

# SuperdryPlc

("Superdry" or "the Company")

1 September 2023

## Full Year Results for the 52-week period ended 29 April 2023

Superdry announces its Full Year Results covering the 52-week period from 1 May 2022 to 29 April 2023 ("FY 23"), with comparisons on a 53-week basis from FY22, and a Q1 trading update covering the 13-week period from 30 April 2023 to 29 July 2023.

- Group revenue +2.1% to £622.5m as brand recovery continues; robust Retail growth of 14.6% was offset by a 19.1% decline in Wholesale as it continues to be impacted by a more cautious outlook from partners.
- Stores revenue +14.7%, recovering from COVID in the US and UK, with strong peak holiday sales.
- Ecommerce revenue +14.3% due to good third-party site performance and our best Black Friday event.
- Gross margin down 3.2%pts to 52.8% due to continued clearance of aged stock.
- 62% of garments contain sustainably sourced materials, well ahead of 47% target.
- The delayed recovery in Wholesale, and the return to normal rent and business rates impacted underlying profitability, resulting in an Adjusted Loss Before Tax<sup>1</sup> of £(21.7)m.
- Statutory loss after tax of £(148.1)m (FY 22: £22.4m), mainly due to accelerated non-cash impairments of store assets of £43.3m, a non-cash reduction in the recognised deferred tax assets from £66.3m at FY22 to £nil in the current year, and other adjusting items.
- Actions to improve the balance sheet continue, including IP sale and equity raise together yielding approximately £45m after year-end, alongside a cost saving programme to deliver £35m, to be fully realised in FY24.
- Agreed loan facilities during FY23 with Bantry Bay Capital for up to £80m, and a further £25m facility with Hilco Capital agreed post year end.

£m	FY 23	FY 22 <sup>2</sup>	Vs FY 22
Group Revenue	£622.5m	£609.6m	2.1%
Gross Margin Rate	52.8%	56.0%	(3.2)%pts
Adjusted (loss) / profit before tax <sup>2</sup>	£(21.7)m	£21.6m	n/a
Adjusting items <sup>2</sup>	£(56.8)m	£(4.0)m	n/a
Tax (Expense) / Credit	£(69.6)m	£4.8m	n/a
Statutory (loss) / profit after tax	£(148.1)m	£22.4m	n/a
Adjusted basic (loss) / profit per share <sup>2</sup>	(111.8)p	36.0p	n/a
Basic (loss) / profit per share	(181.3)p	27.4p	n/a
Net working capital <sup>2</sup>	£73.9m	£116.1m	(36.3)%
Net (debt) position <sup>2</sup>	£(25.6)m	£(1.0)m	n/a

**Julian Dunkerton, Founder and Chief Executive Officer, said:** "This has been a difficult year for the business and the market conditions have been extremely challenging, especially in Wholesale. We've looked closely at how we operate and have taken decisive actions to improve our position, rebuild liquidity, and recapitalise our balance sheet, through careful preservation of cash and a re-engineered cost base.

"The good news is that despite the external turbulence, the brand is in sound health and has momentum. Stores and Ecommerce delivered a strong sales performance, and I'm excited by our collections for the Autumn/Winter 23 season. While Wholesale remains very challenging, I believe the new team in place will recover this business in the medium-term. I'm really excited by our new partnership in Asia, finalised after year-end, which not only has helped rebuild our balance sheet but will ensure Superdry can achieve its potential as a truly global brand.

"I'd like to thank all our team for their commitment during a period of change for the business. The start to the new year has been tough, not helped by unseasonal weather and highly promotional markets, and I'm not expecting the consumer environment to become any easier soon. However, the actions we have taken and continue to take to ensure the health of the business, give me more confidence as we look into the future."

## FY 23 Financial overview

- Revenue increased 2.1% year-on-year with strong growth in Stores and Ecommerce of 14.7% and 14.3% respectively. This was offset by a 19.1% decline in Wholesale, due to a build-up of inventory over the pandemic and slower uptick in partner confidence driving weaker performance.
- Gross margin contracted by 3.2%pts to 52.8% due to actions to clear aged stock, increased mix of third-party online sales and deferred price increases in Wholesale.
- Total operating costs increased 9.6% to £341.7m due to the return to normal levels of rent and business rates, an increase in energy costs and wage inflation, offset by a reduction in head count at head office, reshaping the cost base with a £35m cost savings programme announced during the year, to be fully realised in FY24.
- Adjusted loss before tax fell to £(21.7)m (FY 22 adj. Profit: £21.6m), impacted both by a return to normal business rents and rates following a period of COVID-relief and the underperformance of Wholesale, offset by FX gains of £10.6m (FY 22: £3.7m).
- Statutory loss before tax of £(78.5)m (FY22 Stat. Profit: £17.6m) due to non-cash impairment charge and other adjusting items.
- Recognised tax charge of £(69.6)m in the year, primarily because of the impairment of deferred tax assets on the balance sheet due to a revised outlook.
- Working capital reduction of £42.2m year-on-year, driven by a combination of a 15.2% decline in inventory as part of our aged stock clearance programme, and a 27.0% reduction in our accounts receivable, primarily Wholesale related.
- Year-end net debt<sup>1</sup> £25.6m (FY22 net debt: £1.0m) and with £22.4m of cash and cash equivalents.

## Q1 Trading Update (13 weeks from 30 April 2023)

£m	vs. FY 23 (13 Wks)
Stores	(3.7)%
Ecommerce	(12.6)%
Retail <sup>3</sup>	(6.6)%
Wholesale	(50.3)%
Group Revenue	(18.4)%

Group revenue was down 18.4% over the period but in terms of overall performance, we are performing broadly in line with our expectations as full-price trading and the cost efficiency programme are driving margin improvement.

First quarter Store revenue declined by 3.7% when compared with the same period last year, largely on account of the unseasonable weather, and a later start to our end-of-season sale.

Ecommerce sales declined by 12.6%, also impacted by the later start to sale, as well as a profit-focused reduction in spend on digital marketing. In total, our Retail segment was down 6.6%.

Wholesale revenue is down 50.3% during the period, which is partly a result of year-on-year timing differences. Adjusting for these, the underlying performance is closer to 30% down which is more in line with expectations and reflects changes including the decision to exit our US wholesale operation.

Wholesale production and distribution has long lead times, and it will take some time for the impact of the new leadership in this area and the reversion to an agency model in some major European markets, to be seen in the sales performance.

## Outlook

The consumer retail market continues to remain challenging and unpredictable. The extreme weather events across the UK and Europe have had a negative impact on our Spring Summer collection. Conversely, our new Autumn Winter collection is selling better this early in the season, than usual. Building on the success of our jacket collection last year, we continue to anticipate another strong year for our outerwear.

For the full year, we don't expect to see significant revenue growth as we focus on cost savings and margin improvement. The £35m cost savings programme announced earlier in the year should be fully realised during FY24.

## 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 24. 'Net working capital' has been reconciled within the Finance Review.*
2. *The financial statements for the prior financial year have been restated to incorporate the impact of mis-statements to balances at the year-end and in the brought forward balance sheet position at the end of FY21. The mis-statements impact the values of Other debtors and the presentation of Property, plant and equipment and Intangible assets. Full detail of the changes and impact across the income statement and balance sheet can be found in Note 26: Prior-Year Adjustments.*
3. *Retail is a combination of both the Stores and Ecommerce segments. Refer to Note 6: Segment Information for more details.*
4. *Autumn/Winter 2022 defined as 'AW22'; Spring/Summer 2022 defined as 'SS22'; Autumn/Winter 2023 defined as 'AW23'; Spring/Summer 2023 defined as 'SS23'; Autumn/Winter 2024 defined as 'AW24'; Spring/Summer 2024 defined as 'SS24'.*

## Market briefing

A webcast for analysts and investors will be held starting at 9:00am, followed by a Q&A with management. The webcast will be available to join live, but questions will be limited to analysts. If you would like to register, please go to <https://secure.emincote.com/client/superdry/superdry014>. A recording of the event will also be available on our corporate website shortly afterwards.

A separate meeting with an opportunity for retail investors to ask questions will be held at 10:30am through the 'Investor Meets Company' platform, please register [here \(https://www.investormeetcompany.com/superdry-plc/register-investor\)](https://www.investormeetcompany.com/superdry-plc/register-investor).

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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 continued growth via a multi-channel approach combining Stores, Ecommerce, and Wholesale.

Superdry has 213 physical stores and 410 Superdry-branded franchised and licensed stores in 51 countries, as well as 18 Superdry-branded websites translated into 21 languages.

**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.

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR").

## **Chair's Statement**

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

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

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

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

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

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

### **Board Appointment**

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

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

### **Auditor Appointment**

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

### **Dividend**

Given the uncertain macro-economic outlook and the need to maintain liquidity, the Board continues to believe it is prudent not to recommend a dividend. In addition, under the terms of our recent loan facility, the Company

is restricted from paying dividends to shareholders without prior permission from Bantry Bay. At the end of the reporting period, there are no distributable reserves.

### **Thank You Superdry**

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

Peter Sjölander  
Chairman, Superdry plc

### **CEO Review**

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

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

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

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

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

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

### **Inspire Through Product**

When I returned to Superdry in late 2019, I set out to refocus our product by reducing internal competition, bringing the styles and brand back to its core, and re-introducing old classics to our current catalogue, drawing

from our 20 years in the business. At that time there were over 4,400 options within the range; we have cut this in half whilst at the same time making the range more cohesive than ever before. I am extremely proud of the journey we have been on with our product, and the customer reaction we have been receiving.

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

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

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

### **Engage Through Social**

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

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

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

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

### **Lead Through Sustainability**

Sustainability is transforming Superdry.

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

I am pleased to see the increasing share of recycled materials used across the range. Making recycled options the norm has been supported by fully recycled padding in all jackets last year, and 100% of swimwear collections are now from fully recycled materials. Recycled cotton is also increasingly being used alongside our organic

cotton options and we are using our own waste cotton in our sweat ranges, converting over 100,000 individual garments into fully recycled fabrics sourced from our own waste in this year alone.

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

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

### **Make It Happen**

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

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

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

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

Julian Dunkerton  
CEO, Superdry plc

## **Financial Review**

### **Reflections On 2023**

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



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

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

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

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

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

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

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

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

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

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

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

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

Finally, we have also recognised a tax charge of £69.6m in the year. This predominantly arises as a consequence of the reduction in the recognised deferred tax asset from £66.3m at FY22 to £nil in the current year. The £66.3m reduction in the recognised deferred tax asset has materialised as a revision to the Group's outlook and material uncertainty. Further commentary on all the adjustments can be found below and an analysis of the tax position is set out in Note 10 and the key judgements commentary within these financial statements. The remaining £3.3m of the total £69.6m charge for the year relates to an in-year tax charge.

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

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

## **Business Performance**

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

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

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

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

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

\* Adjusted operating (loss)/profit, adjusted operating margin and adjusted (loss)/profit before tax are defined as reported results before adjusting items as further explained in Note 24.

## Retail Revenue

Retail Revenue comprises sales across our Stores and Ecommerce channels.

Retail Revenue	FY23 (£m)	FY22 (£m)	Change (%)
Stores	262.0	228.4	14.7%
Ecommerce	178.0	155.7	14.3%
<b>Total Retail Revenue</b>	<b>440.0</b>	<b>384.1</b>	<b>14.6%</b>

<i>Ecommerce Revenue as a proportion of Retail Revenue</i>	40.5%	40.5%	-
<i>Ecommerce Revenue as a proportion of Group Revenue</i>	28.6%	25.5%	3.1% pts

## Stores

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

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

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

<b>Store Revenue by Territory</b>	<b>FY23 (£m)</b>	<b>FY22 (£m)</b>	<b>Change (%)</b>
UK and Republic of Ireland	142.8	123.6	15.4%
Mainland Europe	88.5	76.5	15.6%
Rest of World	30.7	28.3	8.5%
<b>Total Store Revenue</b>	<b>262.0</b>	<b>228.4</b>	<b>14.7%</b>

## Ecommerce

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

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

<b>Ecommerce Revenue by Territory</b>	<b>FY23 (£m)</b>	<b>FY22 (£m)</b>	<b>Change (%)</b>
UK and Republic of Ireland	78.2	76.8	2.0%
Mainland Europe	88.4	69.0	27.8%
Rest of World	11.4	9.9	16.2%
<b>Total Ecommerce Revenue</b>	<b>178.0</b>	<b>155.7</b>	<b>14.3%</b>

## Wholesale

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

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

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

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

### Gross Margin

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

Gross Margin by Channel	FY23 (£m)	FY22 (£m)	Change (%)
Stores	65.0%	70.9%	(5.9)% pts
Ecommerce	56.7%	62.8%	(6.1)% pts
<i>Retail</i>	<i>61.6%</i>	<i>67.6%</i>	<i>(6.0)% pts</i>
Wholesale	31.4%	36.2%	(4.8)% pts
<b>Total Gross Margin</b>	<b>52.8%</b>	<b>56.0%</b>	<b>(3.2)% pts</b>

### Total Operating Costs

Total operating costs increased 9.6% to £341.7m.

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

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

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

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

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

### Adjusted Profit / Loss Before Tax

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

### Adjusting Items

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

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

Further to the above, we are also taking additional charges for impairment and Onerous property related contract provision against our store estate. Given the volatility observed in trading and continued cost of living crisis there are clear indicators of impairment. Significant movements in our internal forecasts for store performance mean that at FY23, 141 stores or 66% of the estate, have an impairment against them, with a net impairment charge of £(41.0)m, primarily driven by the UK and Germany. We are also taking a further charge of £(2.3)m in respect of our Onerous Lease Provision following utilisation of some of this provision within the period. The entire estate is captured within the onerous property related contract provision calculation, of which 40 stores, or 19%, now have a recognised provision. The combination of these factors results in a charge of £(43.3m) being recognised in the year.

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

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

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

## **Taxation**

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

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

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

## **(Loss) / Profit after tax**

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

## **(Loss) / Profit per Share**

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

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

## **Dividends**

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

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

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

## **Cash Flow**

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

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

## **Working Capital**

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

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

## Balance Sheet

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

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

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

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

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

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

## Investment In Subsidiaries and Intercompany Debtor Impairment

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

## Assessment of The Group Prospects

### Going concern

The financial position of the Group, its cash flows and liquidity position are set out in the financial statements. Furthermore, the Group financial statements include the Group's objectives and policies for managing its capital, its financial risk management objectives, details of its financial instruments and exposure to credit and liquidity risk (please refer to note 22).

### Background and context

Like many businesses in the retail sector, the Group has been through a period of unprecedented challenges over recent years. The global pandemic resulted in the enforced closure of stores, with many trading days lost.



Despite a resurgence of store visits in many European countries following vaccination programmes and the lifting or easing of restrictions in the Group's key markets, footfall has still not recovered to pre-pandemic levels.

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

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

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

### **Borrowing Facilities**

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

At the year-end April 2023, £48.0m (£30m of which is the term loan element) of the Asset Based Lending Facility facility with Bantry Bay had been drawn down with the Group net debt position at £25.6m (please refer to note 17). The maximum drawdown on the ABL facility (HSBC/BNP) in FY23 was £54.3m in October 2022, in line with the peak working capital requirements of the Group.

