

SuperdryPlc

("Superdry" or "the Company")

19 January 2021

Interim results for the 26-week period to 24 October 2020

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

Brand reset journey continues; robust balance sheet despite Covid-19 disruption

	26 weeks ended 24 October 2020	26 weeks ended 26 October 2019	Change
Total Group revenue	£282.7m	£369.1m	(23.4)%
Gross margin	51.7%	56.3%	(460)bps
Underlying ¹ loss before tax	£(10.6)m	£(2.3)m	360.9%
Exceptional and other items excluded from underlying results	£(8.3)m	£(1.9)m	336.8%
Statutory loss before tax	£(18.9)m	£(4.2)m	350.0%
Underlying ¹ basic loss per share	(10.5)p	(5.7)p	84.2%
Statutory basic loss per share	(18.8)p	(7.9)p	138.0%
Proposed interim ordinary dividend per share	0.0p	2.0p	(100.0)%
Net cash/(debt) ¹ position	£34.1m	£(9.3)m	466.7%

Financial Overview (H1)

- Revenue decline of 23.4% reflects Covid-19 effects, with 23% of owned store trading days² lost due to lockdown restrictions and the continued impact of social distancing on footfall even when open.
- Ecommerce performance, up 49.8% year on year, partially offset lost Store sales (down 44.8%) as consumers moved online, accounting for 50% of Retail revenue (1H20: 27%).
- Gross margin decline of 460bps, predominantly due to increased online promotional activity to clear excess inventory.
- Underlying loss before tax of £(10.6)m driven by trading disruption, net of cost saving actions (£13.5m) and government support (£12.3m), and is after the impact of reduced depreciation arising from prior impairments and the utilisation of the onerous lease provision (net £31.6m benefit).
- Statutory loss before tax of £(18.9)m after £(8.3)m of exceptional costs, predominantly relating to unrealised mark to market losses on forward contracts.
- No interim dividend is proposed given the continuing uncertainty and financial performance.
- Liquidity remains strong, with closing net cash position of £34.1m, £43.4m better than 1H20, reflecting continued focus on managing cash and costs tightly, driven by rent deferrals and the significant, sustainable reduction in our inventory levels (down £26.5m, 13.7% year on year).
- As at 9 January net cash is £54.8m, and our refinanced ABL facility undrawn. Net cash remained positive throughout 2020.

Operational Highlights

- Continued momentum with the brand reset, with the Autumn/Winter 20 ("AW20") range fully launched across all channels, with key marketing campaigns driving record levels of engagement.
- Sustainability increasingly embedded, with 38% of AW20 revenues from organic cotton, recyclable and low-impact material product, and 100% of AW20 padded outerwear jackets using recycled materials.
- Key new brand partnership agreed with Neymar Jr, who leads our portfolio of global influencers.
- Strengthened executive management team with Julian Dunkerton appointed permanent Chief Executive Officer, supported by the appointment of Silvana Bonello as Chief Operating Officer and Justin Lodge as Chief Marketing Officer.

Julian Dunkerton, Founder and Chief Executive Officer, said:

"Covid-19 has brought substantial challenges to Superdry as with many other brands, and this has continued through the first half and into the second with renewed lockdowns in our key markets. Our team has responded incredibly well and above all we've been focused on looking after our colleagues and customers and ensuring everyone is keeping safe.

While revenue and underlying profit have been impacted by the external conditions, the brand has continued to focus on the reset, however, with over 70% of stores currently closed and having to shut a significant number over peak, it will take time to see the benefits of all our hard work flow through to the results.

We are making great progress with our influencer-led, digital marketing strategy, enabling us to better target new and existing customers. I am particularly excited about our recently announced partnership with Neymar Jr, a globally recognised sports star with over 143m worldwide social media followers. I am also very proud of how we are embedding sustainability in every part of the business, with responsibly sourced ranges at the heart of our AW20 collection. I believe sustainability is becoming critically important to our customers and I'm committed to Superdry becoming one of the leading global sustainable fashion brands.

With Silvana Bonello joining our team as Chief Operating Officer, we are well on the way to having the right leadership team in place to see us through the current difficult environment, oversee the delivery of our strategy and return the brand to long-term, sustainable growth once the pandemic recedes."

H2 trading to date (11 weeks to 9 January 2021)

Trading continued to be disrupted going into Q3 with further national and regional lockdowns across the UK and Europe, restricting the operations of our store estate. This has resulted in 38% store days lost due to lockdowns in the 11 week period, including the all-important weeks before and after Christmas in several key markets. As at 9 January, 173 stores are now temporarily closed, representing 72% of our portfolio.

	11 weeks to 9 January YoY Change
Group Revenue	(27.2)%
Channel Revenue	
Stores	(52.1)%
Ecommerce	13.2%
Wholesale	(23.0)%

Stores have continued to be significantly impacted by Covid-19 lockdown closures, with revenue for the 11 weeks to 9 January 2021 down 52.1%. Over that period 38% of store days were lost, with like-for-like store sales ending the period down (30.8)% year-on-year (compared with last year when stores were open), as reduced footfall from social distancing restrictions weighs on our trading environment.

Ecommerce sales were up 13.2% for the period, helping to offset some of the lost store sales, with the strongest performance being seen on our owned sites which were up 25.7% year-on-year, which also benefit from a lower rate of customer returns. As a consequence of protecting our core and current season product through disciplined pricing strategies, Black Friday promotional period sales³ were lower year-on-year, driven by 3rd party revenue declines. However, the resultant product mix over this key promotional window drove an improvement in both gross profit and contribution year on year. These sales declines were offset by strong pre-Christmas trading, particularly on our owned sites, across early November and December.

Our Wholesale performance ended the 11 week period down 23.0% year-on-year as our partners continue to face the same Covid-19 related headwinds as our store estate. This was predominantly driven by more cautious AW20 forward orders given the backdrop of Covid-19. These declines were partially offset by In Season Orders up 29%, driven by online wholesale customers.

FY21 Outlook

The continued uncertainty and disruption caused by Covid-19, including the impact from sudden and protracted store closures across our estate as a result of government restrictions, makes it more difficult than ever to forecast the outturn for the year. Consequently we recognise the material uncertainty noted in our going concern assessment, and we are not providing formal guidance at this time for FY21 or beyond.

In the balance of the year we anticipate:

- Prolonged store closures and subdued footfall in early 2021 to negatively impact revenues year-on-year, even after considering the six weeks of lockdown in late FY20. These shortfalls will be partially offset by rent waivers and furlough support.
- Given the elevated levels of clearance activity throughout the 2020 calendar year, and as we adopt a more balanced promotional stance in 2021, Ecommerce growth will decelerate in Q4 21.
- Wholesale revenues to end the year broadly in line with current market expectations.

The Company's liquidity remains strong with net cash of £54.8m at 9 January 2021, through continued cash preservation measures, including accessing government support initiatives across the UK and internationally, reduction and rephasing of stock intake, rent deferrals and associated Covid-19 waivers, rigorous cost control and cash management. Consequently, we currently expect to remain in a net cash position for the remainder of FY21.

We continue to have a total of over £130m of available liquidity at hand. Our £70m Asset Backed Lending Facility remains available, having not been used in the year to date, and is currently still undrawn. Given the continued volatility caused by Covid-19, we have agreed with our existing lenders to reprofile the profit related covenant tests for the period ended April 2022.

Notes

1. 'Underlying' and 'Net cash' are used as alternative performance measures ('APM'). Definition of APMs and how they are calculated are disclosed in the financial statements in note 23.
2. 'Lost trading days' calculated as the simple average number of stores closed each day of the period as a percentage of total potential trading days in the period.
3. 'Black Friday promotional period' defined as the 11 days ending Monday 30 November 2020.

Market Briefing

A webcast for analysts and investors will be held today starting at 9.00am, followed by a Q&A with management. The webcast will be publicly available to join live, but questions will be limited to analysts. If you would like to register, please click <https://secure.emincote.com/client/superdry/superdry008>. A recording of the event will also be available on our corporate website afterwards.

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Notes to Editors

The *Superdry* brand is obsessed with design, quality and fit and committed to relentless innovation. We design affordable, premium quality clothing, accessories and footwear which are sold around the world. We have a unique purpose to help our consumers feel amazing through wearing our clothes. We have a clear strategy for delivering continued growth via a multi-channel approach combining Ecommerce, Wholesale and physical stores. We operate in over 60 countries and have over 4,100 colleagues globally.

Cautionary Statement

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

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside

information is now considered to be in the public domain. The person responsible for this announcement on behalf of Superdry is Ruth Daniels, Group General Counsel and Company Secretary of Superdry.

Chief Executive's Review

The first half of FY21 has continued to be impacted by the trading volatility and operational disruption caused by Covid-19. Despite these headwinds, as a business we are fully focused on our longer-term strategy and the brand reset and have moved quickly to adapt to the ever-changing landscape.

Reflecting this challenging trading environment, first half revenues declined 23.4%, driven by unavoidably lower physical store trade from either temporary store closures (23% lost trading days) or substantially reduced footfall from social distancing measures, partially offset by strong Ecommerce performance. A focus on cash preservation and clearing stock meant that levels of promotion were higher than originally planned, leading to a 460bps reduction in gross margin.

