
Basic earnings per share (pence)	**2.9**	**(15.0)**
Diluted earnings per share (pence)	**2.7**	**(15.0)**

*The number of shares at the period-end excludes shares held by the Supergroup Plc employee benefit trust.

Adjusted earnings per share

Adjusted earnings are used by management to review and improve sustainable profitability. Adjusting items are disclosed separately in the condensed Group statement of comprehensive income and are applied to the Statutory profit or loss before tax to arrive at the adjusted result.

	Group	
	Unaudited H1 24 £m	Unaudited H1 23 £m
Earnings		
Profit/(loss) for the period attributable to the owners of the Company	2.8	(12.2)
Unrealised (loss)/gain on financial derivatives	(2.5)	4.1
Net store asset impairment charges and reversals, and onerous property related contracts provision	10.2	–
Restructuring, strategic change and other costs	–	–
Other Income: APAC Deal	(36.3)	–
Deferred tax on adjusting items	–	(1.0)
Adjusted (loss) for the period attributable to the owners of the Company	(25.8)	(9.1)
	No.	No.
Weighted average number of ordinary shares – basic	97,453,367	81,380,288
Weighted average number of ordinary shares – diluted	103,928,491	81,380,288
Adjusted basic earnings per share (pence)	**(26.5)**	**(11.2)**
Adjusted diluted earnings per share (pence)	**(26.5)**	**(11.2)**

The weighted average number of shares is stated after the deduction of Superdry Plc shares held in trust by Supergroup Plc Employee Benefit Trust.

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

17. Balances and transactions with related parties

Transactions with Directors

Directors of the Group within the period and their immediate relatives control 26.4% (H1 23: 24.1%) of the voting shares of the Group. There have been no material transactions in the period with related parties, including Directors.

During the reporting period, the Group has spent £nil (2023: £0.1m) on travel and subsistence through companies in which Julian Dunkerton has a personal investment. The balance outstanding at 28 October 2023 was £nil (2023: £nil). This expenditure includes the provision of corporate travel, hotel and catering services supplied on an arm's-length basis. These interests have been disclosed and authorised by the Board.

In addition, the Group occupies two properties owned by J M Dunkerton SIPP pension fund whose beneficiary and member trustee is Julian Dunkerton. Rental charges for these properties during the year were £0.1m (2023: £0.1m). The balance outstanding at 28 October 2023 was £nil (2023: £nil).

An assessment was performed for the FY23 year end to determine whether these transactions had been undertaken at arms' length. It was identified that the rent charged for the head office properties owned by the pension fund is at a rate considered to be below market rent. The combined annual rent for both properties is currently charged at £0.1m, compared to an anticipated market rent of £0.2m. Provision has been made to cover the additional cost of the market rate rent, dating back to the last rental review in 2012. The provision in place at the end of H1 24 is £1.1m (H1 23: nil).

18. Net (debt)/cash

	Group			
Analysis of net cash – October 2023 (unaudited)	**29 April 2023 £m**	**Cash flow £m**	**Non-cash changes £m**	**28 October 2023 £m**
Cash and bank balances	58.2	67.9	(1.1)	125.0
Overdraft	(35.8)	(61.4)	–	(97.2)
Cash and cash equivalents	**22.4**	**6.5**	**(1.1)**	**27.8**
ABL Facility	(48.0)	(8.7)	–	(56.7)
Net debt	**(25.6)**	**(2.2)**	**(1.1)**	**(28.9)**

	Group			
Analysis of net cash – October 2022 (unaudited)	**30 April 2022 £m**	**Cash flow £m**	**Non-cash changes £m**	**29 October 2022 £m**
Cash and bank balances	20.5	(4.9)	12.2	27.8
Overdraft	(3.1)	(10.8)	–	(13.9)
Cash and cash equivalents	**17.4**	**(15.7)**	**12.2**	**13.9**
ABL Facility	(18.4)	(33.5)	–	(51.9)
Net debt	**(1.0)**	**(49.2)**	**12.2**	**(38.0)**

Non-cash changes relates to exchange gains on cash and cash equivalents.