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

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

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

### **Base case**

The Group's going concern assessment covers the 12-month period from the date of approval of the financial statements, derived from the latest FY24 and FY25 forecasts in the Group's medium term financial plan (the 'Plan'). Given the downgraded profits as mentioned above as well as the continued impact of the cost-of-living crisis which continues to impact the wider retail sector and the Group, our trading outlook has been adjusted to

reflect these uncertainties which were updated and board approved in June 2023. The most significant assumptions in this revised set of projections are:

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

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

### **Reverse Stress Test**

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

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

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

### **Summary**

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

The material uncertainty related to Going Concern arises due to:

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

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

### **Viability Statement**

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

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

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

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

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

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

# Financial Information

## Group Statement of Comprehensive Income

to the members of Superdry plc

	Note	Adjusted* 2023 £m	Adjusting items (note 7) £m	Total 2023 £m	Restated** Adjusted* 2022 £m	Adjusting items (note 7) £m	Restated** Total 2022 £m
Revenue	6	622.5	–	622.5	609.6	–	609.6
Cost of sales		(294.1)	–	(294.1)	(268.2)	–	(268.2)
<b>Gross profit</b>		<b>328.4</b>	<b>–</b>	<b>328.4</b>	<b>341.4</b>	<b>–</b>	<b>341.4</b>
Selling, general and administrative expenses***		(372.7)	(46.4)	(419.1)	(342.6)	(17.7)	(360.3)
Other gains and losses (net)***		32.7	(10.4)	22.3	29.0	13.7	42.7
Impairment (charge)/credit on trade receivables		(1.7)	–	(1.7)	1.8	–	1.8
<b>Operating (loss)/profit</b>		<b>(13.3)</b>	<b>(56.8)</b>	<b>(70.1)</b>	<b>29.6</b>	<b>(4.0)</b>	<b>25.6</b>
Finance income		1.8	–	1.8	–	–	–
Finance expense		(10.2)	–	(10.2)	(8.0)	–	(8.0)
<b>(Loss)/Profit before tax</b>	6	<b>(21.7)</b>	<b>(56.8)</b>	<b>(78.5)</b>	<b>21.6</b>	<b>(4.0)</b>	<b>17.6</b>
Tax (expense)/credit	10	(69.6)	–	(69.6)	7.8	(3.0)	4.8
<b>(Loss)/Profit for the period</b>		<b>(91.3)</b>	<b>(56.8)</b>	<b>(148.1)</b>	<b>29.4</b>	<b>(7.0)</b>	<b>22.4</b>
<b>Attributable to:</b>							
Owners of the Company		(91.3)	(56.8)	(148.1)	29.4	(7.0)	22.4
<b>Other comprehensive expense net of tax:</b>							
Items that may be subsequently reclassified to profit or loss							
Currency translation differences on translation of foreign operations		(7.0)	–	(7.0)	(8.2)	–	(8.2)
<b>Total comprehensive (expense)/income for the period</b>		<b>(98.3)</b>	<b>(56.8)</b>	<b>(155.1)</b>	<b>21.2</b>	<b>(7.0)</b>	<b>14.2</b>
<b>Attributable to:</b>							
Owners of the Company		(98.3)	(56.8)	(155.1)	21.2	(7.0)	14.2
				pence per share			
<b>Earnings per share:</b>							
Basic	11			(181.3)			27.4
Diluted	11			(181.3)			26.4

\* Adjusted and adjusting items are defined in note 7.

\*\* The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 26.

\*\*\* During the current financial year, the Group reclassified £12.0m of realised gains/(losses) on FX contracts and unrealised gains on FX from selling, general and administrative expense to Other gains and losses (net). This reclassification more appropriately reflects selling, general and administrative expenses. Prior financial year comparatives of £12.0m have been restated to align to the current financial year approach.

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

# Financial Information

## Balance Sheet

to the members of Superdry plc Registered number: 07063562

	Note	Group		
		29 April 2023 £m	Restated* 30 April 2022 £m	Restated* 24 April 2021 £m
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	13	16.3	23.4	29.4
Right-of-use assets	19	48.5	80.2	91.1
Intangible assets	14	42.8	42.5	41.7
Deferred tax assets	16	–	66.3	53.8
Derivative financial instruments	22	–	0.9	0.3
<b>Total non-current assets</b>		<b>107.6</b>	<b>213.3</b>	<b>216.3</b>
<b>Current assets</b>				
Inventories		112.5	132.7	148.3
Trade and other receivables		82.2	112.6	98.9
Derivative financial instruments	22	1.1	8.9	2.4
Current income tax receivables		–	–	4.0
Cash and bank balances		58.2	20.5	38.9
<b>Total current assets</b>		<b>254.0</b>	<b>274.7</b>	<b>292.5</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Borrowings	17	83.8	21.5	–
Trade and other payables		120.8	129.2	126.5
Current income tax liabilities		3.0	4.0	–
Provisions for other liabilities and charges		5.4	4.7	6.2
Derivative financial instruments	22	2.2	0.5	5.7
Lease liabilities	19	60.5	66.1	94.1
<b>Total current liabilities</b>		<b>275.7</b>	<b>226.0</b>	<b>232.5</b>
<b>Net current (liabilities)/assets</b>		<b>(21.7)</b>	<b>48.7</b>	<b>60.0</b>
<b>Non-current liabilities</b>				
Trade and other payables		3.0	2.6	1.2
Provisions for other liabilities and charges		7.1	7.2	10.0
Derivative financial instruments	22	–	–	1.5
Deferred income tax liabilities		0.4	–	–
Deferred liabilities		0.9	0.8	1.1
Lease liabilities	19	127.6	151.2	175.5
<b>Total non-current liabilities</b>		<b>139.0</b>	<b>161.8</b>	<b>189.3</b>
<b>Net (liabilities)/assets</b>		<b>(53.1)</b>	<b>100.2</b>	<b>87.0</b>
<b>EQUITY</b>				
Share capital	23	4.1	4.1	4.1
Share premium		149.3	149.2	149.2
ESOP Reserve		(0.1)	(2.0)	–
Translation reserve		(8.5)	(1.5)	6.7
Merger reserve		(302.5)	(302.5)	(302.5)
Retained earnings		104.6	252.9	229.5
<b>Total equity</b>		<b>(53.1)</b>	<b>100.2</b>	<b>87.0</b>

\* The balance sheets at 30 April 2022 and at 24 April 2021 have been restated to correct certain misstatements, see note 26.

# Financial Information

## Group Cash Flow Statement

to the members of Superdry plc

	Note	Group	
		2023 £m	2022 £m
<b>Cash generated from operating activities</b>	20	<b>49.4</b>	<b>47.2</b>
Tax (payment)/receipt		(3.6)	0.4
<b>Net cash generated from operating activities</b>		<b>45.8</b>	<b>47.6</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		(8.2)	(10.4)
Purchase of intangible assets		(6.4)	(7.2)
Sale of Intellectual Property		4.0	–
<b>Net cash used in investing activities</b>		<b>(10.6)</b>	<b>(17.6)</b>
<b>Cash flow from financing activities</b>			
Lease incentives – Landlord contributions		4.0	6.3
Repayment of ABL facility		(130.5)	(146.3)
Drawdown of ABL facility		160.1	164.7
Interest paid		(10.2)	(8.0)
Interest received		1.8	–
Proceeds from issue of shares		0.1	–
Purchase of treasury shares		–	(2.0)
Repayment of leases – principal amount	19	(56.3)	(66.6)
<b>Net cash used in financing activities</b>		<b>(31.0)</b>	<b>(51.9)</b>
<b>Net increase/(decrease) in cash and cash equivalents*</b>	21	<b>4.2</b>	<b>(21.9)</b>
<b>Cash and cash equivalents at beginning of period</b>	21	<b>17.4</b>	<b>38.9</b>
Exchange (losses)/gains on cash and cash equivalents		0.8	0.4
<b>Cash and cash equivalents at end of period*</b>		<b>22.4</b>	<b>17.4</b>

\* Cash and cash equivalents includes bank overdrafts

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

# Financial Information

## Statements of Changes in Equity

to the members of Superdry plc

Group	Note	Share capital £m	Share premium £m	ESOP share reserve £m	Restated* Translation reserve £m	Merger reserve £m	Restated* Retained earnings £m	Total equity £m
<b>Balance at 24 April 2021 as originally reported</b>		<b>4.1</b>	<b>149.2</b>	<b>–</b>	<b>6.6</b>	<b>(302.5)</b>	<b>233.0</b>	<b>90.4</b>
Correction of misstatement	26	–	–	–	0.1	–	(3.5)	(3.4)
<b>Restated total equity at the start of the year</b>		<b>4.1</b>	<b>149.2</b>	<b>–</b>	<b>6.7</b>	<b>(302.5)</b>	<b>229.5</b>	<b>87.0</b>
<b>Comprehensive (expense)/income</b>								
Restated profit for the period		–	–	–	–	–	22.4	22.4
Other comprehensive expense		–	–	–	–	–	–	–
Currency translation differences		–	–	–	(8.2)	–	–	(8.2)
<b>Total other comprehensive expense</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>(8.2)</b>	<b>–</b>	<b>–</b>	<b>(8.2)</b>
<b>Restated total comprehensive (expense)/income for the period</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>(8.2)</b>	<b>–</b>	<b>22.4</b>	<b>14.2</b>
<b>Transactions with owners</b>								
ESOP shares acquired		–	–	(2.0)	–	–	–	(2.0)
Employee share award schemes	8,9	–	–	–	–	–	1.0	1.0
Dividend payments	12	–	–	–	–	–	–	–
<b>Total transactions with owners</b>		<b>–</b>	<b>–</b>	<b>(2.0)</b>	<b>–</b>	<b>–</b>	<b>1.0</b>	<b>(1.0)</b>
<b>Balance at 30 April 2022 as originally reported</b>		<b>4.1</b>	<b>149.2</b>	<b>(2.0)</b>	<b>(1.6)</b>	<b>(302.5)</b>	<b>256.7</b>	<b>103.9</b>
Correction of misstatement	26	–	–	–	0.1	–	(3.8)	(3.7)
<b>Restated total equity at 30 April 2022</b>		<b>4.1</b>	<b>149.2</b>	<b>(2.0)</b>	<b>(1.5)</b>	<b>(302.5)</b>	<b>252.9</b>	<b>100.2</b>
<b>Comprehensive (expense)/income</b>								
Loss for the period		–	–	–	–	–	(148.1)	(148.1)
Other comprehensive expense		–	–	–	–	–	–	–
Currency translation differences		–	–	–	(7.0)	–	–	(7.0)
<b>Total other comprehensive expense</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>(7.0)</b>	<b>–</b>	<b>–</b>	<b>(7.0)</b>
<b>Total comprehensive expense for the period</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>(7.0)</b>	<b>–</b>	<b>(148.1)</b>	<b>(155.1)</b>
<b>Transactions with owners</b>								
Shares issued		–	0.1	–	–	–	–	0.1
ESOP shares acquired		–	–	1.9	–	–	–	1.9
Employee share award schemes	8,9	–	–	–	–	–	(0.2)	(0.2)
Dividend payments	12	–	–	–	–	–	–	–
<b>Total transactions with owners</b>		<b>–</b>	<b>0.1</b>	<b>1.9</b>	<b>–</b>	<b>–</b>	<b>(0.2)</b>	<b>1.8</b>
<b>Balance at 29 April 2023</b>		<b>4.1</b>	<b>149.3</b>	<b>(0.1)</b>	<b>(8.5)</b>	<b>(302.5)</b>	<b>104.6</b>	<b>(53.1)</b>

\* The comparative periods to 30 April 2022 and to 24 April 2021 have been restated to correct certain misstatements, see note 26.

# 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 current period (2023) is for the 52 weeks ended 29 April 2023 (2022: 53 weeks ended 30 April 2022 (2022)).

#### a) Basis of preparation

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. The Group expects to publish full financial statements that comply with IFRSs in August 2023.

The financial information included in this preliminary announcement does not constitute the Group's statutory accounts for the 52 weeks ended 29 April 2023 or 53 weeks ended 30 April 2022 but is derived from those accounts.

The financial information for the 53 weeks ended 30 April 2022 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified and did not draw attention to any matters by way of emphasis and did not contain a statement under s498(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 statutory financial statements for the 52 weeks ended 29 April 2023 will be filed with the Registrar of Companies following the 2023 Accounts Meeting. The report of the auditor was unqualified and did not draw attention to any matters by way of emphasis and did not contain a statement under s498(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.

## 2. Significant accounting policies

The accounting policies adopted are consistent with those applied by the Group in the Annual Report for the year ended 29 April 2023. For the reasons set out within the Assessment of the Group's Prospects section of this announcement the Directors noted that the risks set out there indicate that a material uncertainty exists.

### Going Concern

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

#### *Background and context*

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

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

- In response to the challenging macroeconomic conditions and to partially offset the adverse impacts above, there are several key mitigations that the Group has undertaken:
- Price rises ranging from 4%-6% across AW22 and SS23 and the introduction of delivery charges for all online orders and returns.
- Increasing the mix of core product, which has a life of more than one season, and consequently reducing the clearance and buy cycle, which remains our largest cash mitigation.
- Re-introducing targeted clearance activity in our stores.
- Identified and implementing a number of operational savings and cost efficiencies across the Group.



- Restructured our loss-making US operations, reducing the numbers of stores, closing our distribution centre and fulfilling wholesale from the UK.
- Focussed reduction of working capital, reducing stock held through lower purchases and targeted clearance, and closer management of our wholesale debtor portfolio.

#### *Borrowing Facilities*

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

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

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

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

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

#### *Base case*

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

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

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

#### *Reverse Stress Test*

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

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

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

## Summary

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

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

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

### 3. Key sources of estimation uncertainty in applying the Group's accounting policies

The preparation of the 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.

Management consider that accounting estimates and assumptions made in relation to the following items have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

#### Medium-term financial plan

The Group's store asset impairment review and assessment for onerous property related contract provisions, the goodwill impairment review and deferred tax recoverability assessment, together with the impairment review of the Company's investments and intercompany receivables, are all dependent on forecast future cash flows to assess value in use and recoverability. As a basis for these assessments, the Group prepare a medium-term financial plan, which includes the Budget and future cash flows over a five-year period. The plan has regard to historic performance, knowledge of the current market and the impact of current macroeconomic conditions, together with the Group's views on the achievable growth, all of which have been reviewed and approved by the Board.

The medium-term plan approved by the Board includes key assumptions and estimates for revenue growth, gross margin and costs. The level of uncertainty in the Group forecasts has been exacerbated by external factors such as input price inflation and the squeeze on consumer budgets, largely driven by rising inflation. The forecasts are also dependent on the success of the brand reset.

The plan also includes assumptions on cost optimisation and efficiency. As required within IAS36, future cash flows or cost savings, derived from restructuring or future expenditure on enhancements, cannot be included in the impairment calculations unless committed by the end of the financial year. The majority of cost savings recognised within the plan arise from activities to improve operational efficiency. Any cost reduction included in the plan that arise from changes to the Group operating model are the result of projects previously approved and initiated. The cash flow forecasts used in the impairment assessments are subject to the success of the cost optimisation programs initiated and are in progress. The plan does not include the impact of costs or benefits arising from future expenditure on enhancements to the operating model.