The resulting half-year underlying loss before tax of £(10.6)m (1H20: £(2.3)m) includes an expected accounting benefit of £31.6m from lower depreciation and utilisation of an onerous lease provision. Statutory loss before tax was £(18.9)m versus a loss of £(4.2)m in the prior year, reflecting the challenges of Covid-19.

In line with the decision at the year end, the Board believes it is prudent and in the long-term interest of shareholders to continue to focus on cash preservation in the short-term and has decided to not propose an interim dividend.

Strategic Leadership

Recognising the increasing need to be agile across our supply chain, I am delighted to have appointed Silvana Bonello as Chief Operating Officer, joining us in March 2021. Silvana brings with her a wealth of experience, having spent her career in operational roles with Nike and most recently Vans, and will be responsible for sourcing, logistics, merchandising, IT, corporate strategy and business transformation, which will include a review of our IT infrastructure, systems and operational processes, to drive far greater flexibility and efficiencies across all aspects of the business. Together with the key hires in Creative (Phil Dickinson), Retail (Craig McGregor) and Marketing and Digital (Justin Lodge), we can now focus on returning the brand to long-term, sustainable growth, through our three brand priorities: i) product & design, ii) social & digital, and iii) sustainability.

The process of hiring a permanent Chief Financial Officer is well underway and an announcement will be made in due course.

Product and Design

One of the fundamental initiatives since April 2019 has been to return the business to a design-led philosophy. A key moment in doing this has been the launch of AW20, the first collection designed end-to-end under my and Phil Dickinson's leadership. Despite the challenges of Covid-19, the new product fully launched across all channels, segmented into the four style choices, each with their own collection (Original & Vintage, Superdry Studios, Superdry X and Sport).

As we look ahead to the 2021 ranges, we will have fully embedded this new design framework, and will begin building out the mainline collection through short-lead time product to generate ongoing excitement and newness through more frequent drops, particularly on our online channels.

Social and Digital

A key driver of our brand reset has been to embed an influencer-led, digital marketing strategy, enabling better and more relevant communications with target customer demographics, leveraging the newly segmented product range. Our campaigns featuring Hero Fiennes Tiffin and Zara Larsson to support the launch of AW20 saw record levels of engagement using brand and performance marketing. These campaigns substantially increased communication with both current and potential customers across all style choices and younger age ranges, and we will continue to grow and amplify our portfolio of influencers in 2021, taking this to another level with our organic underwear campaign featuring Neymar Jr, a globally recognised sports star with over 143m worldwide social media followers.

Through this approach, we have seen active customer numbers increase by 17% and our number of followers across all channels increase to 3.3m, +5% growth since the start of FY21. I am particularly pleased to see that our Net Promoter Score has remained ahead of our competitor set for both men and women.

Sustainability

Sustainability has remained at the forefront of our design processes and operations, with all AW20 padded outerwear jackets using recycled materials, diverting 34m bottles from the ocean and landfill sites. AW20 also saw the first launch of our vegan trainers which have been certified by the Vegan Society. With over 4,000 units sold to date, they have been featured by publications including Vogue, Marie Claire, Stylist and supplements of national newspapers, all with a combined circulation totalling 88.7m.

Reflecting the increasing consumer demand for responsibly sourced clothing, sustainable products (organic cotton, recyclable and low-impact materials) generated 38% of revenues over the AW20 season.

We continue to embed sustainable practices across our supply chain, and 95% of all our packaging has now been moved away from single use virgin plastic. We also launched our new Ecommerce bags which are made from Forest Stewardship Council (FSC) certified paper, making them easier to recycle, but without compromising on durability, along with our new paper store bags (made from the same paper). Both bags are produced in the UK and have reduced their carbon footprint by 60%.

Retail

Retail revenues declined 19.3% in H1, driven by store revenue declines due to enforced temporary closures, as well as suppressed footfall and demand upon reopening. More customers shopped online, benefitting our Ecommerce channel which was also supported by targeted clearance of older stock, with revenues growing nearly 50% year on year. This resulted in Ecommerce generating half of all retail sales in the period.

Recognising the increasing importance of Ecommerce within a multichannel operation, which has been accelerated by the forced closure of stores, we are prioritising investment in digital. We will continue to optimise performance on our Ecommerce platforms through the use of enhanced search capabilities, improvements in our ability to re-target abandoned purchases, and via an ongoing website refresh, the first stage of which allowed customers to navigate product through our segmented style choices.

In November, following a series of stricter lockdown announcements in the UK and Europe, we reacted quickly, embedding the operational learnings from earlier in the year. This included rapidly increasing the number of stores with fulfil-from-store capability from 31 to 70, running a skeleton operation (in accordance with government guidance) in those stores thereby unlocking trapped store stock during the lockdowns and increasing product availability for our online customers, while furloughing remaining staff in closed stores.

Following the initial wave of lockdowns in summer 2020, we agreed £3.7m of permanent rent waivers from landlords relating to the disrupted periods. We expect to secure further savings as disruption from lockdowns continues, and we conclude negotiations on impacted stores. This one-off rent waiver benefit is in addition to the previously flagged ~£10m ongoing lease renewal savings we expect to deliver in FY21.

Through this ongoing renegotiation of our portfolio, our store estate is under a continuous review process. Though we continue to believe that most stores can be returned to profitability, we will exit locations where we cannot agree sufficiently flexible lease terms.

We continue to utilise all available government support in light of the Covid-19 pandemic across all territories, the largest benefit being seen in the UK with the 12-month rates holiday (£14m in FY21) and furlough of all retail staff in closed stores and some head office staff (£4.1m in 1H21; £8.0m to date since start of pandemic). For as long as there is uncertainty and volatility due to the pandemic, continued support will be needed from the government for all retailers in the sector, and we would encourage a review to extend the current rates holiday as well as a reduction in value-added tax.

Wholesale

Wholesale partners continue to suffer from their own store closures and footfall declines due to Covid-19 restrictions and uncertainty. Performance in the half was partly impacted by the later phasing of AW20 forward orders in comparison to 1H20 and the deferred intake of stock due to supply chain disruption from earlier in the year. However, we have started to see positive signs from the distinct segmentation by style choice of the sales packages available to our Wholesale partners. Our newly created Superdry X range has enabled us to sell into the luxury department store chain Nordstrom in the USA for the first time.

Operations

Our logistics team have been working hard over the period of increased online demand, ensuring our customers continue to get our product all over the world, whilst keeping our colleagues safe by maintaining rigorous social distancing and sanitation measures in place. This was supported by the implementation of high-performance racking at our warehouses using robotics to improve efficiency.

Although a Brexit deal was finally agreed in late December, which should make the transition smoother than if there were no-deal, the UK has still left the EU and there are many impacts on our business relating to tariffs, trade, logistics, product standard regulations, currency fluctuations, and the impact on people within our organisation. While we have minimised the direct costs of these changes by optimising our inventory management and intake processes ahead of 31 December, we anticipate that it will be some time before we have better visibility on both the financial and operational implications that Brexit will have on our business.

Our internal working group have implemented plans covering all critical legal risks and operational challenges with particular focus on reducing the long-term movement of product cross-region, unless required, to reduce the impact of additional duty/tariffs, and to avoid potential delays. This group will be monitoring the key areas of impact in the coming weeks and months to ensure processes and plans are updated as required to best mitigate the impact of Brexit on our business.

Superdry is a global business with corporate and operational capability both in the UK and mainland Europe, which means that we are well-equipped to deal with the challenges of Brexit, as we can service EU customers from within the EU and not as a UK-only organisation. However, though this diversified distribution centre network has allowed us to mitigate many of the potential costs, there are now additional considerations and frictional costs of relocating inventory once it has been received into the business.

Summary

We have made steps forward in the first half of this financial year despite the continued significant challenges. I am delighted that despite the challenges from Covid-19, we launched AW20 and am pleased with the progress we are making in strengthening the brand and engaging our new and existing consumers.

We are firmly on the journey to turning the brand around, although we recognise that this is made more challenging by the pandemic and expect it to take time. To enable us to capitalise on these product and brand developments, we will make further investment in systems and IT infrastructure, following a detailed review of our existing technology and processes.

We will continue to inspire and engage the contemporary and style obsessed customer through a constant flow of new and innovative product and designs, while leaving a positive environmental legacy through our commitment to sustainability.

I would like to thank all my colleagues for their continued dedication, enthusiasm and hard work. I am confident that we will overcome the challenges that face us and restore Superdry to a full price proposition, with strong brand recognition and a loyal customer base.

Financial Review

Group revenue decreased by £86.4m to £282.7m. This decrease of 23.4% in the first half was driven primarily by the challenging consumer environment for Stores and Wholesale, both of which experienced similar impacts from Covid-19, and which led to the loss of 23% of total trading days in the period across our owned store estate. This was partially offset by the strong performance in Ecommerce.

This contributed to the increase in the underlying loss before tax of £(10.6)m, after the impact of reduced depreciation arising from prior impairments and the utilisation of the onerous lease provision driving a net benefit of £31.6m. Statutory loss before tax increased by £14.7m to £(18.9)m, predominately as a result of trading performance.