Short-term borrowings

The Group had up to a net £10m uncommitted overdraft facility which has no financial covenants and is included within the cash pooling arrangements.

The Group had an Asset Backed Lending facility (ABL facility) for up to £70m, which end in January 2023. The borrowing base varied throughout the year depending on the level of the Group's eligible inventory and receivables. As at half-year end, £60.4m was reported to HSBC as being available to borrow based on eligible inventory and receivables in October 2022. The ABL facility with HSBC and BNPP had a drawn balance of £51.9m as at 29 October 2022.

A new loan facility of up to £80m, including a £30m term loan, for three years with an option to extend for one further year was agreed, with specialist lender Bantry Bay Capital Limited1. This replaces the previous up to £70m Asset Based Lending Facility which was due to expire on 31 January 2023. The interest rate SONIA2 + 7.5% on the drawn element. The revised facility is covenant light, providing flexibility to navigate the current challenging macro-economic environment and continue to focus on driving our brand strategy forward.

Notes

1. Bantry Bay Capital Limited is a specialist lender which provides supportive debt capital solutions to corporates in periods of growth and other change. Bantry Bay focuses on asset-based financings for private and publicly listed companies across a wide array of industries, working with clients to provide the foundations for stability and growth.
2. The Sterling Overnight Interbank Average Rate (SONIA) is the effective overnight interest rate paid by banks for unsecured transactions in the British sterling market.

The 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. The Group has a net overdraft facility with HSBC Bank plc. Gross overdrafts at 29 October 2022 amounted to £13.9m.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

19. Financial risk management

The Group's activities expose it to a variety of financial risks including: market risk (including foreign currency risk and cash flow interest rate risk), credit risk and liquidity risk. The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group Annual Report FY23. There have been no changes in the risk management department or in any risk management policies since the year end.

Liquidity risk

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

Fair value estimation

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

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

The following table presents the Group's assets and liabilities that are measured at fair value at 28 October 2023 and 29 October 2022.

	Group (unaudited)					
			H1 24			H1 23
	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	–	2.0	–	–	9.8	–
Liabilities						
Derivative financial instruments						
• Forward foreign exchange contracts	–	(0.6)	–	–	(4.6)	–

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 28 October 2023.

There were no transfers between levels during the period.

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

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Borrowing
- Lease liabilities

20. 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.

A provision of £0.3m (H1 23: £1.1m) has been recognised to cover any existing furlough related clawbacks.
Lost revenue and subsidy support in the UK and other territories of £2.0m has been recognised in the period (H1 23: £0.1m). 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.

21. Post balance sheet events

Sale of intellectual property in India

In October 2023 the Group signed a JV agreement with Reliance Brand Holdings UK Ltd and agreed the sale of Superdry's intellectual property and related trademarks in India, Sri Lanka and Bangladesh to the JV entity of which the Group owns 24%. The consideration for the sale of the IP was £40m, which resulted in Superdry receiving gross cash proceeds of £30.4 million (approx. £28.3 million net of fees and taxes) in November 2023.

22. 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 report are adjusted operating profit/(loss) and margin, adjusted profit/(loss) before tax, adjusted tax expense and adjusted effective tax rate, adjusted earnings per share and net cash/debt.

A reconciliation from these non-GAAP measures to the nearest measure prepared in accordance with IFRS is presented below. The APMs we use may not be directly comparable with similarly titled measures used by other companies. There have been no changes in definitions from the prior period.

Adjusting items

The Group's statement of comprehensive income and segmental analysis separately identify adjusted results before adjusting items. The adjusted results are not intended to be a replacement for the IFRS results. The Directors believe that presentation of the Group's results in this way provides stakeholders with additional helpful analysis of the Group's financial performance. This presentation is consistent with the way that financial performance is measured by management and reported to the Board and the Executive Committee. It is also consistent with the way that management is incentivised.

In determining whether events or transactions are treated as adjusting items, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence. Adjusting items are identified by virtue of their size, nature or incidence.