The impact of changes to the medium-term plan on the impairment reviews are reviewed below.

#### Store impairment estimates

Store assets (as with other financial and non-financial assets) are subject to impairment based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on the higher of the value in use and fair value less costs to dispose, although as all the Group's owned stores are leasehold, only value in use has been considered in the impairment assessment. Value in use is calculated from expected future cash flows using suitable discount rates and including management assumptions and estimates of future performance. An impairment charge of £44.7m (2022: £24.2m) and an impairment reversal of £3.7m (2022: £7.4m) were recognised in the period (net impairment of £41.0m, 2022: £16.8m). The recoverable amount for stores that are showing an impairment totals £31.4m at the balance sheet date. Of this amount £28.5m relates to ROU assets and £2.9m relates to PPE.

For impairment testing purposes, the Group has determined that each store is a Cash Generating Unit (CGU). Each CGU is tested for impairment if any indicators of impairment have been identified. All 213 (2022: All 220) owned stores have been tested for impairment in the current year.

The key estimates for the value in use calculations are those regarding expected changes in future cash flows and the allocation of central costs. The key assumptions used in determining store cash flows are the growth in both sales and gross margin set out in the medium-term plan, as well as operational savings and cost efficiencies identified across the Group and incorporated into forecast cash flows.

The value in use of each CGU is calculated based on the Group's Board approved medium-term financial plan. The medium-term financial plan is prepared and has been attributed to individual stores based on their historic performance. Store revenues in the medium-term financial plan for each CGU are planned at a LFL% between -5% - 0% reflecting continued channel shift to ecommerce and continued lower footfall on the high street. Margin is expected to improve by between 0.3% - 1% in each year of the plan as a result of range refinement, discount stance and deflation of supply costs. Long term store revenue growth rates outside of the scope of the plan are at 0% LFL.

Cash flows beyond this five-year period as set out in the medium-term financial plan are extrapolated using long-term growth rates that are indicative of country-specific rates. The cash flows are discounted using the appropriate discount rate. The cash flows are modelled for each store through to their lease expiry date. Lease extensions have only been assumed in the modelling where they have been agreed with landlords.

Central costs are attributed to store CGUs where they can be allocated on a reasonable and consistent basis, and assumptions are required to determine the basis for allocation. In addition to directly attributable store costs, other relevant operating costs have been attributed to store CGUs on a reasonable and consistent basis where possible, which include certain distribution, IT, HR and marketing expenses, totalling 10-15% of the overall annual cost base. Costs are expected to grow between 0% and 5% in each year of the plan – reflecting inflation countered by the Group's cost out programme. Cost not included in the store asset impairment assessment are; those specifically associated to the ecommerce and wholesale channels, corporate overheads and other central costs that cannot be allocated on a reasonable and consistent basis. Costs outside of the scope of the medium-term plan are assumed to grow at a rate of 2% per annum.

Management estimates discount rates using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the CGUs. The pre-tax discount rates range from 13.2% to 19.8% (2022: 11.35% to 17.7%) and are derived from the Group's post-tax WACC range of 11.9% to 16.7% (2022: 11.1% to 13.8%). A 500bps change in the discount rates would result in a £2.1m increase or £1.0m decrease in the net impairment.

During the year, the Group has recognised an impairment charge of £4.0m and an impairment reversal of £0.6m, giving a net impairment charge of £3.4m (2022: charge £4.0m / reversal £1.6m = net £2.4m) relating to property, plant and equipment. An impairment reversal has been recognised of £1.1m in relation to intangible assets. An impairment charge of £40.7m and an impairment reversal £3.1m, giving a net impairment charge of £37.6m (2022: charge £20.2m / reversal £5.8m = net £14.4m) has been recognised relating to right-of-use assets. These impairment charges have been recognised as part of adjusting items within selling, general and administrative expenses. The total carrying value after the impairment assessment of property, plant and equipment is £16.3m (note 13), right-of-use assets £48.5m (note 19) and intangible assets £42.8m (note 14).

#### *Attributing Ecommerce sales and costs to stores*

Judgement is required to determine whether Ecommerce sales (and associated costs) could be attributed to stores for the purposes of impairment testing when calculating the value in use of each store CGU. The basis of such attribution is considered difficult to determine, due to insufficient evidence to reliably estimate. For this reason, Ecommerce sales attributable to stores have not been calculated.

#### *Store impairment judgements*

Store assets (as with other financial and non-financial assets) are subject to impairment based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. The impairment review involves critical accounting judgements, in addition to the significant estimates discussed above.

Judgement is required in determining which central costs are directly involved in the store operations and therefore should be apportioned to each store CGU. Central costs are attributed to store CGUs where they can be allocated on a reasonable and consistent basis.

Judgement is also involved in defining the lease term used in the store impairment calculations. Lease extensions have only been assumed in the modelling where they have been agreed with landlords.

See note 7 for further details.

#### *Sensitivity analysis*

The Group has carried out a sensitivity analysis on the impairment tests for its owned store portfolio on an aggregated basis for property, plant and equipment, right-of-use assets and intangibles, using various reasonably possible scenarios based on recent market movements including discount rates and a change to the sales and margin assumptions in the medium-term financial plan:

- An increase of 200bps in the gross margin rate in all years for each territory would decrease net impairment by £5.0m
- A decrease of 200bps in the gross margin rate in all years for each territory would increase net impairment by £4.9m

- An increase of 10% in the year 1 sales growth for each territory would decrease net impairment by £4.7m
- A decrease of 10% in the year 1 sales growth for each territory would increase net impairment by £4.7m
- A 15% change in the central costs being allocated to the store CGUs would increase net impairment by £1.9m

#### Onerous property related contracts provision

Management has also assessed whether impaired and unprofitable stores require an onerous provision for the property related contracts. An onerous property related contracts provision is recognised when the Group believes that the unavoidable costs of meeting or exiting the property related obligations exceed the benefits expected to be received under the lease. The property related contracts relate primarily to service charges.

The calculation of the net present value of future cash flows is based on the same assumptions for growth rates and expected changes to future cash flows as set out above for store impairments, discounted at the appropriate risk adjusted rate. The costs of exiting property related contracts as set out in the lease agreement, either at the end of the lease or the lease break date (whichever is shorter), have been considered in the calculation.

Based on the factors set out above, the Group has reassessed the onerous property related contract provision as being £8.0m (2022: £8.4m). This value is after a net £0.2m provision release on exited stores, credited to the Group statement of comprehensive income (2022: £1.0m provision release on exited stores). The provision is also stated after utilisation of the brought forward provision of £2.8m (2022: £4.3m). The charge recognised in respect of the net increase to the onerous lease provision is £2.3m (2022: £1.5m), which is required to increase the provision to £8.0m, based on the outcome of the year end assessment.

The onerous property related contracts provision charge of £2.3m has been recognised within adjusting items within selling, general and administrative expenses. Further significant costs (or credits) may be recorded in future years dependent on the Group's trading performance.

A 500bps increase/decrease in the risk-free rates would result in a £1.0m increase or £1.1m decrease in the onerous lease provision.

The Group has performed sensitivity analysis on the onerous property related contract provisions using reasonably possible scenarios based on recent market movements, consistent with those sensitivities disclosed above in the 'store impairment' section:

- An increase of 200bps in the margin rate in all years for each territory would decrease the onerous property related contracts charge by £1.4m
- A decrease of 200bps in the margin rate in all years for each territory would increase the onerous property related contracts charge by £0.7m
- An increase of 10% in year 1 sales growth for each territory would decrease the onerous property related contracts charge by £1.6m
- A decrease of 10% in year 1 sales growth for each territory would increase the onerous property related contracts charge by £1.5m

#### Valuation of Goodwill

Goodwill of £21.6m is split between the Group's operating segments as £14.4m (2022: £13.8m) for Wholesale, £4.5m (2022: £4.4m) for Ecommerce and £2.7m (2022: £2.5m) for Stores.

An impairment test is undertaken at a segmental level each year to compare the carrying value of assets of a business or cash generating unit (CGU) including goodwill to their recoverable amount. The recoverable amount is estimated based on using a value in use model using discounted cash flows derived from the medium-term plan, which includes extensions to leases for profitable stores through the plan, and which is extended out to 10 years based on long term growth rates and adjusting for working capital.

The present values of the future cash flows of the Ecommerce and Wholesale CGUs are significant and are not sensitive to changes in the assumptions. The recoverable amount of the stores CGU is £75.3m, with headroom of £16.6m. As a result, the Stores goodwill is sensitive to changes to the key assumptions. A 1.9% fall in sales across the medium-term plan, a 1.3ppt drop in average Gross Margin and a 5.4% increase in the discount rate would result in the carrying value being equal to the recoverable amount.

## 4. Critical judgements in applying the Group's accounting policies

Management consider that judgements made in the process of applying the Group's accounting policies that could have a significant effect on the amounts recognised in the Group financial statements are as follows:

#### Going concern

The financial statements continue to be prepared on the going concern basis. This conclusion is based on the Group's current forecasts, sensitivities and mitigating actions available to management, having regard to the risks and uncertainties to which the Group is exposed including the material uncertainty detailed in Note 2. 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.

### Inventory provision

Provision is made for stock items where the net realisable value is estimated to be lower than cost. Net realisable value is based on the age and season of the stock held and calculated using the Group's historical sales experience and assumptions regarding future selling prices. The provision for aged inventory is calculated by providing on a graduated basis for stock over 3 years old. Management also provides against specific stock balances which are deemed slow-moving or which may be sold at a loss through clearance. The estimation uncertainty relates to the total provision of £3.8m (2022: £6.1m). A reasonably possible outcome for the stock provision would be an increase of £2.6m to £6.4m, if the aged stock provision percentages are accelerated by a year.

### Recoverability of trade debtors

The impairment of trade and other receivables is based on management's estimate of the ECL. These are calculated using the Group's historical credit loss experience, with adjustments for general economic conditions and an assessment of conditions at the reporting date. The estimation uncertainty relates to the allowance for expected credit losses of £6.0m (2022: £4.7m) which includes a specific provision and an ECL provision.

The specific provision of £4.2m (2022: £3.2m) is calculated for higher risk trade receivables. This provision is calculated based on a specific review of the exposure to each customer, net of credit enhancements and taking into consideration their payment history. There is a range of possible outcomes for the specific provision; an indication of the maximum possible exposure is that the specific provision of £4.2m (2022: £3.2m) covers gross debtors of £11.7m (2022: £7.1m).

The ECL provision of £1.8m (2022: £1.5m) is calculated for the aggregated remaining debtors profiled by country, net of credit enhancements, and assuming country-specific default rates. The country-specific default rates were prepared using the Group's historic loss experience in the relevant country, which has also been adjusted for forward-looking information. A range of reasonably possible outcomes for the ECL provision, is £320k - £2.8m. The higher-end of the range assumes a four-fold level of credit risk for each country at the reporting date, compared to average historic loss experience.

### Foreign exchange translation on intragroup balances

Foreign exchange gains/losses on intragroup balances denominated in currencies other than sterling are recognised in profit and loss. Judgement is required in determining whether the intragroup balances represent a net investment in foreign operations. Where the intragroup balances are considered a net investment in foreign operations, the exchange gain/loss is recognised in other comprehensive income. During FY23 the conclusion has been reached that intercompany loans from the UK to our US subsidiaries would qualify as net investment in foreign operations, on the basis that it is considered unlikely the loans will be repaid with the foreseeable future. As a result, exchange gains and losses arising subsequent to this decision will be recognised in other comprehensive income. Trading balances with the US and other intragroup balances to other group companies do not represent a net investment in foreign operations. This is on the basis that it is management's intention to settle other foreign denominated intragroup balances in the foreseeable future.

Under the Group's transfer pricing policy, foreign subsidiaries are guaranteed a set profit margin (as limited risk distributors). Management's intention is to use future profits generated by foreign subsidiaries to settle foreign denominated intragroup balances. Accordingly gains/losses on all other foreign denominated intragroup balances are recognised in profit and loss.

### Adjusting items

Judgements are required as to whether items are disclosed as adjusting items, with consideration given to both quantitative and qualitative factors. Adjusting items are identified by virtue of their size, nature or incidence. Further information about the determination of adjusting items in financial year 2023 is in note 7 and 24.

### Deferred Tax Asset

Deferred tax assets are recognised on balance sheet temporary differences to the extent that it is considered probable that they will reverse against taxable profits in future periods. The forecasting of suitable profits against which to offset these temporary differences involve critical accounting judgements and significant estimates.

Given recent trading performance and the environment in which the Group continues to operate, the Group have assessed deferred tax assets to the extent deferred tax assets can be offset by deferred tax liabilities.

The forecasting for deferred tax asset recognition purposes takes into account the current transfer pricing operating model and has been adjusted to take into account local tax laws which impact the reversal of underlying temporary differences, most materially, restrictions on the rate at which brought forward tax losses may be offset against current period profits in each jurisdiction.

Deferred tax assets have been calculated in respect of individual companies to the extent deferred tax assets may be offset against deferred tax liabilities in those subsidiaries.

In prior years, the Group used forecasts for a 10-year period to determine recoverability of deferred tax assets arising on tax losses. As a result of the revision to the Group's outlook and material uncertainty, a significant reduction in the quantum of recognised deferred tax assets has arisen, reducing the net deferred tax asset to £nil (2022: £66.3m), as set out in note 16 to these financial statements.

## 5. New accounting pronouncements

The accounting policies set out have been applied consistently throughout the Group and to all years presented in this financial information except if mentioned otherwise. The Group adopted the following amendments to IFRS for the financial year 2023, none of which had a material impact:

- Annual Improvements to IFRS Standards 2018-2020 Cycle.
- Reference to the Conceptual Framework (Amendments to IFRS3)
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)

At the date of authorisation of this financial information, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- IFRS 17 Insurance Contracts;
- Amendment to IAS 8 'Definition of Accounting Estimates';
- Amendment to IAS 12 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'.
- IFRS 10 and IAS 28 (amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current; Non-current Liabilities and Covenants; Disclosure of Accounting Policies;
- Statement 2 - Disclosure of accounting policies; and
- Amendments to IFRS 16 'Lease Liability in a Sale and Leaseback'

These amendments have been endorsed by the UK Endorsement Board. The Group's financial reporting will be presented in accordance with the above new standards for future accounting periods as required. The application of these new standards and amendments is not expected to have a material impact on the Group.

## 6. 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 financial years 2023 and 2022 is set out below. The 'Retail' subtotal of the 'Stores' and 'Ecommerce' segments presented below is considered useful additional information to the reader.