Group profit or loss

	Unaudited 1H21 £m	Unaudited 1H20 £m	% change
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Revenue: Retail	173.6	215.1	(19.3)%
Wholesale	109.1	154.0	(29.2)%
Group revenue	282.7	369.1	(23.4)%
Gross profit	146.2	207.8	(29.6)%
<i>Gross profit margin %</i>	51.7%	56.3%	(4.6)%pts
Selling and distribution costs	(130.2)	(165.5)	(21.3)%
Central costs	(31.1)	(46.3)	(32.8)%
Other gains and losses	8.1	5.3	52.8%
Underlying operating profit ¹	(7.0)	1.3	(638.5)%
<i>Underlying operating margin¹</i>	(2.5)%	0.4%	(2.9)%pts
Net finance (expense)/income	(3.6)	(3.6)	0.0%
Underlying profit before tax ¹	(10.6)	(2.3)	360.9%
Exceptional and other items:			
Fair value movement on forward contracts	(7.4)	(0.6)	1133.3%
IFRS 2 charge – Founder Share Plan	(0.3)	0.1	(400.0)%
Exceptional items	(0.6)	(1.4)	(57.1)%
Total non-underlying adjustments	(8.3)	(1.9)	336.8%
Loss before tax	(18.9)	(4.2)	350.0%
Tax expense	3.5	(2.3)	(252.2)%
Loss for the period	(15.4)	(6.5)	136.9%

Retail channel revenue decreased by £41.5m, 19.3% year-on-year, to £173.6m (1H20: £215.1m), with a decline in Store revenue of 44.8% to £86.8m (1H20: £157.3m) being partially offset by growth in Ecommerce, an increase of 49.8% year-on-year to £86.6m (1H20: £57.8m), benefitting from channel shift and promotional activity to clear excess stock.

Like-for-like store revenue over the first half was down 30.2% year-on-year, with stores having been closed for the start of the financial year and as we continue to trade through difficult and unpredictable times. Due to government mandated closures, 23% of available trading days were lost to lockdowns during the first half across our portfolio, with Q1 more heavily impacted (43% of days lost), while the store estate was largely open in Q2 (3% of days lost). This position has worsened again during our peak trading period, with 38% of trading days lost to lockdowns in the 11 weeks to 9 January.

Wholesale revenue declined 29.2% to £109.1m (1H20: £154.0m), largely due to our wholesale partners' physical retail network facing similar Covid-19 related closures, with revenue from online-only wholesale customers only declining 3% year on year, significantly outperforming franchise stores and wholesale customers with a physical presence (33% decline). This was exacerbated by the later phasing of AW20 forward order deliveries and the deferred intake of stock due to widespread supply chain disruption at the start of the pandemic.

Gross profit margin decreased by 460bps to 51.7%, of which 400bps was rate variance and 60bps was channel mix. The gross margin rate was lower predominately due to the need for wider discounting due to the prolonged period of store closures which removed 23% of store trading days, resulting in the need for tactical stock clearance activity to drive cash and clear excess stock, as well as an element of channel shift away from the higher margin store channel. Within retail, the 6.6%pt fall in the gross margin rate is explained by a 2.1%pt mix variance, with Ecommerce sales being 50% of the retail mix in 1H21 compared to 27% of retail sales in 1H20, and a 4.5%pt rate variance, as explained above. Our full price mix in the first half was 44.2%, down 6.8%pts from H120, predominantly from trading dynamics in Q1.

Gross Margin by channel	Unaudited 1H21	Unaudited 1H20	Change
Retail	59.7%	66.3%	(6.6)%pts
Stores	64.3%	68.9%	(4.6)%pts
Ecommerce	55.2%	59.4%	(4.2)%pts
Wholesale	39.0%	42.3%	(3.3)%pts

Total Gross Margin	51.7%	56.3%	(4.6)%pts
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Selling, general and administrative expenses, pre-exceptional costs, as a % of revenue improved by 0.3%pts to 57.1% despite significant store closures. These costs include the sales and distribution costs for the Retail and Wholesale channels and central costs.

A key driver in the reduction of the SG&A costs is the decrease in store costs (£21.8m year-on-year) from continued lease renegotiations, which include £3.7m of Covid-19 rent waivers, an onerous lease provision utilisation of £2.9m, UK rates benefit of £8.1m, store payroll reductions of £7.4m and a furlough benefit in relation to store employees across the UK and the EU of £3.4m. In addition to store costs, there was a £7.3m reduction in bad debt expense as a result of the specific one-off provisions included in 1H20 for Norway and China and a reduction in depreciation of £17.5m, largely due to the £136.8m impairment charge booked at the end of FY20.

Other gains and losses (which include royalty income and other income) were £8.1m (1H20: £5.3m), an increase of 53%, largely due to the IFRS16 impact of lease modifications and exits, offset by a reduction in royalty income of 67% year on year as licensees suffered similar trading challenges from Covid-19.

Net finance costs were £3.6m (1H20: £3.6m), of which £3.0m relates to interest expense on the leases arising from IFRS 16. We have not drawn our £70m ABL facility in the current year whereas we had utilised our RCF in 1H20, resulting in a decrease in interest costs year-on-year.

Underlying loss before tax for the period was £10.6m (1H20 loss: £(2.3)m). Statutory loss before tax for the period was £18.9m (1H20 loss: £(4.2)m).

Retail

Our Retail division includes Owned Store and Ecommerce as routes to market. Owned Store revenue declined 44.8% and Ecommerce increased by 49.8%, resulting in the Retail division delivering revenue of £173.4m (1H20: £215.1m), down 19.4% year-on-year.

		Unaudited 1H21 £m	Unaudited 1H20 £m	% change
Revenue:	Store	86.8	157.3	(44.8)%
	Ecommerce	86.6	57.8	49.8%
% Group Revenue:	Store	30.7%	42.6%	(11.9)%pts
	Ecommerce	30.6%	15.7%	14.9%pts
	Retail Underlying Operating Profit	5.1	5.5	(7.3)%
	<i>Retail Underlying operating profit margin</i>	2.9%	2.6%	0.3%pts
	Retail Operating Profit	(0.2)	5.1	(103.9)%
	<i>Retail operating profit margin</i>	(0.1)%	2.4%	(2.5)%pts

During H1 there was negligible change in the Group's retail space, from 1,178sqft to 1,160sqft. There has been a focus on rent renegotiations, of which 53 have now been completed with a weighted average reduction of 44%. At the end of 1H21 there are 239 owned stores (1H20: 245). 29 of the leases renegotiated to date are turnover-based; of those 14 have been moved from fixed to turnover-based rent.

Retail underlying margins of 2.9% (1H20: 2.6%) were 30bps higher than the previous year largely due to cost savings from rent negotiations (non-IFRS16), government rates holiday and store payroll savings.

Please see note 23 - Alternative Performance Measures where we have defined underlying operating profit and margin.

Wholesale

		Unaudited 1H21 £m	Unaudited 1H20 £m	% change
Revenue		109.1	154.0	(29.2)%

% Group Revenue	38.6%	41.7%	(3.1)%pts
Wholesale Underlying Operating Profit	19.0	42.0	(54.8)%
<i>Wholesale Underlying operating profit margin</i>	17.4%	27.3%	(9.9)%pts
Wholesale Operating Profit	16.7	41.8	(60.0)%
<i>Wholesale operating profit margin</i>	15.3%	27.1%	(11.8)%pts

Our Wholesale division includes franchise and license stores in secondary catchments and developing markets, multi-brand independents and distributors, and physical and online department stores as routes to market.

Wholesale revenue of £109.1m was down 29.2% year-on-year (1H20: £154.0m). Cautious AW20 forward orders against the backdrop of Covid-19 in the summer were exacerbated by the continued suppressed demand and delays to shipments. As expected, online-only partners remained resilient with revenues down 3%, significantly outperforming franchise stores and wholesale customers with a physical presence (33% decline year on year).

The underlying wholesale operating profit of £19.0m, a decline of 54.8% on 1H20 (£42.0m) is driven by the above. Underlying wholesale operating profit margin is down 9.9%pts year-on-year as a result of a prior year one-off benefits from loss-making accounts exited in FY20 and from the closure of the US warehouses in 1H20.

Please see note 23 - Alternative Performance Measures where we have defined underlying operating profit and margin.

Exceptional and other items

Exceptional and other items are detailed in note 6 and include a £7.4m debit in respect of the fair value movement in financial derivatives (H120: £0.6m debit). This has been driven by changes to the timing of derivatives used to hedge Euro receivables and US Dollar payables, and by rate movements during the period against those derivative contracts. This non-cash movement is taken to the income statement as the Company does not apply hedge accounting to forward contracts.

Other items include £0.6m costs relating to restructuring activities, driven in part by the Covid-19 pandemic.

The IFRS 2 charge of £0.3m is in respect of the Founder Share Plan, which lapsed in September 2020. Consequently, no further charges are expected in relation to this plan.

Taxation

The Group's income tax credit for 1H21 is £3.5m (1H20: £2.3m income tax expense). Excluding discrete tax credits of £0.2m, the residual underlying income tax credit of £2.0m represents an underlying effective tax rate of 18.7% compared to 19.8% in 1H20 and 14.6% in FY20. The Group's tax credit on exceptional losses of £1.5m represents an effective tax rate of 18.2%. Taken together the Group's total income tax credit of £3.5m represents a total effective tax rate of 18.7% for the period ended 24 October 2020. The Group's total effective tax rate of 18.7% is lower than the statutory rate of tax of 19.0%.