Examples of charges or credits meeting the above definition and which have been presented as adjusting items in the current and/or prior years include:

- the movement in the fair value of unrealised financial derivatives;
- business restructuring programmes;
- store asset impairment charges and onerous property related contracts provision;
- Intangible asset impairments;
- derecognition of deferred tax assets; and
- impact on deferred tax assets/liabilities for changes in tax rates.

If other items meet the criteria, which are applied consistently from year to year, they are also treated as adjusting other items.

Adjusting items in this period

The following items have been included within ''Adjusting items'' for the period ended 28 October 2023:

Fair value remeasurement of foreign exchange contracts – financial years H1 24 and H1 23

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.

Store asset impairment and onerous property related contracts provision – financial years H1 24 and H1 23

A store asset impairment and onerous property related contracts provision review was performed during H1 24 the group received signed contracts for leases that were agreed in both the current and prior periods, this made them eligible for IFRS 16 accounting adjustments. An adjusting net impairment charge of £10.4m on the right-of-use assets has been made on the basis that the recoverable amount is less than the carrying value. In addition, an onerous property contract reversal of £0.2m has been recognised. This exercise was not performed in H1 23.

The Directors consider the store impairment and onerous property related contracts provision to be an adjusting item due to the materiality of the charge.

Adjusted operating (loss)/profit and margin

In the opinion of the Directors, adjusted operating (loss)/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 (loss)/profit and margins, and they are key internal management metrics in assessing the Group's performance. As such, they exclude the impact of adjusting items.

A reconciliation from operating profit/(loss), the most directly comparable IFRS measure, to the adjusted operating profit and margin is set out below.

	H1 24 £m	H1 23 £m	FY 23 £m
Reported revenue	**219.8**	**287.2**	**622.5**
Operating Profit/(loss)	12.6	(15.1)	(70.1)
Adjusting items	(28.6)	4.1	56.8
Adjusted operating (loss)	**(16.0)**	**(11.0)**	**(13.3)**

	H1 24 £m	H1 23 £m	FY 23 £m
Operating margin	5.7%	(5.3%)	(11.3%)
Adjusted operating margin	(7.3%)	(3.8%)	(2.1%)

Adjusted loss before tax

In the opinion of the Directors, adjusted loss 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 before tax excludes the impact of adjusting items.

The Directors consider this to be an important measure of Group performance and is consistent with how the business performance is reported to and assessed by the Board and the Executive Committee.

A reconciliation from profit/(loss) before tax, the most directly comparable IFRS measure, to the adjusted (loss) before tax is set out below.

	H1 24 £m	H1 23 £m	FY 23 £m
Profit/(loss) before tax	3.3	(17.7)	(78.5)
Adjusting items	(28.6)	4.1	56.8
Adjusted (loss) before tax	**(25.3)**	**(13.6)**	**(21.7)**

Adjusted tax (expense)/credit and adjusted effective tax rate

In the opinion of the Directors, adjusted tax (expense)/credit is the total tax (expense)/credit for the Group excluding the tax impact of adjusting items. Correspondingly, the adjusted effective tax rate is the adjusted tax (expense)/credit divided by the adjusted profit/(loss) before tax. For interim reporting purposes, we categorise the prior year items and specific other balances as discrete items, in the calculation of our adjusted effective tax rate.

These measures are an indicator of the ongoing tax rate of the Group.

A reconciliation from tax (expense)/credit, the most directly comparable IFRS measures, to the adjusted tax (expense)/credit is set out below:

	H1 24 £m	H1 23 £m	FY 23 £m
Adjusted (loss) before tax	**(25.3)**	**(13.6)**	**(21.7)**

Tax (expense)/credit	(0.5)	5.5	(69.6)
Adjusting items – tax impact	–	(1.0)	–
Adjusted tax (expense)/credit	**(0.5)**	**4.5**	**(69.6)**
Adjusted effective tax rate	**2.0%**	**(33.1%)**	**(320.7%)**

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 18 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.

Working Capital

Changes in assets and liabilities as presented in note 9 under cash flow from operating activities before changes in assets and liabilities. This comprises movements in assets and liabilities excluding movements relating to financing or investing cash flows or non-cash items that are not included in adjusted PBT.