	Stores 2023 £m	Ecommerce 2023 £m	Retail subtotal 2023 £m	Wholesale 2023 £m	Central costs 2023 £m	Group 2023 £m
Total segment revenue	262.0	178.0	440.0	417.6	–	857.6
Less: inter-segment revenue	–	–	–	(235.1)	–	(235.1)
<b>Revenue from external customers</b>	<b>262.0</b>	<b>178.0</b>	<b>440.0</b>	<b>182.5</b>	<b>–</b>	<b>622.5</b>
<b>Gross profit</b>	<b>170.2</b>	<b>100.9</b>	<b>271.1</b>	<b>57.3</b>	<b>–</b>	<b>328.4</b>
<b>(Loss)/profit before tax</b>			<b>(37.4)</b>	<b>19.5</b>	<b>(60.6)</b>	<b>(78.5)</b>

The segment measure of profit required to be presented under IFRS 8 Segments is gross profit. Profit/(loss) before tax has been presented as an additional profit measure which is considered to provide useful information to the reader. Certain costs have not been allocated between the Stores and Ecommerce segments. Both the current and prior year there is no single customer that comprises in excess 10% of the turnover balance.

The following additional information is considered useful to the reader:

	Adjusted* 2023 £m	Adjusting items £m	Reported 2023 £m
<b>Revenue</b>			
Retail	440.0	–	440.0
Wholesale	182.5	–	182.5
<b>Total revenue</b>	<b>622.5</b>	<b>–</b>	<b>622.5</b>
<b>Operating profit/(loss)</b>			
Retail	19.4	(51.9)	(32.5)
Wholesale	21.3	(1.8)	19.5
Central costs	(54.0)	(3.1)	(57.1)
<b>Total operating loss</b>	<b>(13.3)</b>	<b>(56.8)</b>	<b>(70.1)</b>
Net finance expense – Central costs	(3.5)	–	(3.5)
Net finance expense – Retail	(4.9)	–	(4.9)
<b>Loss before tax</b>	<b>(21.7)</b>	<b>(56.8)</b>	<b>(78.5)</b>
Retail	14.5	(51.9)	(37.4)
Wholesale	21.3	(1.8)	19.5
Central costs	(57.5)	(3.1)	(60.6)
<b>Total loss before tax</b>	<b>(21.7)</b>	<b>(56.8)</b>	<b>(78.5)</b>

\* Adjusted is defined as reported results before adjusting items and is further explained in note 24.

The net impairment losses and reversals on store assets and onerous property related contract charges amount to £43.3m, charge of £47.0m and reversal of £3.7m (2022: charge of £25.6m/reversal £7.3m = net of £18.3m) and all relate to the Retail segment.

	Stores 2022 £m	Restated* Ecommerce 2022 £m	Restated* Retail subtotal 2022 £m	Wholesale 2022 £m	Central costs 2022 £m	Restated* Group 2022 £m
Total segment revenue	228.4	155.7	384.1	393.6	–	777.7
Less: inter-segment revenue	–	–	–	(168.1)	–	(168.1)
<b>Revenue from external customers</b>	<b>228.4</b>	<b>155.7</b>	<b>384.1</b>	<b>225.5</b>	<b>–</b>	<b>609.6</b>
<b>Gross profit</b>	<b>161.9</b>	<b>97.8</b>	<b>259.7</b>	<b>81.7</b>	<b>–</b>	<b>341.4</b>
<b>Profit/(loss) before tax</b>			<b>25.6</b>	<b>52.4</b>	<b>(60.4)</b>	<b>17.6</b>

\* The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 26.

The following additional information is considered useful to the reader:

	Restated** Adjusted* 2022 £m	Adjusting items £m	Restated** Reported 2022 £m
<b>Revenue</b>			
Retail	384.1	–	384.1
Wholesale	225.5	–	225.5
<b>Total revenue</b>	<b>609.6</b>	<b>–</b>	<b>609.6</b>
<b>Operating profit/(loss)</b>			
Retail	38.4	(7.9)	30.5
Wholesale	49.1	3.3	52.4
Central costs	(57.9)	0.6	(57.3)
<b>Total operating profit/(loss)</b>	<b>29.6</b>	<b>(4.0)</b>	<b>25.6</b>
Net finance expense – Central costs	(3.0)	–	(3.0)
Net finance expense – Retail	(5.0)	–	(5.0)
<b>Profit/(loss) before tax</b>	<b>21.6</b>	<b>(4.0)</b>	<b>17.6</b>
Retail	33.5	(7.9)	25.6
Wholesale	49.1	3.3	52.4
Central costs	(61.0)	0.6	(60.4)
<b>Total profit/(loss) before tax</b>	<b>21.6</b>	<b>(4.0)</b>	<b>17.6</b>

\* Adjusted is defined as reported results before adjusting items and is further explained in note 24.

\*\* The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 26.

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

	Group	
	2023 £m	2022 £m
External revenue – UK	247.9	224.1
External revenue – Europe	285.5	294.3
External revenue – Rest of World	89.1	91.2
<b>Total external revenue</b>	<b>622.5</b>	<b>609.6</b>

The total of non-current assets, other than deferred tax assets, located in the UK is £63.5m (2022: £69.6m), and the total of non-current assets located in other countries is £44.1m (2022: £77.4m). Balance sheet by segment is not prepared or reviewed on a regular basis.

## 7. Adjusting items

The below adjustments are disclosed separately in the Group statement of comprehensive income and are applied to the reported (loss)/profit before tax to arrive at the adjusted profit before tax. Further information about the determination of adjusting items in financial year 2023 is included in note 24.

	Group	
	2023 £m	2022 £m
<b>Adjusting items</b>		
Unrealised (loss)/gain on financial derivatives	(10.4)	13.7
Store asset impairment and onerous property related contracts provision charge	(47.0)	(25.6)
Store asset impairment and onerous property related contracts provision reversal	3.7	7.3
Restructuring, strategic change and other costs	(3.1)	–
IFRS 2 charge on Founder Share Plan (note 9)	–	0.6
<b>Total adjusting items charge</b>	<b>(56.8)</b>	<b>(4.0)</b>
<b>Taxation</b>		
Deferred tax on adjusting items	–	(3.0)
<b>Total taxation</b>	<b>–</b>	<b>(3.0)</b>
<b>Total adjusting items after tax</b>	<b>(56.8)</b>	<b>(7.0)</b>

Adjusting items before tax in the period totalled a net charge of £56.8m in the year (2022: £4.0m).



## Store asset impairment charges and reversals and onerous property related contracts provision

Comprehensive reviews have been performed in both the current and prior reporting periods across the owned store portfolio to identify any stores which were either unprofitable, or where the anticipated future performance would not support the carrying value of assets.

An impairment review has also been performed as of 29 April 2023. The Group continues to experience a challenging trading environment, largely due to the ongoing cost of living crisis and the current macroeconomic climate and challenges. As a result of the current year impairment review, a charge to the Group statement of comprehensive income for non-cash impairments of £44.7m was recognised, affecting 132 stores. Additionally, a non-cash credit of £3.7m was recognised in the Group statement of comprehensive income for the reversal of impairments recognised in previous periods. This impairment reversal affected 39 stores and is due to CGU NPV improving YoY due to improved expected revenue performance, or lower costs as a result of management cost out initiatives. The total net impairment of £41.0m affects property, plant and equipment and right-of-use assets. A significant level of estimation and judgement has been used to determine the charges and reversals.

A reassessment was also performed on the onerous property related contracts provision, resulting in a charge of £2.3m, affecting 41 stores. A significant level of estimation has been used to determine the charges to be recognised.

In the prior year, a store asset impairment review was performed in the context of the COVID-19 pandemic on trading performance across the store portfolio. As a result of the prior year review, a charge to the Group statement of comprehensive income for non-cash impairments of £24.2m was recognised, affecting 102 stores. Additionally, a non-cash credit of £7.4m was recognised in the Group statement of comprehensive income for the reversal of impairments that were recognised in previous periods. This impairment reversal affected 71 stores. The total net impairment of £16.8m affects property, plant and equipment and right-of-use assets. A reassessment was also performed on the onerous property related contracts provision, resulting in a charge of £1.5m, affecting approximately 39 stores.

### Restructuring, strategic change and other costs

Adjusting items in 2023 included £3.1m from the restructuring programme announced in the FY23. This restructuring included redundancies in order to make the Group fit for the future. The Directors considered these to be adjusting items due to their one-off nature. In the prior year, no further restructuring expense has been charged.

### Unrealised (loss)/gain on financial derivatives

A £10.4m charge has been recognised within adjusting items in respect of the fair value movement in financial derivatives (2022: £13.7m gain), which has been driven primarily by the relative weakness of Sterling against the US Dollar at the year-end, and its impact on forward currency contracts, buying US Dollar with Sterling.

### IFRS 2 charge on Founder Share Plan

In the prior year a credit of £0.6m was recognised in respect of the Founder Share Plan (see notes 9 and 24 for further details). No further credit was recognised in the current financial year, as the scheme ended on 31 January 2022.

### Tax on adjusting items

The net tax charge on adjusting items totals £nil (2022: £3.0m). An adjusting tax charge of £nil (2022: credit of £0.5m) arises as a result of provisions for onerous leases and impairments to property, plant and equipment at the balance sheet date, and an adjusting tax charge of £nil (2022: £3.4m) arises in connection with movements on the derivative contracts and an updated onerous lease review.

## 8. Share-based Long-Term Incentive Plans (LTIP)

Share awards are granted to employees in the form of equity-settled awards and cash-settled awards.

### Performance Share Plan

The award of shares is made under the Superdry Performance Share Plan (PSP). Shares have no value to the participant at the grant date, but subject to the conditions of the specific scheme can convert and give participants the right to be granted nil-cost shares at the end of the performance period.

The vesting period of these schemes is between two and three years. Share awards will also expire if the employee leaves the Group prior to the exercise or vesting date subject to the discretionary powers of the Remuneration Committee.

The movement in the number of these share awards outstanding is as follows:

	Group and Company			
	2023 Number of shares	2023 Weighted average exercise price	2022 Number of shares	2022 Weighted average exercise price
At start of the period	2,902,027	–	2,818,698	–
Granted	2,176,827	–	1,260,745	–
Forfeited	(563,914)	–	(1,061,621)	–
Cancelled	(525,088)	–	(115,795)	–
<b>Total number of outstanding share awards at end of the period</b>	<b>3,989,852</b>	<b>–</b>	<b>2,902,027</b>	<b>–</b>

None of the share awards were exercisable at the period end date (2022: nil). No options expired during the periods covered by the above table.

The terms and conditions of the award of shares granted under the PSP are as follows:

Grant date	Group and Company			
	Type of award	Number of shares	Vesting period	Fair value/share
October 2020	Restricted share award	1,491,157	3 years	1.75
October 2021	Restricted share award	907,674	3 years	2.56
October 2021	Restricted share award	353,071	2 years	2.56
October 2022	Restricted share award	1,560,019	3 years	1.25
October 2022	Restricted share award	616,808	2 years	1.25

In 2021, the Company changed the award mechanism under the PSP from a scheme with market-based vesting criteria to a Restricted Share Awards (RSA) plan with no performance or market-based vesting criteria attached. The shares granted during the year are restricted share-based conditional awards. The fair value of the shares awarded at the grant date during the year is £2.7m (2022: £3.2m), determined using the modified grant-date method. The weighted average value of each award granted in the year was £1.25, which reflects the share price on the date the awards were granted. Shares awarded in previous years, which are still within their vesting period, contain market-based vesting criteria such as diluted earnings per share and total shareholder return performance targets. The fair value of these awards was determined at the grant date using a Black-Scholes pricing model.

A charge of £1.6m (2022: £1.5m) has been recorded in the Group statement of comprehensive income during the year for schemes under the PSP.

No share options were exercised during the period. The options outstanding at 29 April 2023 had a weighted average remaining contractual life of 18 months (2022: 17 months); these shares have an exercise price of £nil (2022: £nil).

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

#### Cash-based conditional awards

Cash-settled share-based payments were granted in the year under the PSP. These are equivalent to the RSAs granted during the year, but are to be settled through cash, rather than shares.

These awards have no value to the participant at the grant date, but subject to the conditions of the specific scheme can convert and give participants the right to a cash settlement at the end of the performance period.

The vesting period of these schemes is two years. Cash-settled share awards will also expire if the employee leaves the Group prior to the exercise or vesting date subject to the discretionary powers of the Remuneration Committee.

The terms and conditions of the award of cash-settled shares awarded under the PSP are as follows:

Grant date	Type of award	Group and Company			
		Number of shares	Vesting period	Fair value at grant date	Fair value at reporting date
October 2021	Cash-settled restricted share award	151,430	2 years	2.56	0.86
October 2022	Cash-settled restricted share award	234,454	2 years	1.25	0.86

The movement in the number of share awards outstanding is as follows:

	Group and Company	
	2023 Number of shares	2022 Number of shares
At start of the period	330,571	261,158
Granted	234,454	151,430
Exercised	(132,192)	–
Forfeited	(101,925)	(82,017)
<b>Total number of outstanding share awards at end of the period</b>	<b>330,908</b>	<b>330,571</b>

One of the share awards was exercisable at the period end date (2022: nil).

The shares granted during the year are restricted share-based conditional awards. The terms and conditions of the award specify that the fair value at the end of the performance period will be the lower of fair value on that date or a cap of twice the grant price.

The fair value of the shares awarded at the grant date during the year was £0.5m (2022: £0.5m) and has been remeasured to £0.1m (2022: £0.3m) at the reporting date. The fair value of the award is determined at the modified grant date and is remeasured at each subsequent reporting period. The shares granted during the year did not contain any market-based vesting criteria.

A charge of £nil (2022: £0.1m) has been recorded in the Group statement of comprehensive income during the year for cash-settled schemes under the PSP.

#### Save As You Earn

A Save As You Earn scheme is operated by the Group. A charge of £nil (2022: £0.1m) has been recorded in the Group statement of comprehensive income during the year.

#### Buy As You Earn

A Buy As You Earn scheme is operated by the Group which commenced in August 2016. In the year 62,744 shares (2022: 24,311 shares) have been purchased under the scheme. The charge to the Group statement of comprehensive income is immaterial and therefore has not been accounted for.

#### Other schemes

Share options were issued in the current and prior years as part of recruitment packages for certain members of senior management. These options are subject to leavers' provisions and the exercise period is up to two years. The charge to the Group statement of comprehensive income in financial year 2023 for these awards is £0.1m (2022: £0.2m).

## 9. Founder Share Plan

On 12 September 2017, the Founders of Superdry (the Founders), Julian Dunkerton and James Holder, announced the launch of a long-term incentive scheme, the Founder Share Plan (FSP) under which they agreed to share increases in their wealth with employees of the Group. The Founders had agreed to transfer into a fund 20% of their gain from any increase in the Group's share price over a threshold of £18.

The measurement period for the FSP ran from 1 October 2017 to 30 September 2020, and as such the measurement period for the market-based vesting criteria expired in FY21.

The gain to be transferred into the fund was to be calculated using the market value of the shares, calculated as the average price of a Superdry plc share over the 20 dealing days prior to the maturity date (30 September 2020). When calculated, the market value of the shares on maturity did not meet the minimum threshold of £18 and therefore the FSP scheme did not meet the vesting criteria.

IFRS 2 stipulates that there is no adjustment to the Group's statement of comprehensive income where the scheme does not vest due to a market-based condition, and so there is no adjustment required to recognise that the scheme will not vest.