This is primarily due to the level of overseas losses to which no tax benefit has been recognised, permanent differences on consolidation adjustments, the level of lease liabilities on the balance sheet to which no tax benefit continues to be recognised together with depreciation and amortisation on non-qualifying assets.

Loss for the period

After exceptional and other items, Group statutory loss after tax for the period was £15.4m, compared to a £6.5m loss in H120.

Loss per share

Reflecting the loss achieved by the Group during the year, underlying basic EPS is (10.5)p (H120: (5.7)p). Reported basic EPS was (18.8)p (1H20: (7.9)p), calculated using the basic weighted average number of ordinary shares outstanding for the period of 82,020,620 (1H20: 81,998,661) shares.

Diluted EPS is (18.6)p (1H20: (7.9)p) based on a diluted weighted average of 82,624,901 (1H20: 82,260,984) shares.

Dividends

In light of the current situation, the Board has made the decision not to propose an interim dividend for the six months to 24 October 2020.

Cash flow, investments and working capital

The Company had net cash of £34.1m as at the end of 1H21, compared to a net debt position at the end of 1H20 of £(9.3)m, despite the first-half being a period of working capital investment as inventories are built in advance of the peak trading period within the third quarter. A key driver of this is the ~£30m deferral of rent payments as a consequence of government mandated closures during the first half.

Since the outbreak of the pandemic, there has been a significant focus on cash preservation which has ensured we remained cash positive throughout the first half, without having to utilise any of our available facility. As at 9 January, our net cash position of £54.8m which, together with our Asset Backed Lending Agreement facility of up to £70m and an uncommitted overdraft of £10m, provided us with £134.8m of headroom.

Having reviewed trading scenarios again following the announcement of further lockdowns, management believe the combination of the cash preservation measures in place and the available facility continue to provide sufficient liquidity to trade through this prolonged period of uncertainty.

Capital investment

		Unaudited 1H21 £m	Unaudited 1H20 £m	% change
Store portfolio		0.8	2.6	(69.2)%
Infrastructure		2.0	1.5	33.3%
IT (including software development)		2.2	4.3	(48.8)%
Total Capital Investment		5.0	8.4	(40.5)%
Capital Creditor		0.3	(1.8)	(116.7)%
		5.3	6.6	(19.7)%
Cash outflow	Tangible Assets	3.0	2.9	3.4%
	Intangible Assets	2.3	3.7	(37.8)%
		5.3	6.6	(19.7)%

Reflecting the strategic importance of Ecommerce in the current environment, which has been accelerated as a result of the pandemic, we have focused our first half capital investment in IT infrastructure. This targeted investment enabled us to increase inventory option count and availability on our owned website ahead of the peak trading period. There has been a reduced investment in the store portfolio as a result of the current economic climate, with any renewals and renegotiations requiring landlord-funded capital investment into the stores, and maintenance investment kept to a minimum given the trading climate and temporary store closures.

Property, plant and equipment and intangible assets (excluding the impact of IFRS 16) totalled £82.4m, a decrease since the financial year-end of £7.7m, as a result of depreciation and amortisation being higher than the level of capital additions.

We expect full year spend on capital expenditure to be in the range of £12m-£15m, with all non-critical projects deferred or cancelled until at least the end of the financial year. We expect this level of investment to increase into FY22 once trading has normalised, as we continue to prioritise the enhancement of our IT and digital infrastructure.

Working Capital

		Unaudited 1H21 £m	Unaudited 1H20 £m	% change
Inventories		166.5	193.0	(13.7)%
Trade and similar receivables ¹		97.5	130.5	(25.3)%
Trade and similar payables ²		(155.2)	(112.6)	37.8%
Total Working Capital		108.8	210.9	(48.4)%

Notes:

1. Trade and other similar receivables exclude items not considered to be working capital being derivatives, cash contributions and rent deposits.
2. Trade and similar payables exclude items not considered to be working capital being derivatives, lease incentives and other taxes payable.

Despite the challenging trading conditions, we remain committed to reducing our working capital for the full financial year FY21.

Inventory has reduced by £26.5m to £166.5m compared to 1H20 due to targeted clearance activity, and a disciplined forward season buy supported by the recoding of stock to future seasons. The Covid-19 specific obsolescence provision booked at the full year has reduced by £0.7m to £5.7m, despite the second lockdown, as a result of the measures above and favourable in-season wholesale orders.

Trade and similar receivables reduced by £33.0m to £97.5m, reducing broadly in line with Wholesale Revenue (-29.2%) and as a result of cash collections, which have been better than expected. There has been a modest £1.4m increase in the bad debt provision since the year end due to the continued disruption.

Trade and similar payables have increased by £42.6m to £155.2m, largely due to deferred rental payments of ~£30m and timing of the stock intake in the current year due to Covid-19, as we managed the Company's cash position.

Assessment of Group's prospects

The financial position of the Group, its cash flows and liquidity position are set out in the financial statements. Furthermore, the Group Financial statements include the Group's objectives and policies for managing its capital, its financial risk management objectives, details of its financial instruments and exposure to credit and liquidity risk (please refer to note 19).

Background

On 10 August 2020 the Group announced that it had completed a refinancing of its facilities, from a Revolving Credit Facility ('RCF') for £70m due to expire in January 2022 to a new Asset Backed Lending ('ABL') facility for up to £70m due to expire in January 2023, with amended covenants and the option to extend at the discretion of the lender for a further 12 months. Through a number of cash preservation measures set out in the FY20 Prelims announcement on 21 September 2020 (and detailed in *Mitigating actions* section, below), the group has tightly managed cash and costs throughout the pandemic, remaining cash positive throughout 2020, and therefore the ABL has remained undrawn since it was agreed. As at 9 January 2021 net cash is £54.8m.

As at 21 September 2020, the Group directors noted that the risks of the recovery in consumer demand, the Group's ability to capture this during the Autumn/Winter 2020 ("AW20") season, and the ability of the Group to meet the new covenants from debt providers represent material uncertainty and may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. This uncertainty related specifically to the covenant tests over the 12 month going concern period; the Directors assessed the liquidity requirements of the group under these downside scenarios and believed them to be adequate.

Impact of continuing lockdowns and social distancing restrictions in H21

With infection rates in our key markets having substantially reduced by late September 2020 following the "initial wave" beginning March 2020, and the majority of our owned store estate reopening, the prevailing view at that time was that further widespread lockdowns appeared unlikely (though not a remote possibility).

However, with the announcement of a second wave of lockdowns resulting in temporary store closures in the UK and certain EU markets from late October 2020, and the wider factors affecting open stores, such as social distancing measures, and broader economic and health concerns, the Group directors expect a significant negative impact on consumer demand, at least in the short term.

These regional lockdowns materially impacted trading in UK, France, Belgium and Ireland across late 2020, leading to 50% of available trading days lost in November due to temporary closures. While this improved somewhat in December (25% of trading days lost), the situation has deteriorated once again following widespread national lockdowns imposed in early 2021. As at 9 January 173 of our owned stores (72% of the estate) were closed, the highest level since April 2020. Though we have seen a 13.2% increase in Ecommerce sales in the 11 weeks to 9 January, this represents a material shortfall in total sales receipts versus previous forecasts.

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

- Following the initial wave of lockdowns in summer 2020, we agreed £3.7m of permanent rent waivers from landlords relating to the disrupted periods. We expect this number to increase as disruption from lockdowns continues, and we conclude negotiations on impacted stores. This one-off rent waiver benefit is in addition to the previously flagged ~£10m ongoing lease renewal savings we expect to achieve in FY21.
- In many markets, governments have extended furlough support where store closures have been mandated. Superdry has received £4.1m of furlough support in 1H21, predominantly relating to store colleagues, and a total of £8.0m across the period from March to December 2020. We currently expect to continue to access this government support, at least for the period of the currently imposed national lockdowns.
- The reduction in future stock purchases, aided by the carry over and recoding of core product remains our largest cash mitigation, though given the long lead times from order through to receipt and payment of the stock, our ability to manage cash relies on forecast sales. In addition to the volume of intake, we will continue to work closely with our suppliers to manage payment terms, particularly through our cash trough ahead of the Autumn / Winter season.

While these continued lockdowns have worsened the immediate trading environment, the subsequent announcement of a number of effective vaccines has improved the medium-term outlook, though we remain cautious on the trading, operational and financial impacts.

Finally, as a consequence of the impact of Covid-19 on global trade, the Group and the company are aware of constraints to the global supply of containers for shipping goods for resale from Asia to Europe, and while the Group remains confident that the majority of goods will be shipped, it is expected that the cost of these shipments will increase and that there may be some movement in the shipping dates from Q3 and Q4 FY21 to Q4 FY21 and Q1 FY22.

The Group going concern assessment has been based on a 16-month financial plan (the 'Base Case Plan') which builds from the latest FY21 reforecast (actualising to December 2020), together with a revised view of FY22.