The vesting period for the awards differed depending on the seniority of the colleagues in question. To be eligible for the award, employees needed to remain in employment on the vesting date, details of which were as follows:

**Share-settled element – Senior management**

50% – 31 January 2021

50% – 31 January 2022

**Cash and share-settled elements – All other colleagues**

50% – 31 January 2021

50% – 31 July 2021

In accordance with IFRS 2 the FSP scheme has been accounted for as an equity-settled share-based payment scheme. The fair value of the award is determined using a Monte Carlo pricing model.

The share-based payment charge associated with the FSP has accrued over five financial periods in line with the original vesting period, up until financial year 2022.

A credit of £nil (2022: £0.6m) has been recorded in the Group statement of comprehensive income during the year.

The number of share awards granted in the period is nil. The scheme ended in January 2022.

## 10. Tax expense

The tax expense comprises:

	Group	
	2023 £m	2022 £m
<b>Current tax</b>		
• UK corporation tax charge for the period	–	–
• Adjustment in respect of prior periods	1.9	4.4
• Overseas tax	1.4	3.2
<b>Total current tax expense</b>	<b>3.3</b>	<b>7.6</b>
<b>Deferred tax</b>		
• Origination and reversal of temporary differences	–	(0.8)
• Deferred tax not recognised	72.0	–
• Adjustment in respect of prior periods	(5.7)	(2.0)
• Effect of UK rate change	–	(12.7)
Adjusting tax expense	–	3.0
<b>Total deferred tax expense/(credit)</b>	<b>66.3</b>	<b>(12.4)</b>
<b>Total tax expense/(credit)</b>	<b>69.6</b>	<b>(4.8)</b>

The tax charge on the adjusted loss is £69.6m (2022: £4.8m credit). The net tax charge on adjusting items totals £nil (2022: £3.0m). The net tax charge on adjusting items totals £nil (2022: £3.9m tax credit). No adjusting tax charges are recognised on the basis that the reduction in deferred tax assets recognised at the balance sheet date in comparison to the prior year results in no deferred tax charges being recognised in respect of current year adjusting items.

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

	Group	
	2023 £m	Restated* 2022 £m
(Loss)/profit before tax	(78.5)	17.6
(Loss)/profit multiplied by the standard rate in the UK – 19.5% (2022: 19.0%)	(15.3)	3.4
Expenses not deductible for tax purposes	1.1	1.7
Adjust opening UK deferred tax balances to 25% tax rate	–	(12.7)
Overseas tax differentials	1.0	0.5
Deferred tax assets derecognised in the year	66.3	–
Current year losses unrecognised	20.3	–
Deferred tax not recognised	–	2.4
Adjust closing UK deferred tax balance to 25% tax rate	–	(2.5)
Adjustment in respect of prior years (inclusive of uncertain tax positions)	(3.8)	2.4
<b>Total tax expense/(credit) excluding adjusting items</b>	<b>69.6</b>	<b>(4.8)</b>

\* The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 26.

The Group has a tax charge on adjusted losses of £69.6m (2022: £7.8m credit) and a tax charge on adjusting losses of £nil (2022: £3.0m). Taken together the Group has a tax charge of £69.6m (2022: £4.8m credit).

## 11. Earnings per share

	Group	
	2023 £m	Restated** 2022 £m
<b>Earnings</b>		
(Loss)/profit for the period attributable to owners of the Company	(148.1)	22.4
	No.	No.
Number of shares at year-end*	82,147,895	81,360,187
Weighted average number of ordinary shares – basic	81,668,940	81,879,072
Effect of dilutive options and contingent shares	3,842,438	3,098,395
Weighted average number of ordinary shares – diluted	85,511,378	84,977,467
<b>Basic earnings per share (pence)</b>	<b>(181.3)</b>	<b>27.4</b>
<b>Diluted earnings per share (pence)</b>	<b>(181.3)</b>	<b>26.4</b>

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

\*\* The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 26.

### Adjusted earnings per share

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

	Group	
	2023 £m	Restated* 2022 £m
<b>Earnings</b>		
(Loss)/profit for the period attributable to the owners of the Company	(148.1)	22.4
Unrealised (loss)/gain on financial derivatives	10.4	(13.7)
Net store asset impairment charges and onerous property related contracts provision	47.0	25.7
Net store asset impairment reversals	(3.7)	(7.4)
Restructuring, strategic change and other costs	3.1	–
IFRS 2 charge on Founder Share Plan (note 9)	–	(0.6)
Deferred tax on adjusting items	–	3.0
Adjusted (loss)/profit for the period attributable to the owners of the Company	(91.3)	29.4
	No.	No.
Weighted average number of ordinary shares – basic	81,668,940	81,879,072
Weighted average number of ordinary shares – diluted	85,511,378	84,977,467
<b>Adjusted basic earnings per share (pence)</b>	<b>(111.8)</b>	<b>36.0</b>
<b>Adjusted diluted earnings per share (pence)</b>	<b>(111.8)</b>	<b>34.7</b>

\* The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 26.

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

On 2 May 2023, the Company completed an equity raise, which comprised the issue of 15,700,000 New Ordinary Shares. The impact of these shares on EPS is set out below.

	Group	
	2023 £m	Restated* 2022 £m
<b>Earnings</b>		
(Loss)/profit for the period attributable to the owners of the Company	(148.1)	22.4
Adjusted (loss)/profit for the period attributable to the owners of the Company	(91.3)	29.4
	No.	No.
Adjustment for equity raise post year-end	15,700,000	–
Weighted average number of ordinary shares including equity raise – basic	97,368,940	81,879,072
Weighted average number of ordinary shares including equity raise – diluted	116,911,378	84,977,467
<b>Basic earnings per share (pence)</b>	<b>(152.1)</b>	<b>27.4</b>
<b>Diluted earnings per share (pence) – adjusted</b>	<b>(152.1)</b>	<b>26.4</b>
<b>Adjusted earnings per share</b>	<b>(93.8)</b>	<b>35.9</b>
<b>Adjusted diluted earnings per share (pence)</b>	<b>(93.8)</b>	<b>34.6</b>

\* The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 26.

## 12. Dividends

	Group and Company	
	2023 £m	2022 £m
<b>Equity – ordinary shares</b>		
Interim for the 52 weeks to 29 April 2023 – nil (2022: nil per share)	–	–
Final dividend for the 53 weeks to 30 April 2022 – nil (2022: nil per share)	–	–
<b>Total dividends paid</b>	<b>–</b>	<b>–</b>

Given the continued uncertainty in the trading environment and in order to maintain liquidity, the Board did not propose an interim dividend and has made the decision not to recommend a final dividend for 2023. In addition, under the terms of our recent loan facility, the Company is restricted from declaring, making or paying dividends to shareholders without prior permission from Bantry Bay, which cannot be unreasonably withheld. At the end of the reporting period, there are no distributable reserves.

## 13. Property, plant and equipment

Movements in the carrying amount of property, plant and equipment were as follows:

	Group				Total £m
	Land and buildings £m	Leasehold improvements £m	Furniture, fixtures and fittings £m	Computer equipment £m	
<b>52 weeks ended 29 April 2023</b>					
<b>Cost</b>					
At 30 April 2022	5.2	189.1	64.7	30.4	289.4
Exchange differences	–	3.0	0.7	–	3.7
Additions	–	2.0	5.2	1.0	8.2
Disposals	–	(3.0)	(0.9)	(0.1)	(4.0)
<b>At 29 April 2023</b>	<b>5.2</b>	<b>191.1</b>	<b>69.7</b>	<b>31.3</b>	<b>297.3</b>
<b>Accumulated depreciation and impairments</b>					
At 30 April 2022	1.1	181.5	57.3	26.1	266.0
Exchange differences	–	(4.5)	(0.2)	–	(4.7)
Disposals	–	(2.2)	(0.5)	(0.1)	(2.8)
Depreciation charge	0.1	13.8	4.2	1.0	19.1
Impairment reversals	–	(0.5)	(0.1)	–	(0.6)
Impairment charges	–	2.4	1.6	–	4.0
<b>At 29 April 2023</b>	<b>1.2</b>	<b>190.5</b>	<b>62.3</b>	<b>27.0</b>	<b>281.0</b>
<b>Net book value at 29 April 2023</b>	<b>4.0</b>	<b>0.6</b>	<b>7.4</b>	<b>4.3</b>	<b>16.3</b>

The above property, plant and equipment net impairment movement of £3.4m constitutes part of the total net impairment of £41.0m in 2023 and related to an impairment review performed on store assets. For further details on this please see notes 3 and 7. The impairment has been included within adjusting items in FY23.

	Group				
	Land and buildings £m	Restated* Leasehold improvements £m	Furniture, fixtures and fittings £m	Computer equipment £m	Total £m
<b>53 weeks ended 30 April 2022</b>					
<b>Cost</b>					
At 24 April 2021	5.3	204.9	67.1	30.6	307.9
Exchange differences	–	(0.9)	–	0.2	(0.7)
Additions	–	4.6	4.1	0.6	9.3
Disposals	(0.1)	(19.5)	(6.5)	(1.0)	(27.1)
<b>At 30 April 2022</b>	<b>5.2</b>	<b>189.1</b>	<b>64.7</b>	<b>30.4</b>	<b>289.4</b>
<b>Accumulated depreciation and impairments</b>					
At 24 April 2021	1.1	191.8	58.0	27.6	278.5
Exchange differences	–	(1.2)	–	0.2	(1.0)
Disposals	–	(19.0)	(5.8)	(1.0)	(25.8)
Depreciation charge	–	7.4	4.0	1.5	12.9
Impairment charges	–	2.5	1.1	(2.2)	1.4
<b>At 30 April 2022</b>	<b>1.1</b>	<b>181.5</b>	<b>57.3</b>	<b>26.1</b>	<b>266.0</b>
<b>Net book value at 30 April 2022</b>	<b>4.1</b>	<b>7.6</b>	<b>7.4</b>	<b>4.3</b>	<b>23.4</b>

\* The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 26.

The above property, plant and equipment net impairment movement of £1.4m constitutes part of the total net impairment of £16.8m in 2022 and relates to an impairment review performed on store assets. For further details on this please see notes 3 and 7. This impairment has been included within adjusting items in FY22.

## 14. Intangible assets

	Group					
	Trademarks £m	Website and software £m	Lease premiums £m	Distribution agreements £m	Goodwill £m	Total £m
<b>52 weeks ended 29 April 2023</b>						
<b>Cost</b>						
At 30 April 2022	5.8	68.2	1.4	15.1	20.7	111.2
Exchange differences	–	–	0.1	0.4	0.9	1.4
Additions	0.1	6.2	0.1	–	–	6.4
<b>At 29 April 2023</b>	<b>5.9</b>	<b>74.4</b>	<b>1.6</b>	<b>15.5</b>	<b>21.6</b>	<b>119.0</b>
<b>Accumulated amortisation</b>						
At 30 April 2022	3.7	50.5	1.2	13.3	–	68.7
Exchange differences	–	–	0.1	0.4	–	0.5
Amortisation charge	0.4	7.4	–	0.3	–	8.1
Disposals	–	–	–	–	–	–
Impairment reversals	–	(1.1)	–	–	–	(1.1)
<b>At 29 April 2023</b>	<b>4.1</b>	<b>56.8</b>	<b>1.3</b>	<b>14.0</b>	<b>–</b>	<b>76.2</b>
<b>Net book value at 29 April 2023</b>	<b>1.8</b>	<b>17.6</b>	<b>0.3</b>	<b>1.5</b>	<b>21.6</b>	<b>42.8</b>



	Group					
	Trademarks £m	Website and software £m	Restated* Lease premiums £m	Distribution agreements £m	Goodwill £m	Total £m
<b>53 weeks ended 30 April 2022</b>						
<b>Cost</b>						
At 24 April 2021	5.3	60.2	14.2	14.9	21.5	116.1
Exchange differences	–	–	(0.2)	0.2	(0.8)	(0.8)
Additions	0.5	8.0	–	–	–	8.5
Disposals	–	–	(12.6)	–	–	(12.6)
<b>At 30 April 2022</b>	<b>5.8</b>	<b>68.2</b>	<b>1.4</b>	<b>15.1</b>	<b>20.7</b>	<b>111.2</b>
<b>Accumulated amortisation</b>						
At 24 April 2021	3.3	43.5	14.2	13.4	–	74.4
Exchange differences	–	–	(0.2)	(0.3)	–	(0.5)
Amortisation charge	0.4	7.0	–	0.2	–	7.6
Disposals	–	–	(12.6)	–	–	(12.6)
Impairment reversals	–	–	(0.2)	–	–	(0.2)
<b>At 30 April 2022</b>	<b>3.7</b>	<b>50.5</b>	<b>1.2</b>	<b>13.3</b>	<b>–</b>	<b>68.7</b>
<b>Net book value at 30 April 2022</b>	<b>2.1</b>	<b>17.7</b>	<b>0.2</b>	<b>1.8</b>	<b>20.7</b>	<b>42.5</b>

\* The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 26.

### Impairment of goodwill

Goodwill of £21.6m is split between the Group's operating segments as £14.4m (2022: £13.8m) for Wholesale, £4.5m (2022: £4.4m) for Ecommerce and £2.7m (2022: £2.5m) for Stores.

An impairment test is a comparison of the carrying value of assets of a business or cash generating unit (CGU) to their recoverable amount. The Group monitors goodwill for impairment at a segmental level. Wholesale and Ecommerce are defined as individual CGUs, and the Stores segment is a group of CGUs. These segments represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

The recoverable amount is estimated based on using a value in use model using discounted cash flows. Where the recoverable amount is less than the carrying value, an impairment results. The Group's medium-term plan has been used as the basis for this calculation extended to include cashflows over a 10-year period. This period has been chosen for this assessment as this closely aligns with the Group's enterprise value.

As identified in note 7, store assets have been impaired in the current year, where each store is assessed as an individual CGU. Goodwill is monitored at a total Stores segment level, not at an individual store level, and instead includes individually profitable stores in the assessment. Additionally, the cash flows in the goodwill impairment analysis are included over a 10-year period, compared to the lease expiry period in the store impairment assessment.

### Key assumptions

In determining the recoverable amount, it is necessary to make a series of assumptions to estimate the present value of future cash flows. In each case, these key assumptions have been made by management reflecting historical performance and are consistent with relevant external sources of information.

### Discount rates

Management estimates discount rates using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the CGUs. The pre-tax discount rate of 14.4% (2022: 14.3%) is derived from the Group's post-tax weighted average cost of capital of 12.8% (2022: 12.4%).

### Operating cash flows

The key assumptions within the forecast operating cash flows include the growth rates in both sales and gross profit margins. This is especially dependent upon assumptions around the ability of the Group to pass increased input costs onto consumers. Key assumptions also include changes in the operating cost base in light of current inflationary pressure and operating efficiencies included in the plan, the extension of leases on profitable stores through the plan, and the level of capital expenditure, as set out in the medium-term financial plan. Judgement is also required in determining an appropriate allocation of central costs. Central costs have been allocated where there is a reasonable and consistent basis for apportionment.

### Growth rates

The recoverable amount of each segment is calculated in reference to the value over the medium-term financial plan period, extrapolated for an additional five years at the long-term growth rate of 0.0% to 2.0% (2022: additional five years at 0.0% to 2.0%).

## Goodwill sensitivity analysis

The results of the Group's impairment tests are dependent on estimates made by management, particularly in relation to the key assumptions described above. The principal assumptions on which the impairment tests were performed are detailed above. A sensitivity analysis as to potential changes in key assumptions has been performed.

### Impact of change in key assumptions

The recoverable amounts of the future cash flows of the Ecommerce and Wholesale CGUs are significant, and management believes there were no reasonably possible or foreseeable changes in the key assumptions that would cause the difference between the carrying value and the recoverable amount to be materially reduced to warrant further review and disclosure.

The recoverable amount of the stores CGU is £75.3m, with headroom of £16.6m. Stores goodwill is sensitive to changes to the key assumptions. The key assumptions in the assessment of stores goodwill are sales growth which has a range of (4.1%) to 6.0% per year and gross margin percentage, which changes by between 0.4 to 1.5% across the plan. A 1.9% fall in sales per year across the medium-term plan, a 1.3ppt drop in average Gross Margin per year and a 5.4% increase in the discount rate would result in the carrying value being equal to the recoverable amount.

### Result of the impairment tests

Management considers that no charge for impairment should be reported in the 2023 consolidated financial statements (2022: £nil) based on the impairment and sensitivity analysis tests undertaken.

## 15. Balances and transactions with related parties

### Transactions with Directors

Other than in respect of arrangements set out below and in relation to the employment of Directors, details of which are provided in the Directors' Remuneration Report, there is no material indebtedness owed to or by the Company or the Group to any employee or any other person or entity considered to be a related party. There are no exceptional amounts outstanding that related to transactions with related parties at the reporting date (2022: £0.8m) and that there were no amounts waived during the year (2022: £0.2m).

During the reporting period, the Group has spent £0.1m (2022: £0.1m) on travel and subsistence through companies in which Julian Dunkerton has a personal investment. The balance outstanding at 29 April 2023 was £nil (2022: £nil). This expenditure includes the provision of corporate travel, hotel and catering services supplied on an arm's-length basis. These interests have been disclosed and authorised by the Board.

In addition, the Group occupies two properties owned by J M Dunkerton SIPP pension fund whose beneficiary and member trustee is Julian Dunkerton. Rental charges for these properties during the year were £0.1m (2022: £0.1m). The balance outstanding at 29 April 2023 was £nil (2022: £nil).

An assessment has been performed for the FY23 year end to determine whether these transactions have been undertaken at arms' length. It was identified that the rent charged for the head office properties owned by the pension fund is at a rate considered to be below market rent. The combined annual rent for both properties is currently charged at £0.1m, compared to an anticipated market rent of £0.2m. Provision has been made to cover the additional cost of the market rate rent, dating back to the last rental review in 2012. The provision in place at the end of FY23 is £1.0m (2022: nil).

## 16. Deferred tax assets and liabilities

The movement on the Group deferred tax account is as shown below:

	Depreciation in excess of capital allowances £m	Temporary differences* £m	Tax losses £m	Intangible assets – Deferred tax asset £m	Intangible assets – Deferred tax liability £m	Derivatives £m	Leases** £m	Uncertain tax positions £m	Total £m
At 30 April 2022	–	5.7	41.5	11.1	(0.9)	(2.2)	9.7	1.4	66.3
Effect of UK Rate change to 25%	–	–	–	–	–	–	–	–	–
Credited/(charged) to the Group statement of comprehensive income – adjusted	–	(5.7)	(34.9)	(11.1)	(4.3)	2.2	(9.7)	(2.8)	(66.3)
Credited/(charged) to the Group statement of comprehensive income – adjusting items	–	–	–	–	–	–	–	–	–
<b>At 29 April 2023</b>	<b>–</b>	<b>–</b>	<b>6.6</b>	<b>–</b>	<b>(5.2)</b>	<b>–</b>	<b>–</b>	<b>(1.4)</b>	<b>–</b>

\* This asset has only been recognised in jurisdictions where the criteria for recognition of deferred tax assets referenced below have been met.

\*\* In the table above, the "Leases" category relates to deferred tax assets arising from temporary differences on leases. The Group's IFRS 16 right-of-use assets and lease liabilities are not reflected in the statutory accounts of its subsidiaries, which report under applicable local GAAPs, since they arise only on

conversion of its subsidiaries' accounts from local GAAP to IFRS. Under these applicable local GAAPs, which are used as the basis for the profits assessed by the local tax authorities, the tax base for the Group's leases is typically nil.

	Depreciation in excess of capital allowances £m	Temporary differences £m	Tax losses £m	Intangible assets – Deferred tax asset £m	Intangible assets – Deferred tax liability £m	Derivatives £m	Leases £m	Uncertain tax positions £m	Total £m
At 24 April 2021	6.0	5.3	17.0	7.7	(0.7)	0.8	18.7	(1.0)	53.8
Effect of UK Rate change to 25%	1.8	1.0	4.6	2.3	–	0.3	2.2	0.5	12.7
Credited/(charged) to the Group statement of comprehensive income – adjusted	(7.6)	(0.6)	19.9	1.1	(0.2)	–	(11.7)	1.9	2.8
Credited/(charged) to the Group statement of comprehensive income – adjusting items	(0.2)	–	–	–	–	(3.3)	0.5	–	(3.0)
<b>At 30 April 2022</b>	<b>–</b>	<b>5.7</b>	<b>41.5</b>	<b>11.1</b>	<b>(0.9)</b>	<b>(2.2)</b>	<b>9.7</b>	<b>1.4</b>	<b>66.3</b>

The Group has a net recognised deferred tax asset of £Nil at the balance sheet date. On a gross basis, a deferred tax asset of £6.6m is recognised to the extent that it is offset by the Group's deferred tax liabilities. As a result of the revision to the Group's outlook and material uncertainty the Group has revised its estimate in respect of the deferred tax asset recognised.

There are unrecognised deferred tax assets (DTAs) of £125.3m at the balance sheet date (2022: £34.6m). The key material elements of unrecognised DTAs are tax losses of £78.1m, primarily within the UK and the USA, capital allowances in excess of depreciation of £17.7m, tax related to onerous lease and store impairment provisions of £12.1m and temporary differences arising under IFRS16 accounting for leases of £11.8m. The gross value of tax losses is £300m, of which £36m relate to US tax losses accrued prior to 31 December 2017 which carry a 20 year expiry window, whereas the remainder have no expiry date.

In the Group's financial statements, the majority of IFRS 16 right-of-use assets arise in respect of store leases. In many cases the value of these right-of-use assets has been reduced due to the recognition of impairment charges, such that the carrying value of the lease liabilities exceeds the carrying value of the right-of-use assets, resulting in a net lease liability in the Group financial statements.

The difference between the carrying value of this net lease liability recognised in the Group financial statements and the tax base of the leases gives rise to a temporary difference, on which a deferred tax asset has been recognised in prior years but not recognised in 2023.

The value of net deferred tax assets recognised per jurisdiction is set out below:

Jurisdiction	Deferred tax asset recognised	
	2023 £m	2022 £m
UK	–	53.3
Germany	–	9.7
Other	–	3.3
<b>Total</b>	<b>–</b>	<b>66.3</b>

#### Uncertain tax position

The Group is subject to tax laws in a number of jurisdictions and given the scale of its operations, it is subject to periodic challenges by local tax authorities on a range of tax matters. The Group's transfer pricing policies aim to allocate profits and losses to each operating entity on an arm's length basis.

It is uncertain how different tax authorities may view the impact of the pre-COVID challenging trading environment, and the challenges presented by COVID on the Group's internal transfer pricing policies.

Given this uncertainty, the Group has recognised the following provisions in respect of uncertain tax positions as required under IAS12, with due consideration to guidance contained within IFRIC23.

	Group	
	2023 £m	2022 £m
Deferred tax liability	1.4	1.4
Deferred tax asset	–	(2.8)
<b>Uncertain tax position – net deferred tax asset/(liability)</b>	<b>1.4</b>	<b>(1.4)</b>
<b>Uncertain tax position – current tax liability</b>	<b>2.1</b>	<b>2.1</b>
<b>Uncertain tax position – total</b>	<b>3.5</b>	<b>0.7</b>

## 17. Borrowings

	Group	
	2023 £m	2022 £m
<b>Unsecured borrowings</b>		
Bank overdraft	35.8	3.1
<b>Total unsecured borrowings</b>	<b>35.8</b>	<b>3.1</b>
<b>Secured borrowings</b>		
ABL facility	48.0	18.4
<b>Total secured borrowings</b>	<b>48.0</b>	<b>18.4</b>
<b>Total borrowings</b>	<b>83.8</b>	<b>21.5</b>

The Group has a multi-currency notional cash pool with HSBC UK Bank plc. This allows gross overdraft balances of up to £100m provided they are offset by an equivalent amount in cash. Gross overdrafts in 2023 amounted to £35.8m (2022: £3.1m) and are shown within borrowings in current liabilities on the balance sheet.

In December 2022, Superdry agreed an Asset Based Lending Facility of up to £80m, limited by levels of inventory and receivables held at any point in time, with specialist lender Bantry Bay Capital Limited, including a £30m term loan. This refinanced the previous £70m Asset Backed Lending Facility with HSBC and BNPP, which expired in December 2022. Interest on the facility is calculated as 7.5% + SONIA for any drawn amount and a flat 1% on any undrawn balance. The facility expires on 22nd December 2025 with an option to extend for a further year. The facility carries a fixed and floating charge over all assets in the Group.

The usage and undrawn balances under the Asset Backed Loan facility are shown below:

	Group	
	2023 £m	2022 £m
Availability	48.0	53.1
Utilisation – term loan	(30.0)	–
Utilisation – other asset backed drawings	(18.0)	(18.4)
<b>Net undrawn asset backed loan facility</b>	<b>–</b>	<b>34.7</b>

At the financial year-end, the Group had fully drawn down on the ABL facility but was holding gross cash in hand and in the bank of £58.2m.

The revised facility is operationally less complex to manage and as such has no financial covenants. It has operational covenants: a debt turns, a dilution percentage with regards to notified debt and an inventory turn. These covenants are calculated monthly when preparing the eligible inventory and receivables borrowing base.

On 7 August 2023 the Group agreed a secondary lending facility of up to £25m with Hilco Capital Limited at an interest rate of 10.5% + Bank of England base rate on any drawn balance and a flat rate of 2% on any undrawn amounts. Similar to the Bantry facility, the ability to borrow is linked to the levels of both inventories and trade receivables. The facility expires on 7 August 2024 with an option to extend.

Cash and overdraft balances have been disclosed gross in line with the requirements of IAS32: Financial instruments: Presentation. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

## 18. Contingencies and commitments

### Contingent liabilities

The Company is party to an unlimited cross guarantee over all liabilities of the Group.

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

The Group has contractual agreements with third party wholesale agents which include a right for the wholesale agent to be indemnified when the contract is terminated. These future indemnity amounts are held as contingent liabilities until the contract is terminated, at which point they are held as provisions or accruals. The value of future obligations for contracts which have not yet been terminated (and have no defined end date) is £3.2m (2022: £3.4m).

## 19. Leases

### Right-of-use asset

	Group
	Right-of-use asset £m
<b>52 weeks ended 29 April 2023</b>	
<b>Cost</b>	
At 30 April 2022	362.0
Additions*	36.5
Disposals	(12.9)
Lease modifications	(2.7)
Exchange rate difference	3.8
<b>At 29 April 2023</b>	<b>386.7</b>

\*Additions are from new stores, extension or remeasurement of leases e.g. CPI changes.

	Group
	Right-of-use asset £m
<b>52 weeks ended 29 April 2023</b>	
<b>Accumulated depreciation</b>	
At 30 April 2022	281.8
Depreciation charge	28.6
Disposals	(11.6)
Impairment reversals	(3.1)
Impairment charges	40.7
Exchange rate difference	1.8
<b>At 29 April 2023</b>	<b>338.2</b>
<b>Net balance sheet amount at 29 April 2023</b>	<b>48.5</b>

The above right-of-use asset net impairment movement of £37.6m (2022: £14.4m) constitutes part of the total net impairment of £41.0m in 2023 (2022: £16.8m) and relates to an impairment review performed on store assets with the remaining £3.4m (2022: £2.4m) relating to property, plant and equipment. For further details on this please see notes 3 and 7. This impairment has been included within adjusting items in the current and prior year.

The carrying amount of the right-of-use asset is split between motor vehicles of £nil (2022: £0.1m) and property of £48.5m (2022: £80.1m).

	Group
	Right-of-use asset £m
<b>53 weeks ended 30 April 2022</b>	
<b>Cost</b>	
At 24 April 2021	343.4
Additions*	50.6
Disposals	(26.4)
Lease modifications	(4.1)
Exchange rate difference	(1.5)
<b>At 30 April 2022</b>	<b>362.0</b>

\*Additions are from new stores, extension or remeasurement of leases e.g. CPI changes.

	Group
	Right-of-use asset £m
<b>53 weeks ended 30 April 2022</b>	
<b>Accumulated depreciation</b>	
At 24 April 2021	252.3
Depreciation charge	28.0
Disposals	(12.2)
Impairment reversals	(5.8)
Impairment charges	20.2
Exchange rate difference	(0.7)
<b>At 30 April 2022</b>	<b>281.8</b>
<b>Net balance sheet amount at 30 April 2022</b>	<b>80.2</b>

Items in the Group statement of comprehensive income not impacted by IFRS 16 are:

	Group	
	2023 £m	2022 £m
Lease expense relating to short-term assets	1.8	1.2
The expense of variable lease payments not included in the lease liabilities	5.9	3.2

The above lease expenses are gross of onerous property related contracts provision, capital contribution releases and rent-free lease.

#### Lease liability

Lease liabilities are calculated by discounting fixed lease payments using the incremental borrowing rate at the lease inception date determined with reference to the geographical location and length of the lease. The discount rates applied to leases range between 4.7% and 9.0% (2022: 0.3% to 8.5%).

	Group	
	2023 £m	2022 £m
<b>Analysed as:</b>		
Current lease liability	60.5	66.1
Non-current lease liability	127.6	151.2
<b>Total lease liability</b>	<b>188.1</b>	<b>217.3</b>

The remaining contractual maturities of the lease liabilities, which are gross and undiscounted, are as follows:

	Group	
	2023 £m	2022 £m
Less than one year	99.5	66.1
One to two years	49.2	50.2
Two to three years	35.1	42.8
Three to four years	24.9	28.5
Four to five years	14.5	19.9
More than five years	10.7	18.6
<b>Total undiscounted lease liability</b>	<b>233.9</b>	<b>226.1</b>

Reconciliation of liabilities to cash flow arising from leases:

	Group	
	2023 £m	2022 £m
Opening lease liability	217.3	269.6
Payment of lease liability	(61.4)	(71.7)
Present value of Covid-19 rent concessions and deferrals	(0.7)	(3.7)
Increase due to lease additions and modifications	35.5	54.9
Decrease due to lease disposals and modifications	(12.3)	(34.7)
Interest expense	5.1	5.1
Foreign exchange differences	4.6	(2.2)
Closing lease liability	<b>188.1</b>	<b>217.3</b>

All movements in the table above are non-cash movements except for payment of lease liability (which includes both interest and principal), which are cash movements. For a reconciliation of liabilities to cash flow arising from other financing activities (excluding leases), refer to note 21.