In determining the going concern forecast, management has made a number of different assumptions regarding the Group's trading performance in light of the Coronavirus pandemic. The most significant assumptions are:

- All trading channels benefitting from the ongoing product improvements, operational initiatives and marketing activity to support the brand reset which began in October 2020.
- Current UK store closures to continue until the end of February 2021, with subdued footfall upon reopening continuing through the first half of FY22. Trading continues to recover as stores reopen and consumer demand returns, reflecting the macroeconomic uncertainties in FY22 and the ongoing channel shift towards online, with profitability delivered through full price trading margins, renegotiated leases and payroll restructuring, but with revenues remaining materially below pre-Covid levels in FY22.
- UK property rates conservatively assumed to return from April 2021 (£16m annualised cost).
- Ecommerce trading benefitting from the underlying and recently accelerated channel shift towards digital from physical retailing, together with planned development activities to improve website user experience, though with consideration of the tougher comparables in 2021, and the likely continuation of an elevated level of promotional activity to clear excess stock and generate cash.
- Wholesale performance beginning to recover in FY22 reflecting the latest forward order book performance, and the continuation of FY21 trends such as increased In Season Orders to online partners.
- Gross margin conservatively reflects a continuation of elevated promotional activity through FY22 to clear excess stock.
- Disciplined cost management and savings programmes, including an acceleration of lease renegotiations, logistics benefits relating to operational changes and US DC closures in FY20.
- An increase in marketing spend in FY22, reflecting both increased performance marketing in the short-term, together with longer-term brand investment as part of the turnaround.

Given the Base Case Plan reflects uncertainties surrounding forecasts due to the Covid-19, it is already considered to be modelled on a 'reasonable downside' basis. A 'reverse stress test' approach has subsequently been applied, modelling the shortfall to forecasted sales that the Group would be able to absorb, after implementing feasible mitigating actions, before requiring additional sources of financing in excess of those that are committed.

Whilst management consider this further downside scenario to be unlikely, it is considered to be more than remote. However, the Group directors have considered the feasible mitigating actions that are available to them and could reasonably be implemented, together with the availability of its banking facilities until at least January 2023.

Mitigating actions

If there are different outcomes to the Base Case Plan that have a materially adverse impact on the Group, the continued impact of these events could result in a reduction in liquidity and/or a longer period of lower EBITDAR,

which in turn risks covenant breaches. Management have considered the plausible mitigating actions available to them, which includes a reduction in uncommitted capital expenditure, a reduction in Head Office costs and discretionary spend such as marketing, the confirmed and expected forgiveness of rent relating to periods of temporary closures and a reduced purchase of new season stock in line with the lower sales values.

Management believe that the likelihood of this revenue decline scenario together with other downside impacts occurring is low, albeit more than remote, in the event of an even more severe and prolonged downside trading scenario than that modelled by the reverse stress test and, should the mitigating actions outlined above not be sufficient, management would likely adapt the current store portfolio strategy to exit a greater proportion of stores, with ~65% of leases falling due in the next 3 years.

Covenant testing

We continue to have a total of over £130m of available liquidity at hand. Our £70m Asset Backed Lending Facility remains available, having not been used in the year to date, and is currently still undrawn. Given the continued volatility caused by Covid-19, we have agreed with our existing lenders to reprofile the profit related covenant tests for the period ended April 2022.

The covenants in the ABL facility are tested quarterly and are based around the Group's adjusted EBITDAR (relative to the Base Case Plan) until the end of Q1 22 and fixed charge (rent and interest) cover thereafter.

Under the reverse stress test, which management considers to be more than a remote possibility, liquidity headroom remains adequate, though the covenants would be under pressure over the 12 month going concern period in this scenario. Consequently, they are most sensitive to the macroeconomic recovery and performance over the next 12 months, since all covenants are on a trailing 12 month basis.

If this were to occur management would approach lenders for a covenant waiver. Whilst there would be no guarantee that such a waiver would be made available, in making their assessment management note that they currently have a good relationship with their lenders, and the lenders have been made aware of all key inputs into the Base Case Plan, as well as the implications of the short-term disruption. In addition, it should be noted that the Group expects to be cash positive for the majority of the year, given the seasonal working capital cycle, with substantial liquidity maintained throughout the going concern period.

Significant judgements

In using these financial forecasts for the going concern assessment, the Group directors recognise that significant judgements were required in deciding what assumptions to make regarding the impact of the coronavirus pandemic on the retail sector and wider economy, and specifically to Superdry, the ability to execute the turnaround plans required to recover brand health and return the business to profitable growth. Whilst H1 trading was ahead of original expectations, H2 has been materially impacted by further mandated store closures, the short- and medium-term macroeconomic environment, and its impact on the efficacy of our strategic turnaround initiatives, result in greater uncertainty than would usually be the case in making the key judgements and assumptions that underpin the financial forecasts for the business. The coronavirus pandemic is unprecedented, and so in making their assessment of the future prospects of the Group, the Group directors have incorporated additional risk adjustments into the Base Case Plan.

Summary

The Group directors noted that the risks set out above indicate that a material uncertainty exists and may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The material uncertainty relates to:

- the duration and impact of the second-wave of national lockdowns and subsequent recovery in consumer demand, and the Group's ability to capture this in future trading; and,
- the ability of the Group to meet its covenants from debt providers

This uncertainty relates specifically to the covenant tests over the 12 month going concern period; the Group directors have assessed the liquidity requirements of the group under these downside scenarios and believe them to be adequate.

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

Principal risks and uncertainties

The principal risks and uncertainties were outlined in the 2020 Annual Report (pages 42-50). These have been reviewed and amended to ensure they are reflective of our existing risk profile and are assessed on an on-going basis.

Also within the Annual Report, as part of the CFO's review, was an analysis of the impact Covid-19 had on the FY21 outlook and a Covid-19 statement which explained the impact on the wider business. Covid-19 continues to represent a significant risk at a macro level with an increased probability of a sustained economic recession, impacting consumer spend as well as the risk profile of the business including the nature and severity of a number of the risks identified below.

Given the significance of Covid-19 related risks and the associated impact they have had and could have on the Group, we have developed and continue to develop measures designed to try and reduce their impact. To oversee the response to the virus, we continue to deploy a Covid-19 Incident Management Team ('IMT') formed of members of the Group's Executive team that meet twice weekly. The safety of colleagues and customers continue to be the key priority for the IMT. For example, since November, we have been offering weekly Covid-19 antigen testing to those colleagues who need to work at Head Office because they cannot perform their role from home.

Specific principal risks and uncertainties include:

Damage may occur to the Superdry Brand or the Brand may lose its resonance.
Superdry's ability to achieve success depends on a commercial product strategy that is aligned to brand position, market dynamics and consumer aspiration.
Compromise to our key technological / physical assets would significantly impede our ability to trade, particularly during the peak trading period from November to January. Key assets include: Ecommerce platform, Distribution Centres, Critical IT Systems and Head Office.
Elevated stock levels represent a risk in terms of shortfall in cash flow and additional storage costs.
<p>Performance across our global, omni-channel proposition represents a risk. Specifically:</p> <ul style="list-style-type: none"> • Retail store performance represents a risk and in line with market trends, the ongoing consumer preference shift towards digital shopping channels has seen declining consumer visits to stores and declining profitability in the physical retail environment. Covid-19 has accelerated the move towards digital, but the risk associated with retail remains at an elevated level with a significant proportion of our store estate closed as a result of current lockdown measures. • Wholesale performance is at risk from a number of factors, including grey market distribution, an inability to meet the critical path and failing to deliver on time and in full to customers. Covid-19 has led to a significant proportion our franchise store estate to also close as a result of current lockdown measures. • Ecommerce performance represents a significant growth opportunity, however, represents a risk in terms of reliance on the channel to offset lost store sales in the short term and delivery of medium- and long-term business objectives. For example, we will be unable to achieve these objectives if the consumer is moving faster than we can adapt and that our Ecommerce platforms trail in the wake of competition. • Failure to deliver on our growth aspirations in the Group's key future development markets, in particular, the USA.
<p>Our financial results could be impacted by changes in exchange rates. In addition, given the size of our wholesale partners and associated order book, overdue debt will always represent a risk for the business.</p> <p>Financial results are also at risk if the controls that operate within key financial systems are not operating effectively. With our recent asset backed lending agreement, we now have access to sufficient financing facilities, but we must now ensure we mitigate risks associated with adhering to the various reporting and compliance requirements and meeting the financial covenants of the facility.</p>
We need to recruit, develop and retain the calibre of leadership that will enable us to achieve our strategic goals.
There is a risk our information security is breached causing data and / or systems compromise. Covid-19 has exacerbated this risk and could impact our ability to trade, lead to regulatory scrutiny and fines and cause damage to the brand, e.g. loss of customer trust.

Further to recent reports and scrutiny (e.g. by the Environmental Audit Committee and prevalent television documentaries) on fast fashion and its associated impact on workers' rights, there is a risk that if we cannot demonstrate our credentials in these areas, we face significant reputational damage.

In terms of environmental sustainability, we are a consumer goods brand adding more consumables to an increasingly deteriorating environment and we have exposure across both our direct operations and our supply chain.

Specific risks include:

- an increased expectation on fashion brands to decarbonise their operations;
- the cost of environmental change is high and rapidly increasing, including across regulation / compliance mechanisms, resource costs, environmental contributions / taxes, and CAPEX requirements to adapt, and;
- we are heavily reliant on key raw materials across key global markets (Turkey, India, China) to make our products which are all impacted by the effects of climate change and other environmental changes. These materials and markets are at risk of becoming harder to source and more expensive.