## 20. Note to the cash flow statement

### Reconciliation of operating profit to cash generated from operations

	Note	Group	
		2023 £m	Restated* 2022 £m
<b>Operating (loss)/profit</b>		<b>(70.1)</b>	<b>25.6</b>
<b>Adjusted for:</b>			
• Loss/(gain) on derivatives		10.4	(13.7)
• Depreciation of property, plant and equipment and right-of-use assets	13,19	47.7	41.1
• Amortisation of intangible assets	14	8.1	7.6
• Impairment charge of property, plant and equipment, right-of-use assets and intangible assets		44.7	24.2
• Impairment reversal of property, plant and equipment, right-of-use assets and intangible assets		(3.7)	(8.6)
• Loss on disposal of property, plant and equipment		1.1	1.1
• Lease modifications	19	(13.1)	(16.8)
• IFRS 16 Covid-19 rent concessions		(0.7)	(3.7)
• (Decrease)/increase in onerous property related contracts provision (net of releases on exited stores)		(0.7)	0.5
• Increase in other provisions		0.9	–
• Employee share award schemes		1.4	2.0
• IFRS 2 charge – FSP	9	–	(0.6)
• Foreign exchange losses		(15.9)	(12.3)
• Net release of inventory provision		(0.7)	(0.4)
• Net impairment of trade receivables		1.7	(1.8)
<b>Operating cash flow before movements in working capital</b>		<b>11.1</b>	<b>44.2</b>
<b>Changes in working capital:</b>			
• Decrease in inventories		21.4	16.7
• Decrease/(increase) in trade and other receivables		29.4	(12.4)
• (Decrease)/increase in trade and other payables and provisions		(12.5)	(1.3)
<b>Cash generated from operating activities</b>		<b>49.4</b>	<b>47.2</b>

\* The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 26.

Group cash flows arising from adjusting items are £nil (2022: £nil).

## 21. Net cash/(debt)

	Group			
	2022 £m	Cash flow £m	Non-cash changes £m	2023 £m
Cash and bank balances	20.5	36.9	0.8	58.2
Overdraft	(3.1)	(32.7)	–	(35.8)
<b>Cash and cash equivalents</b>	<b>17.4</b>	<b>4.2</b>	<b>0.8</b>	<b>22.4</b>
ABL Facility	(18.4)	(29.6)	–	(48.0)
<b>Net (debt)/cash</b>	<b>(1.0)</b>	<b>(25.4)</b>	<b>0.8</b>	<b>(25.6)</b>

Non-cash changes relates to exchange gains on cash and cash equivalents. Interest of £nil (2022: £nil) has been incurred in respect of short-term facilities.

A reconciliation of movements of liabilities to cash flows arising from financing activities excluding lease liability is included below:

	Group
	2023 £m
<b>Balance at 30 April 2022</b>	<b>18.4</b>
<b>Changes from financing cash flows:</b>	
Drawdown of ABL	160.1
Payment of interest	(3.3)
Repayment of ABL	(130.5)
<b>Total changes from financing cash flows</b>	<b>26.3</b>
<b>Other changes:</b>	
Interest expense	3.3
<b>Balance at 29 April 2023</b>	<b>48.0</b>

See note 19 for an explanation of the movements in lease liabilities.

	Group
	2023 £m
<b>Balance at 25 April 2021</b>	<b>–</b>
<b>Changes from financing cash flows:</b>	
Drawdown of ABL	164.7
Payment of interest	(2.9)
Repayment of ABL	(146.3)
<b>Total changes from financing cash flows</b>	<b>15.5</b>
<b>Other changes:</b>	
Interest expense	2.9
<b>Balance at 30 April 2022</b>	<b>18.4</b>

## 22. Financial risk management

The Company's and Group's activities expose it to a variety of financial risks, including market risk (including foreign currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain foreign exchange exposures.

### Credit risk – Group accounts

Credit risk is managed on a Group basis through a shared service centre based in Cheltenham. Credit risk arises from cash and cash equivalents, as well as credit exposures to Wholesale and to a lesser extent Store and Ecommerce customers, including outstanding receivables and committed transactions. For Wholesale customers, management assesses the credit quality of the customer, considering its financial position, past experience and other factors. The Group mitigates risk in certain markets or with customers considered higher risk with payments in advance and bank guarantees, as well as adopting credit insurance where appropriate. The Group regularly monitors its exposure to bad debts in order to minimise risk of associated losses.

The Group is party to banking agreements that include a legal right of offset which enables the overdraft balances to be settled net with cash balances (2023 overdrafts: £35.8m, 2022 overdrafts: £3.1m). These balances have been excluded from contractual cash flows.

Sales to Store and Ecommerce customers are settled in cash, by major credit cards, or other online payment providers. Credit risk from cash and cash equivalents is managed via banking with well-established banks with a strong credit rating.

### Impairment of financial assets

The Group's financial assets subject to the ECL model are primarily trade receivables.

A loss allowance is recognised based on ECL. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. None of the trade receivables that have been written off are subject to enforcement activities.



## Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is considered when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1. the financial instrument has a low risk of default;
2. the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
3. adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The maximum exposure to credit risk is equal to the carrying value of the derivatives, cash and trade and other receivables.

## Measurement and recognition of expected credit losses

The measurement of ECL is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. The exposure at default is represented by the asset's gross carrying value, less specific insurance held, at the reporting date.

The ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The Group recognises an impairment gain or loss in profit for all financial instruments with a corresponding adjustment to their carrying amount through a loss account.

## Foreign currency risk

The Group's foreign currency exposure arises from:

- transactions (sales/purchases) denominated in foreign currencies.
- monetary items (mainly cash receivables and borrowings) denominated in foreign currencies.
- investments in foreign operations, whose net assets are exposed to foreign currency translation.

The Group is mainly exposed to US Dollar and Euro currency risks. The exposure to foreign exchange risk within each company is monitored and managed at Group level. The Group's policy on foreign currency risk is to economic hedge a portion of foreign exchange risk associated with forecast overseas transactions, and transactions and monetary items denominated in foreign currencies.

The Group's approach is to hedge the risk of changes in the relevant spot exchange rate. The Group uses forward contracts to hedge foreign exchange risk. As at 29 April 2023 and 30 April 2022, the Group had entered into a number of foreign exchange forward contracts to hedge part of the aforementioned translation risk. Any remaining amount remains unhedged.

Forward exchange contracts have not been formally designated as hedges and consequently no hedge accounting has been applied. Forward exchange contracts are carried at fair value. Currency exposure arising from the net assets of the Group's foreign operations are not hedged.

On 29 April 2023, if the currency had weakened or strengthened by 20% against both the US Dollar and Euro with all other variables held constant, profit for the period would have been £19.6m (2022: £17m) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US Dollar/Euro trade receivables, cash and cash equivalents, and trade payables. The figure of 20% used for sensitivity analysis has been chosen because it represents a range of reasonably probable fluctuations in exchange rates.

The Group's foreign currency exposure is as follows:

	Group			
	2023 US Dollar £m	2023 Euro £m	2022 US Dollar £m	2022 Euro £m
<b>Financial assets</b>				
Trade receivables	5.9	25.1	5.2	35.7
Cash and cash equivalents	0.8	8.3	7.9	5.6
<b>Financial assets exposure</b>	<b>6.7</b>	<b>33.4</b>	<b>13.1</b>	<b>41.3</b>
<b>Financial liabilities</b>				
Trade payables	(8.9)	(9.4)	(2.3)	(11.4)
Lease liabilities	(20.1)	(81.7)	(24.5)	(93.9)
Overdrafts	(17.8)	–	–	(7.1)
<b>Financial liabilities exposure</b>	<b>(46.8)</b>	<b>(91.1)</b>	<b>(26.8)</b>	<b>(112.4)</b>
<b>Net exposure</b>	<b>(40.1)</b>	<b>(57.7)</b>	<b>(13.7)</b>	<b>(71.1)</b>

### Cash flow interest rate risk

The Group has financial assets and liabilities which are exposed to changes in market interest rates. Changes in interest rates impact primarily on deposits, loans and borrowings by changing their future cash flows (variable rate). Management does not currently have a formal policy of determining how much of the Group's exposure should be at fixed or variable rates and the Group does not use hedging instruments to minimise its exposure. However, at the time of taking out new loans or borrowings, management uses its judgement to determine whether it believes that a fixed or variable rate would be more favourable for the Group over the expected period until maturity. If base interest rates had been 1% higher or lower during FY23, the net interest charge would have increased or decreased by £0.4m.

### Liquidity risk

Cash flow forecasting is performed on a Group basis by the monitoring of rolling forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs.

The Group is party to banking agreements that include a legal right of offset which enables the overdraft balances to be settled net with cash balances (2023: £35.8m overdraft, 2022: £3.1m overdraft). These balances have been excluded from contractual cash flows.

In light of the external challenges currently faced by the Group, which include input price inflation, the impact of high inflation on consumer spending and the longer-term impact of COVID-19 on consumer behaviour, the Group is closely managing cash flows through reduced capital expenditure and tight control over day-to-day spend. There additionally continues to be a focus on improving operational efficiency through reducing stock levels and through achieving cost savings.

In December 2022, Superdry agreed an Asset Based Lending Facility of up to £80m, limited by levels of inventory and receivables held at any point in time, including a £30m term loan, for three years with an option to extend for one further year, with specialist lender Bantry Bay Capital Limited, see note 17 for further details. This refinanced the previous £70m Asset Backed Lending Facility with HSBC and BNPP, which was due to expire in January 2023.

### Maturity of undiscounted financial liabilities (excluding derivatives)

The expected maturity of undiscounted financial liabilities is as follows:

	2023 £m	2022 £m
In one year or less	184.0	128.7
In two to five years	1.4	2.0

The above balances relate to trade payables, other payables, accruals and overdrafts. See note 19 for analysis of undiscounted lease liabilities.

## Valuation hierarchy

The table below shows the financial instruments carried at fair value by valuation method:

	Group					
	Level 1 £m	Level 2 £m	2023 Level 3 £m	Level 1 £m	Level 2 £m	2022 Level 3 £m
<b>Assets</b>						
Derivative financial instruments						
forward foreign exchange contracts	–	1.1	–	–	9.8	–
<b>Liabilities</b>						
Derivative financial instruments						
forward foreign exchange contracts	–	(2.2)	–	–	(0.5)	–

The level 2 forward foreign exchange valuations are derived from mark-to-market valuations based on observable market data as at the close of business on 29 April 2023 and 30 April 2022.

The notional principal amount of the outstanding outright FX contracts as at 29 April 2023 was £59.7m (2022: £105.4m).

### Derivative financial instruments

There is a master netting agreement in place in relation to derivatives. All cash flows will occur within 24 months (2022: 24 months). All derivative financial instruments are carried at fair value as assets when the fair value is positive and as liabilities when the fair value is negative.

The table below analyses the Group's and Company's derivative financial instruments. The amounts disclosed in the table are the carrying balances of the assets and liabilities as at the balance sheet date.

	Group	
	2023 £m	2022 £m
Forward foreign exchange contracts – current	1.1	8.9
Forward foreign exchange contracts – non-current	–	0.9
<b>Total derivative financial assets</b>	<b>1.1</b>	<b>9.8</b>
Forward foreign exchange contracts – current	2.2	0.5
Forward foreign exchange contracts – non-current	–	–
<b>Total derivative financial liabilities</b>	<b>2.2</b>	<b>0.5</b>

The full fair value of a derivative is classified as a non-current asset or liability where the remaining maturity of the derivative is more than 12 months and as a current asset or liability if the maturity of the derivative is less than 12 months. The fair value of derivatives at 25 August 2023 is £0.7m.

### Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders, and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. The Group is not subject to any externally imposed capital requirements. The Group's strategy remains unchanged from financial year 2022.

Consistent with others in the industry, the Group monitors capital based on the gearing ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is defined in note 24. Total capital employed is calculated as "equity" as shown in the consolidated balance sheet plus net debt. The Group is in a net debt position on 29 April 2023 (2022: net debt position).

The Board has put in place a distribution policy which considers the degree of maintainability of the Group's profit streams as well as the requirement to maintain a certain level of cash resources for working capital and capital investment purposes. If appropriate, the Board will recommend an ordinary dividend broadly reflecting the profits in the relevant period. In addition, the Board will consider and, if appropriate, recommend the payment of a supplemental dividend alongside the final ordinary dividend. The value of any such supplemental dividend will vary depending on the performance of the Group and the Group's anticipated working capital and capital investment requirements through the cycle. It is intended that, in normal circumstances, the value of the ordinary dividends declared in respect of any year are covered at least three times by adjusted profit after tax (see note 24 for definition). Considering the current economic climate and consistent with the FY22 decision, the Board did not propose an interim dividend and has made the decision not to recommend a final dividend for FY23. In addition, under the terms of our recent loan facility, the Company is restricted from declaring, making or paying dividends to shareholders without prior permission from Bantry Bay, which cannot be unreasonably withheld.

## Capital structure

	Group	
	2023 £m	Restated* 2022 £m
The capital structure is as follows:		
<b>Equity</b>	<b>(53.1)</b>	<b>100.2</b>
Cash and cash equivalents	58.2	20.5
Borrowings	(83.8)	(21.5)
<b>Net cash and cash equivalents</b>	<b>(25.6)</b>	<b>(1.0)</b>

\* The Group balance sheet at 30 April 2022 has been restated to correct certain misstatements, see note 26.

## Financial instruments: Assets

	Group					
	Assets at fair value through profit or loss	Financial assets at amortised cost	Total	Assets at fair value through profit or loss	Financial assets at amortised cost	Total
	2023 £m	2023 £m	2023 £m	2022 £m	2022 £m	2022 £m
Financial instruments by category: Assets						
Trade and other receivables excluding non-financial assets	–	58.1	58.1	–	74.6	74.6
Derivative financial instruments	1.1	–	1.1	9.8	–	9.8
Cash and cash equivalents	–	58.2	58.2	–	20.5	20.5
<b>Financial instruments – assets</b>	<b>1.1</b>	<b>116.3</b>	<b>117.4</b>	<b>9.8</b>	<b>95.1</b>	<b>104.9</b>

## Financial instruments: Liabilities

	Group					
	Liabilities at fair value through profit or loss	Other financial liabilities at amortised cost	Total	Liabilities at fair value through profit or loss	Other financial liabilities at amortised cost	Total
	2023 £m	2023 £m	2023 £m	2022 £m	2022 £m	2022 £m
Financial instruments by category: Liabilities						
Derivative financial instruments	2.2	–	2.2	0.5	–	0.5
Lease liabilities	–	188.1	188.1	–	217.3	217.3
Borrowings	–	83.8	83.8	–	21.5	21.5
Trade and other payables excluding non-financial liabilities	–	101.5	101.5	–	109.1	109.1
<b>Financial instruments – liabilities</b>	<b>2.2</b>	<b>373.4</b>	<b>375.6</b>	<b>0.5</b>	<b>347.9</b>	<b>348.4</b>

## 23. Share capital

### Authorised, allotted and fully paid 5p shares

Group and Company	Number of shares	Value of shares (£m)
29 April 2023	82,201,937	4.1
30 April 2022	82,129,177	4.1

72,760 ordinary shares of 5p were authorised, allotted and issued in the period under the Superdry share-based Long-Term Incentive Plans, Buy As You Earn and Save As You Earn schemes, as well as under other schemes issued to certain members of senior management. This represents the only movement in share capital in the year.