Brexit potentially introduces significant risks to the retail sector. For example, reduction in consumer spending and increased delays on goods crossing borders.

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

On 18 January 2021 the Board of Directors of Superdry Plc approved this statement.

The Directors confirm that to the best of their knowledge:

- The condensed financial information has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU; and

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

a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first 26 weeks of the financial year and their impact on the condensed financial information, and a description of the principal risks and uncertainties for the remaining 26 weeks of the financial year;

b) DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first 26 weeks of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

The Directors of Superdry Plc are listed on the Board section of the Group website:

www.corporate.superdry.com

On behalf of the Board of Directors:

Julian Dunkerton
Chief Executive Officer
18 January 2021

Condensed Group Statement of Comprehensive Income for the 26 weeks ended 24 October 2020 (unaudited)

		Underlying October 2020	Exceptional and other items (note 6)	Total October 2020	Underlying October 2019	Exceptional and other items (note 6)	Total October 2019
	Note	£m	£m	£m	£m	£m	£m
Revenue	5	282.7	-	282.7	369.1	-	369.1
Cost of sales		(136.5)	-	(136.5)	(161.3)	-	(161.3)
Gross profit		146.2	-	146.2	207.8	-	207.8
Selling, general and administrative expenses		(161.3)	(0.9)	(162.2)	(211.8)	(1.3)	(213.1)
Other gains and losses (net)		8.1	(7.4)	0.7	5.3	(0.6)	4.7
Operating (loss)/profit		(7.0)	(8.3)	(15.3)	1.3	(1.9)	(0.6)
Net finance expense		(3.6)	-	(3.6)	(3.6)	-	(3.6)
Loss before tax		(10.6)	(8.3)	(18.9)	(2.3)	(1.9)	(4.2)
Tax credit/(expense)	8	2.0	1.5	3.5	(2.4)	0.1	(2.3)
Loss for the period		(8.6)	(6.8)	(15.4)	(4.7)	(1.8)	(6.5)
Attributable to:							
Owners of the company		(8.6)	(6.8)	(15.4)	(4.7)	(1.8)	(6.5)
		(8.6)	(6.8)	(15.4)	(4.7)	(1.8)	(6.5)
Other comprehensive loss net of tax:							
Items that may be subsequently reclassified to profit or loss		-	-	-			
Currency translation differences		4.6	-	4.6	1.1	-	1.1
Total comprehensive expense for the period		(4.0)	(6.8)	(10.8)	(3.6)	(1.8)	(5.4)
Attributable to:							
Owners of the company		(4.0)		(10.8)	(3.6)		(5.4)
				(10.8)			(5.4)
Earnings per share							
Basic	16	(10.5)		(18.8)	(5.7)		(7.9)
Diluted	16	(10.4)		(18.6)	(5.7)		(7.9)

Condensed Group Balance Sheet as at 24 October 2020

	Note	Unaudited October 2020 £m	Restated Unaudited October 2019 £m	Audited April 2020 £m
ASSETS				
Non-current assets				
Property, plant and equipment	11	35.5	65.6	41.7
Right of use assets	13	110.7	261.1	118.0
Intangible assets	12	46.9	49.4	48.4
Deferred income tax assets		61.0	33.6	53.3
Derivative financial instruments	19	-	-	0.1
Total non-current assets		254.1	409.7	261.5
Current assets				
Inventories		166.5	193.0	158.7
Trade and other receivables		112.1	135.3	91.6
Current tax debtor		4.5	10.8	6.8
Derivative financial instruments	19	0.2	1.5	2.5
Assets classified as held for sale		-	2.4	-
Cash and cash equivalents	18	34.1	228.2	307.4
Total current assets		317.4	571.2	567.0
LIABILITIES				
Current liabilities				
Borrowings	18	-	237.5	270.7
Trade and other payables		143.5	115.3	103.3
Provisions for other liabilities and charges		3.2	5.7	4.2
Current tax liabilities		5.0	4.2	-
Derivative financial instruments	19	7.3	0.3	2.1
Lease liabilities		80.9	71.9	80.1
Total current liabilities		239.9	434.9	460.4
Non-current liabilities				
Trade and other payables		2.1	1.9	2.2
Provisions for other liabilities and charges		8.7	21.3	10.8
Deferred tax liabilities		0.8	0.8	-
Derivative financial instruments	19	-	3.4	0.2
Deferred liabilities		1.3	1.7	1.4
Lease liabilities		216.0	265.9	240.8
Total non-current liabilities		228.9	295.0	255.4
Net assets		102.7	251.0	112.7
EQUITY				
Share capital	15	4.1	4.1	4.1
Share premium		149.1	149.1	149.1
Translation reserve		(0.9)	(1.9)	(5.5)
Merger reserve		(302.5)	(302.5)	(302.5)
Retained earnings		252.9	402.2	267.5
Equity attributable to the owners of the company		102.7	251.0	112.7
Total equity		102.7	251.0	112.7

**Condensed Group Cash Flow Statement for the 26 weeks ended 24 October 2020
(unaudited)**

	Note	October 2020 £m	Restated October 2019 £m
Cash generated from operating activities	9	19.2	4.0
Interest paid		(0.6)	(0.7)
Tax received/(paid)		4.5	(10.5)
Net cash generated from/(used in) operations		23.1	(7.2)
Cash flow from investing activities			
Purchase of property, plant and equipment		(3.0)	(2.9)
Purchase of intangible assets		(2.3)	(3.7)
Net cash used in investing activities		(5.3)	(6.6)
Cash flow from financing activities			
Dividend payments	10	-	(1.8)
Draw down on borrowings		-	30.0
Repayment of leases – principal amount		(20.0)	(31.1)
Repayment of leases – interest amount		(3.0)	(2.9)
Net cash used in financing activities		(23.0)	(5.8)
Net decrease in cash and cash equivalents	18	(5.2)	(19.6)
Cash and cash equivalents at beginning of period	18	36.7	35.9
Exchange gains on cash and cash equivalents	18	2.6	4.4
Net cash and cash equivalents at end of period	18	34.1	20.7
Of which: Cash and cash equivalents		34.1	228.2
Of which: Overdraft		-	(207.5)

See note 21 for details of the prior period restatement.

Condensed Group Statement of Changes in Equity for the 26 weeks ended 24 October 2020 (unaudited)

	Attributable to the owners of the company						Total £m	
	Note	Share capital £m	Share premium £m	Translation reserve £m	Merger reserve £m	Retained earnings £m		Other £m
Balance at 26 April 2020		4.1	149.1	(5.5)	(302.5)	267.5	-	112.7
Comprehensive income								
Loss for the period		-	-	-	-	(15.4)	-	(15.4)
Other comprehensive income								
Currency translation differences		-	-	4.6	-	-	-	4.6
Total other comprehensive income		-	-	4.6	-	-	-	4.6
Total comprehensive income for the period		-	-	4.6	-	(15.4)	-	(10.8)
Transactions with owners								
Employee share award scheme		-	-	-	-	0.8	-	0.8
Shares issued	15	-	-	-	-	-	-	-
Dividend payments	10	-	-	-	-	-	-	-
Total transactions with owners		-	-	-	-	0.8	-	0.8
Balance at 24 October 2020		4.1	149.1	(0.9)	(302.5)	252.9	-	102.7

Condensed Group Statement of Changes in Equity for the 26 weeks ended 26 October 2019 (unaudited)

	Attributable to the owners of the company						Total £m	
	Note	Share capital £m	Share premium £m	Translation reserve £m	Merger reserve £m	Retained earnings £m		Other £m
Balance at 27 April 2019		4.1	149.1	(3.0)	(302.5)	413.0	-	260.7
Prior year restatement		-	-	-	-	(3.2)	-	(3.2)
Restated balance at 27 April 2019		4.1	149.1	(3.0)	(302.5)	409.8	-	257.5
Effect of change in accounting policy for IFRS 16		-	-	-	-	0.2	-	0.2
Comprehensive income								
Loss for the period		-	-	-	-	(6.5)	-	(6.5)
Other comprehensive income								
Currency translation differences		-	-	1.1	-	-	-	1.1
Total other comprehensive income		-	-	1.1	-	-	-	1.1
Total comprehensive income for the period		-	-	1.1	-	(6.3)	-	(5.2)
Transactions with owners								
Employee share award scheme		-	-	-	-	0.5	-	0.5
Shares issued	15	-	-	-	-	-	-	-
Dividend payments	10	-	-	-	-	(1.8)	-	(1.8)
Total transactions with owners		-	-	-	-	(1.3)	-	(1.3)
Balance at 26 October 2019		4.1	149.1	(1.9)	(302.5)	402.2	-	251.0

Condensed Group Statement of Changes in Equity for 25 April 2020 (audited)

Note	Attributable to the owners of the company						Total £m
	Share capital £m	Share premium £m	Translation reserve £m	Merger reserve £m	Retained earnings £m	Other £m	
Balance at 27 April 2019	4.1	149.0	(3.0)	(302.5)	409.8	-	257.5
IFRS 16 adjustments	-	-	-	-	3.3	-	3.3
Restated balance at 27 April 2019	4.1	149.0	(3.0)	(302.5)	413.1	-	260.8
Comprehensive income							
Restated loss for the period	-	-	-	-	(143.4)	-	(143.4)
Other comprehensive income							
Currency translation differences	-	-	(2.5)	-	-	-	(2.5)
Total other comprehensive income	-	-	(2.5)	-	-	-	(2.5)
Total comprehensive income for the period	-	-	(2.5)	-	(143.4)	-	(145.9)
Transactions with owners							
Employee share award schemes	15	-	-	-	1.2	-	1.2
Dividend payments	10	-	-	-	(3.4)	-	(3.4)
Total transactions with owners	-	-	-	-	(2.2)	-	(2.2)
Balance at 25 April 2020	4.1	149.1	(5.5)	(302.5)	267.5	-	112.7

Explanatory Notes to the Interim Financial Information (unaudited)

1. Basis of preparation

Superdry Plc is a company domiciled in the United Kingdom. The condensed interim financial information ("interim financial information") of Superdry Plc for the 26 weeks ended 24 October 2020 ("October 2020") comprise the company and its subsidiaries (together referred to as "the Group"). The prior comparative period is for the 26 weeks ended 26 October 2019 ("October 2019").

This interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The Group statutory financial statements for the 52 weeks ended 25 April 2020 ("April 2020") are available upon request from the company's registered office at Superdry Plc, Unit 60, The Runnings, Cheltenham, Gloucestershire, GL51 9NW or www.corporate.superdry.com.

This interim financial information has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and the requirements of the Disclosures and Transparency Rules. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Group financial statements as at and for the 52 weeks ended 25 April 2020 ("Group Annual Report FY20"), which have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union. This interim financial information was approved by the Board of Directors on 18 January 2021.

The comparative figures for April 2020 are extracted from the Group's statutory accounts for that financial year. Those accounts have been reported on by the company's auditor and delivered to the

registrar of companies. The report of the auditor (i) was unqualified; (ii) included a reference to draw attention to the Directors' conclusion that there was a material uncertainty relating to going concern in respect of the Group's ability to have access to sufficient, committed bank facilities; and (iii) did not contain statements under section 498(2) or (3) of the Companies Act 2006. These sections address whether proper accounting records have been kept, whether the Group's accounts are in agreement with these records and whether the auditor has obtained all the information and explanations necessary for the purposes of the audit. Full details of the material uncertainty can be found in the Independent Auditor's Report in the Group's Annual Report FY20.

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

This interim financial information has been prepared under the going concern basis.

For the reasons set out in within the Assessment of Going Concern section of this announcement the Directors noted that the risks set out there indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The material uncertainty relates to:

- the duration and impact of the second-wave of national lockdowns and subsequent recovery in consumer demand, and the Group's ability to capture this in future trading; and,
- the ability of the Group to meet its covenants from debt providers

As detailed above management has considered the forecasts, sensitivities and mitigating actions available 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 a period of at least 12 months from the date of signing the financial statements, taking into account the working capital troughs in FY22. Accordingly, the financial statements continue to be prepared on the going concern basis.

2. Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial period (see pages 132 to 138 of the Group Annual Report FY20) except as described below.

Taxation

Taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual earnings.

IFRS 16

The Group has applied Covid-19-Related Rent Concessions, as permitted under amended IFRS 16, issued by the IASB in May 2020. The practical expedient is only applicable to rent concessions provided as a direct result of the COVID-19 pandemic with no other substantive changes to other terms and condition of the lease. Rent concessions meeting the criteria have been recognised in the period to which they relate. Adoption of the practical expedient has resulted in a £3.7m credit to the underlying operating loss.

3. Critical accounting estimates and judgements in applying accounting policies

The preparation of interim financial information requires judgements, estimates and assumptions to be made that affect the reported value of assets, liabilities, revenue and expenses. The nature of estimation and judgement means that actual outcomes could differ from expectation.

In preparing this interim financial information, unless stated otherwise, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the

same as those that applied to the consolidated financial statements for the 52 weeks ended 25 April 2020 (as set out on pages 136 to 138 of the Group Annual Report FY20). These were as follows:

- Store impairments;
- Onerous property-related contract provisions;
- Recoverability of trade debtors;
- Inventory provisions;
- IFRS 16 break options;
- IFRS 16 discount rates;
- Attributing Ecommerce sales and costs to stores; and
- Determination of exceptional and other items.

4. Seasonality of operations

Due to the seasonal nature of the Retail segment, higher revenues and operating profits are usually expected in the second half of the year under normal trading conditions. This weighting of higher revenues in the second half of the year is a consequence of the brand's strength in cooler weather categories, such as outerwear, which also carry higher average selling prices. Operating profits therefore benefit from operating cost leverage, particularly in the Group's stores. Wholesale seasonality is more evenly spread across the year.

However, due to the timing of the impact of Covid-19 in the financial period ended 25 April 2020, second half performance was substantially impacted due to the outbreak of Covid-19 in the fourth quarter with all owned stores and the majority of franchise locations closed from late-March. Consequently, the financial period ended 25 April 2020 had 52.4% of total revenues accumulated in the first half of the year, with 47.6% in the second half. This corresponded to 5.5% of underlying loss before tax in the first half of the year and 94.5% of the underlying loss before tax in the second half.

Given the impact of the ongoing Covid-19 pandemic and ongoing lockdowns we do not expect to see the same level of seasonality benefit from cold weather categories as in previous years.

5. Segmental information

The Group's operating segments under IFRS 8 have been determined based on the reports reviewed by the Group's Chief Operating Decision Maker (Executive Committee Members "the CODM"). The CODM assesses the performance of the operating segments based on underlying profit before interest and before inter-segment royalties. The CODM considers the business from a customer perspective only, being Retail and Wholesale. The CODM reviews the balance sheet at a Group level. No separate balance sheet measures are provided between the Retail and Wholesale segments. Ecommerce is not identified separately as an operating segment due to the levels of cross-over between physical store sales, Ecommerce sales and retail customers.

The CODM receives information, reviews the performance of the business, allocates resources and approves budgets for two operating segments, and therefore information is disclosed in respect of the following two segments:

- Retail - principal activities comprise the operation of UK, Republic of Ireland, European and US stores, concessions and all internet sites. Revenue is derived from the sale to individual consumers of own brand clothing, footwear and accessories;
- Wholesale - principal activities comprise the ownership of brands, wholesale distribution of own brand products (clothing, footwear and accessories) worldwide and trade sales.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Group reports and manages central functions separately to the Retail and Wholesale operations, which includes design, finance, HR, IT, legal, merchandising, property, sourcing and the goodwill and intangibles arising on consolidation.

The revenue from external parties reported to the CODM is measured in a manner consistent with that of the IFRS financial statements.

Inter-segment royalties, transfers or transactions entered into under a cost plus pricing structure are not reflected in the performance of each business segment.

Segment information for the business segments of the Group for October 2020 is set out below:

October 2020 segmental analysis (unaudited)	Retail £m	Wholesale £m	Central £m	Group £m
Total segment revenue	173.6	204.0	-	377.6
Inter-segment revenue	-	(94.9)	-	(94.9)
Revenue from external customers	173.6	109.1	-	282.7

October 2020 segmental analysis (unaudited)	Underlying* October 2020 £m	Exceptional and other items £m	Reported 2020 £m
Revenue			
Retail	173.6	-	173.6
Wholesale	109.1	-	109.1
Total revenue	282.7	-	282.7
Operating (loss)/profit			
Retail	5.1	(5.3)	(0.2)
Wholesale	19.0	(2.3)	16.7
Central	(31.1)	(0.7)	(31.8)
Total operating (loss)/profit	(7.0)	(8.3)	(15.3)
(Loss)/profit before tax			
Retail	2.1	(5.3)	(3.2)
Wholesale	19.0	(2.3)	16.7
Central costs	(31.7)	(0.7)	(32.4)
Total (loss)/profit before tax	(10.6)	(8.3)	(18.9)

*Underlying is defined as reported results before exceptional items and other items, and is further explained in note 23.

The £0.7m exceptional and other charge in the central segment is in relation to restructuring costs and the Founder Share Plan. Of the £7.6m loss in the retail and wholesale segments, £0.2m relates to restructuring costs and £7.4m relates to the fair value of forward exchange contracts, as disclosed further in note 6.

October 2019 segmental analysis (unaudited)	Retail £m	Wholesale £m	Central £m	Group £m
Total segment revenue	215.1	266.0	-	481.1
Inter-segment revenue	-	(112.0)	-	(112.0)
Revenue from external customers	215.1	154.0	-	369.1

The following additional information is considered useful to the reader.

October 2019 segmental analysis (unaudited)	Underlying* October 2019 £m	Exceptional and other items £m	Reported 2019 £m
Revenue			

Retail	215.1	-	215.1
Wholesale	154.0	-	154.0
Total revenue	369.1	-	369.1
Operating (loss)/profit			
Retail	5.5	(0.4)	5.1
Wholesale	42.0	(0.2)	41.8
Central	(46.3)	(1.3)	(47.6)
Total operating (loss)/profit	1.3	(1.9)	(0.6)
(Loss)/profit before tax			
Retail	2.6	(0.4)	2.2
Wholesale	42.0	(0.2)	41.8
Central costs	(46.9)	(1.3)	(48.2)
Total (loss)/profit before tax	(2.3)	(1.9)	(4.2)

*Underlying is defined as reported results before exceptional items and other items, and is further explained in note 23.