The number of shares stated above includes all Superdry Plc shares, including those held by the Supergroup Plc employee benefit trust. See below for a summary of the shares held by the trust at 29 April 2023.

### Employees Share Option Plan (ESOP)

Group and Company	Number of shares	Value of shares (£m)
29 April 2023	54,042	0.1
30 April 2022	768,990	2.0

During the year, the Supergroup Plc employee benefit trust issued 714,948 of Superdry Plc's shares in order to settle current obligations under the Group's share-based incentive schemes. The employee benefit trust has been consolidated in the Group and Company financial statements, with the shares recognised in a separate ESOP reserve.

## 24. 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 and margin, adjusted profit/(loss) before tax, adjusted tax expense and adjusted effective tax rate, adjusted earnings per share and net cash/debt.

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

### Adjusting items

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

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

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

- the movement in the fair value of unrealised financial derivatives;
- business restructuring programmes;
- store asset impairment charges and onerous property related contracts provision;
- IFRS 2 charges in respect of Founder Share Plan (FSP).
- Intangible asset impairments;
- derecognition of deferred tax assets; and
- impact on deferred tax assets/liabilities for changes in tax rates.

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

### Adjusting items in this period

The following items have been included within "Adjusting items" for the period ended 29 April 2023:

#### *Fair value remeasurement of foreign exchange contracts – financial years 2023 and 2022*

The fair value of unrealised financial derivatives is reviewed at the end of each reporting period and unrealised losses/gains are recognised in the Group statement of comprehensive income.

The Directors consider unrealised losses/gains to be adjusting items due to both their size and nature. The size of the movement on the fair value of the contracts is dependent on the spot foreign exchange rate at the balance sheet date and an assessment of future foreign exchange volatility applied to the relevant contract currencies, as such the size of the movements can be substantial. The unrealised foreign exchange contracts have been entered into in order to achieve an economic hedge against future payments and receipts and are not a reflection of historical performance.

#### *Restructuring, strategic change and other costs – financial year 2023*

The Group has undertaken a number of restructuring activities during FY23, resulting in the reduction of staff. The costs of redundancy, together with the legal and advisor costs associated with the restructure projects have been classified as adjusting items.

#### *Store asset impairment and onerous property related contracts provision – financial years 2023 and 2022*

A store asset impairment and onerous property related contracts provision review was performed during the year across the Group's store portfolio. An adjusting net impairment charge of £41.0m of property, plant and equipment, intangible assets and

right-of-use assets has been made on the basis that the recoverable amount is less than the carrying value. In addition, an onerous property contract charge of £2.7m has been recognised.

A similar exercise was performed in financial year 2022 across all store assets, resulting in a property, plant and equipment, intangible assets and right-of-use assets impairment of £16.8m and an onerous property related contracts provision charge of £1.5m.

The Directors consider the store impairment and onerous property related contracts provision to be an adjusting item due to the materiality of the charge. See notes 3 and 7 for further details.

#### *Founder Share Plan (FSP) – IFRS 2 charge – financial years 2023 and 2022*

While there are no cost or cash implications for the Group, the Founder Share Plan (FSP) falls within the scope of IFRS 2. The Group has included the IFRS 2 charge and related deferred tax movement in relation to the FSP within adjusting items for the prior period.

The Directors consider the plan to be one-off in nature and unusual in that the share awards are being funded exclusively by the Founders. While the charge is spread over a few financial years, the plan is a one-time scheme. Accordingly, the IFRS 2 charge in respect of the FSP is an adjusting item due to the size, nature and incidence of the scheme. There are no known recent examples within quoted companies of incentive arrangements operating in a similar way to the FSP. While unusual in terms of size, the plan is also unusual regarding its treatment in what is essentially a personal arrangement, with no net cost or cash and minimal administrative burden to the Company. There are no other adjustments anticipated in respect of the scheme other than the IFRS 2 charge.

Therefore, the Directors consider the charge to be significant in terms of its potential influence on the readers' interpretation of the Group's financial performance. The scheme ended in January 2022, with none of the vesting criteria met. Accordingly, no further expense or credit will be recognised in profit and loss in respect of the scheme in future periods. See note 9 for further details of the FSP.

#### Adjusted operating (loss)/profit and margin

In the opinion of the Directors, adjusted operating profit and margin are measures which seek to reflect the performance of the Group that will contribute to long-term sustainable profitable growth. The Directors focus on the trends in adjusted operating profit and margins, and they are key internal management metrics in assessing the Group's performance. As such, they exclude the impact of adjusting items.

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

	2023 £m	Restated* 2022 £m
<b>Reported revenue</b>	<b>622.5</b>	<b>609.6</b>
Operating (loss)/profit	(70.1)	25.6
Adjusting items	56.8	4.0
<b>Adjusted operating (loss)/profit</b>	<b>(13.3)</b>	<b>29.6</b>
	2023 £m	2022 £m
Operating margin	(11.3%)	4.2%
Adjusted operating margin	(2.1%)	4.9%

\* The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 26.

#### Adjusted (loss)/profit before tax

In the opinion of the Directors, adjusted (loss)/profit before tax is a measure which seeks to reflect the performance of the Group that will contribute to long-term sustainable profitable growth. As such, adjusted (loss)/profit before tax excludes the impact of adjusting items. The Directors consider this to be an important measure of Group performance and is consistent with how the business performance is reported to and assessed by the Board and the Executive Committee.

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

	2023 £m	Restated* 2022 £m
(Loss)/profit before tax	(78.5)	17.6
Adjusting items	56.8	4.0
<b>Adjusted (loss)/profit before tax</b>	<b>(21.7)</b>	<b>21.6</b>

\* The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 26.

## Adjusted tax expense and adjusted effective tax rate

In the opinion of the Directors, adjusted tax expense is the total tax charge for the Group excluding the tax impact of adjusting items. Correspondingly, the adjusted effective tax rate is the adjusted tax (expense)/credit divided by the adjusted (loss)/profit before tax.

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

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

	2023 £m	Restated* 2022 £m
<b>Adjusted (loss)/profit before tax</b>	<b>(21.7)</b>	<b>21.6</b>
Tax (expense)/credit	(69.6)	4.8
Adjusting items – current tax	–	–
Adjusting items – deferred tax	–	3.0
<b>Adjusted tax (expense)/credit</b>	<b>(69.6)</b>	<b>7.8</b>
<b>Adjusted effective tax rate</b>	<b>(320.7)%</b>	<b>36.1%</b>

\* The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 26.

## 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 21 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 11 for the Group's adjusted EPS.

## 25. Government assistance

The Group received government support within the UK and EU territories during the current and prior years in response to the Covid-19 pandemic. This included: deferring tax payments; obtaining reductions in business rates from the UK government; seeking compensation for lost revenue and subsidies to cover fixed costs; and placing staff on furlough during the periods of store closures.

Furlough support across all territories of £1.2m was recognised in the year (2022: £0.3m), through the UK's Coronavirus Job Retention Scheme (CJRS) and equivalent schemes in other countries. A provision of £0.4m (2022: £1.6m) has been recognised to cover any existing furlough related clawbacks.

The business rates reductions from the UK government totalled £nil (2022: £4.6m).

Lost revenue and subsidy support in the UK and other territories of £0.2m has been recognised in the year (2022: £1.7m).

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. The value is netted off against costs in selling, general and administrative expenses.

## 26. Prior-year adjustments

The financial statements for the prior financial year have been restated to incorporate the impact of misstatements to balances at the year-end and in the brought forward balance sheet position at the end of FY21. The misstatements impact the values of Other receivables, Property, plant and equipment and Intangible assets.

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

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

The following tables summarise the impact of the adjustments on the consolidated financial statements for the 53 weeks ended 30 April 2022:

## Group Statement of Comprehensive Income

For the 53 weeks ended 30 April 2022	As previously reported 2022 £m	Adjustments £m	Restated 2022 £m
Revenue	609.6	–	609.6
Cost of sales	(267.0)	(1.2)	(268.2)
<b>Gross profit</b>	<b>342.6</b>	<b>(1.2)</b>	<b>341.4</b>
Selling, general and administrative expenses net of finance costs*	(361.2)	0.9	(360.3)
Other costs and gains*	36.5	–	36.5
Income tax credit	4.8	–	4.8
<b>Profit for the period</b>	<b>22.7</b>	<b>(0.3)</b>	<b>22.4</b>
	pence per share	pence per share	pence per share
<b>Earnings per share:</b>			
Basic	27.7	(0.3)	27.4
Diluted	26.7	(0.3)	26.4

\* During the current financial year, the Group reclassified £12.0m of realised gains/(losses) on FX contracts and unrealised gains on FX from selling, general and administrative expense to Other gains and losses (net). This reclassification more appropriately reflects selling, general and administrative expenses. Prior financial year comparatives of £12.0m have been restated to align to the current financial year approach, as noted at the foot of the Group Statement of Comprehensive income.

## Balance Sheet

At 30 April 2022	As previously reported 2022 £m	Adjustments £m	Restated 2022 £m
Property, plant and equipment	22.4	1.0	23.4
Intangible assets	42.3	0.2	42.5
Trade and other receivables	117.5	(4.9)	112.6
Other assets	309.5	–	309.5
<b>Total assets</b>	<b>491.7</b>	<b>(3.7)</b>	<b>488.0</b>
Current liabilities	(226.0)	–	(226.0)
Non-current liabilities	(161.8)	–	(161.8)
<b>Total liabilities</b>	<b>(387.8)</b>	<b>–</b>	<b>(387.8)</b>
<b>Net assets</b>	<b>103.9</b>	<b>(3.7)</b>	<b>100.2</b>
Retained earnings	256.7	(3.8)	252.9
Translation reserve	(1.6)	0.1	(1.5)
Other reserves	(151.2)	–	(151.2)
<b>Total equity</b>	<b>103.9</b>	<b>(3.7)</b>	<b>100.2</b>



At 24 April 2021	As previously reported 2021 £m	Adjustments £m	Restated 2021 £m
Property, plant and equipment	29.4	–	29.4
Intangible assets	41.7	–	41.7
Trade and other receivables	102.3	(3.4)	98.9
Other assets	338.8	–	338.8
<b>Total assets</b>	<b>512.2</b>	<b>(3.4)</b>	<b>508.8</b>
Current liabilities	(232.5)	–	(232.5)
Non-current liabilities	(189.3)	–	(189.3)
<b>Total liabilities</b>	<b>(421.8)</b>	<b>–</b>	<b>(421.8)</b>
<b>Net assets</b>	<b>90.4</b>	<b>(3.4)</b>	<b>87.0</b>
Retained earnings	233.0	(3.5)	229.5
Translation reserve	6.6	0.1	6.7
Share capital and other reserves	(149.2)	–	(149.2)
<b>Total equity</b>	<b>90.4</b>	<b>(3.4)</b>	<b>87.0</b>

There is no impact on the consolidated cash flow statement for the period ended 30 April 2022. Due to unrecognised tax losses, there is also no impact on current or deferred tax.

## 27. Post balance sheet events

### Sale of intellectual property for certain Asia Pacific countries

On 22 March 2023, the Group announced that it had entered into an agreement with Cowell Fashion Company Ltd to dispose of its intellectual property assets in certain countries within the Asia Pacific region, for an upfront fee of USD50 million. The transaction constituted a Class 1 transaction for Superdry under the FCA's Listing Rules and, at the year-end, completion of the disposal was conditional upon the approval of Superdry's shareholders at a general meeting of the Company. The disposal was approved at a General Meeting of the Company's shareholders held on 30 May 2023 and the proceeds of the disposal were received on 31 May 2023.

The Agreement means Cowell will own and use the Superdry brand in key APAC markets. As at 29 April 2023, the carrying value of the assets disposed of in the transaction was £nil.

### Equity raise

On 2 May 2023, the Company announced the successful completion of an equity raise, raising gross proceeds of approximately £12.0m through a Placing and separate Retail Offer. In aggregate, the Equity Raise comprised 15,700,000 New Ordinary Shares, representing approximately 19.1 per cent of the Company's issued share capital at that date. The placing of 14,489,642 shares raised gross proceeds of approximately £11.1m at an issue price of 76.3 pence per share and retail investors have subscribed for a total of 1,210,358 shares at the issue price, raising gross proceeds of approximately £0.9m.

### Secondary Lending Facility

On 7 August 2023 the Group agreed a secondary lending facility of up to £25m with Hilco Capital Limited at an interest rate of 10.5% + Bank of England base rate on any drawn balance and a flat rate of 2% on any undrawn amounts. Similar to the Bantry facility, the ability to borrow is linked to the levels of both inventories and trade receivables. The facility expires on 7 August 2024 with an option to extend.

## 28. Principal Risks & Uncertainties

The principal risks and uncertainties identified by the Board are as follows:

- Our ability to meet our liquidity needs is dependent on the availability of adequate financing from banks and capital markets.
- Macroeconomic headwinds continue, with a resultant impact on our trading performance. We operate in a wide range of markets that are exposed to the changing economic and political environments that continue to impact consumer spending and leading to increased operational costs and impact profitability.
- A poor product strategy will mean we fail to meet consumer needs and trends, leading to a product range that is insufficiently differentiated or unattractive to target consumers, and ultimately a deterioration of the brand.
- Compromise to our key technological and/or physical assets would significantly impede our ability to trade.

- Elevated legacy stock levels represent a risk in terms of shortfall in cash flow, additional markdowns, and additional storage costs. Significant levels of 'off-price' (e.g., outlet and clearance) stock represents a risk in that it is typically more difficult to clear.
- Poor performance across our global, omni-channel proposition represents a risk, specifically in relation to underperformance of our retail stores, Wholesale channel and Ecommerce channel.
- Control failure in key controls could lead to financial loss, heightened risk of fraud and error, increased external professional fees, and prior year adjustments.
- Our financial results could be impacted by changes in exchange rates.
- We need to recruit, develop, and retain the calibre of leadership and talent across the business that will enable us to succeed. Failure to do so could limit our opportunities for growth and increase costs of recruitment and retention. Equally, we need to ensure that our talent and leadership pool is reflective of the strategic capabilities required to deliver the plan.
- If the wrong strategy is developed, or the strategy is not implemented effectively, this could significantly impact the success of the business and erode corporate and investor sentiment.
- There is a risk our information security is breached, causing data and/or systems compromise. This could lead to fraud, impact our ability to trade, regulatory scrutiny, litigation or fines, and cause damage to the brand.
- Failure by suppliers to adhere to our Ethical Trading Code of Practice erodes our reputation as a responsible brand.
- Failure to identify and respond to climate-related risks. We have grouped climate-related risks into two categories: transitional (which tend to be shorter-term risks associated with moving towards a low carbon economy), and physical (which tend to be longer-term risks).