The £1.3m charge in the Central Segment is in relation to restructuring, strategic change and other costs, and the Founder Share Plan and other share schemes. The £0.6 loss in the other segments relates to the fair value of forward exchange contracts, as disclosed further in note 6.

The Group has subsidiaries which are incorporated and resident in the UK and overseas. Revenue from external customers in the UK and the total revenue from external customers from other countries are:

	Unaudited October 2020	Unaudited October 2019
	£m	£m
External revenue – UK	96.3	123.2
External revenue – Europe	160.8	199.4
External revenue – Rest of world	25.6	46.5
Total external revenue	282.7	369.1

Included within non-UK external revenue is £61.0m (October 2019: £95.3m) generated by our overseas subsidiaries.

The total of non-current assets, other than deferred tax assets, located in the UK is £75.8m (October 2019: £141.6m, April 2020: £84.5m), and the total of non-current assets located in other countries is £117.3m (October 2019: £230.6m, April 2020: £123.6m).

6. Exceptional and other items

Non-underlying adjustments constitute exceptional and other items. These are defined in note 23 and are disclosed separately in the Group statement of comprehensive income.

	Unaudited October 2020	Unaudited October 2019
	£m	£m
Exceptional and other items		
Unrealised loss on financial derivatives	(7.4)	(0.6)
Restructuring, strategic change and other costs	(0.6)	(1.4)
IFRS 2 (charge)/credit in respect of Founder Share Plan ('FSP')	(0.3)	0.1
Exceptional and other items	(8.3)	(1.9)

Taxation		
Tax impact of non-underlying adjustments	1.5	0.1
Taxation on exceptional and other items	1.5	0.1
Total exceptional and other items after taxation	(6.8)	(1.8)
Exceptional and other items are included within:		
Selling, general and administrative expenses	(0.9)	(1.3)
Other gains and losses (net)	(7.4)	(0.6)
Exceptional and other items	(8.3)	(1.9)

7. Share of loss of joint venture

As at 25 April 2020, the carrying value of the investment in the Joint Ventures of Trendy & Superdry Holding Limited and Horace SARL was £nil, and no further investment has been provided during the period by Superdry Plc. As such the carrying value of the investment at 24 October 2020 is still £nil (October 2019: £nil). The unrecognised share of joint venture losses in the period are £nil in line with the Group policy (FY20: £3.7m, 1H19: £2.6m, cumulative £8.8m). Further information about the exit of investment in Trendy & Superdry Holding Limited was included in note 39 of the FY20 Group Annual Report.

8. Tax

The Group's income tax credit for 1H21 is £3.5m (H1 FY20: £2.3m income tax expense). Excluding discrete tax credits of £0.2m, the residual underlying income tax credit of £2.0m represents an underlying effective tax rate of 18.7% compared to 19.8% in 1H20 and 14.6% in FY20. The Group's tax credit on exceptional losses of £1.5m represents an effective tax rate of 18.2%. Taken together the Group's total income tax credit of £3.5m represents a total effective tax rate of 18.7% for the period ended 24 October 2020. The Group's total effective tax rate of 18.7% is lower than the statutory rate of tax of 19%.

This is primarily due to the level of overseas losses to which no tax benefit has been recognised, permanent differences on consolidation adjustments, the level of lease liabilities on the balance sheet to which no tax benefit continues to be recognised together with depreciation and amortisation on non-qualifying assets.

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

	Unaudited October 2020 £m	Unaudited October 2019 £m
Loss before income tax	(18.9)	(4.2)
Loss multiplied by the standard rate in the UK – 19.0% (1H20: 19.0%)	(3.6)	(0.8)
Expenses not deductible for tax purposes	(4.7)	0.5
Overseas tax differentials	5.2	0.2
Deferred tax not recognised	(1.4)	-
Non-qualifying depreciation	0.7	-
Prior year items	0.3	2.4
Total income tax (credit)/expense	(3.5)	2.3

9. Note to the cash flow statement

Reconciliation of operating loss to cash generated from operations

	Note	October 2020 £m	October 2019 £m
Operating loss		(15.3)	(0.6)
Adjusted for:			
- Loss on unrealised financial derivatives	6	7.4	0.6
- Depreciation of property, plant and equipment	11	8.8	12.2
- Net depreciation of right of use asset and deferred liability	13	13.2	27.3
- Amortisation of intangible assets	12	5.1	4.5
- Loss on disposal of property, plant and equipment		0.7	0.1
- Release of lease incentives		(0.2)	(0.7)
- Employee share award schemes		0.8	0.6
- Foreign exchange gains		(2.1)	(0.1)
		18.4	43.9
Operating cash flow before movements in working capital		18.4	43.9
Changes in working capital:			
- Increase in inventories		(8.2)	(6.1)
- Increase in trade and other receivables		(32.8)	(19.7)
- Increase in trade and other payables, and provisions		41.8	(14.1)
Cash generated from operating activities		19.2	4.0

The increase in trade and other receivables stems mainly from the later phasing of the AW20 wholesale forward orders in 2020.

The higher increase in trade and other payables is primarily a result of £30m of Covid-19 rent deferrals and waiver negotiations.

10. Dividends

For the year ended 25 April 2020, the Board made the decision not to recommend paying a final dividend for the financial year in light of the prevailing situation.

In line with the decision at the year end, the Board believes it is prudent and in the long-term interest of shareholders to continue to focus on cash preservation in the short-term, and has taken the decision to not propose an interim dividend.

11. Property, plant and equipment

Movements in the net book value ("NBV") of property, plant and equipment in the period to October 2020 were as follows:

	Land and buildings £m	Leasehold improvements £m	Furniture, fixtures and fittings £m	Computer equipment £m	Total Group £m
NBV as at 25 April 2020	4.3	23.4	11.2	2.8	41.7
Additions	-	0.1	2.4	0.2	2.7
Disposal	-	(0.2)	(0.1)	-	(0.3)
Depreciation	-	(4.8)	(2.7)	(1.3)	(8.8)
Exchange differences	-	0.2	-	-	0.2
NBV as at 24 October 2020	4.3	18.7	10.8	1.7	35.5

12. Intangible assets

Movements in the net book value (“NBV”) of intangible assets in the period to October 2020 were as follows:

	Trademarks	Websites & software	Lease premiums	Distribution agreements	Goodwill	Total Group
	£m	£m	£m	£m	£m	£m
NBV as at 25 April 2020	1.4	23.1	-	2.4	21.5	48.4
Additions	0.5	1.8	-	-	-	2.3
Amortisation	(0.3)	(4.5)	-	(0.3)	-	(5.1)
Exchange differences	-	0.2	-	0.2	0.9	1.3
NBV as at 24 October 2020	1.6	20.6	-	2.3	22.4	46.9

13. Right of use assets

The Group transitioned to IFRS 16 during the 52 weeks ended 25 April 2020. As a result, Right of use assets are recognised in relation to the Group’s leases. The Group’s leased portfolio comprises various store and head office properties and motor vehicles. The Group has applied the practical expedient in relation to rent concessions provided as a result of the Covid-19 pandemic where relevant, as allowed by an amendment to IFRS 16 in May 2020.

Movements in the net book value (“NBV”) of Right of use assets in the period to October 2020 were as follows:

	Total Group
	£m
NBV as at 25 April 2020	118.0
Additions	2.1
Disposal	(0.2)
Lease modification	2.2
Depreciation	(13.2)
Exchange differences	1.8
NBV as at 24 October 2020	110.7

14. Capital expenditure commitments

The Group has capital expenditure commitments on property, plant and equipment of £nil at October 2020 (£nil at October 2019 and £nil at April 2020).

15. Equity securities

19,640 ordinary shares of 5p each were authorised, allotted and issued in the period under the Superdry Plc Share based Long Term Incentive Plans, Save As You Earn and Buy As You Earn schemes.

16. Loss per share

	Unaudited October 2020	Unaudited October 2019
	£m	£m
Loss		
Loss for the period attributable to owners of the company	(15.4)	(6.5)
	Number	Number
Number of shares at period end	82,030,428	82,002,204
Weighted average number of ordinary shares - basic	82,020,620	81,998,661
Effect of dilutive options and contingent shares	604,281	262,323
Weighted average number of ordinary shares - diluted	82,624,901	82,260,984
Basic loss per share (pence)	(18.8)	(7.9)
Diluted loss per share (pence)	(18.6)	(7.9)

Underlying basic loss per share

	Unaudited October 2020	Unaudited October 2019
	£m	£m
Loss		
Underlying loss for the period attributable to owners of the company	(8.6)	(4.7)
	Number	Number
Weighted average number of ordinary shares - basic	82,020,620	81,998,661
Weighted average number of ordinary shares - diluted	82,624,901	82,260,984
Underlying basic loss per share (pence)	(10.5)	(5.7)
Underlying diluted loss per share (pence)	(10.4)	(5.7)

17. Related parties

Directors of the Group within the period and their immediate relatives control 20.3% (October 2019: 18.5%) of the voting shares of the Group. There have been no material transactions in the period with related parties, including Directors.

18. Net (debt)/cash

	April 2020	Net cash flow	Other non-cash changes	October 2020
	£m	£m	£m	£m
Analysis of net cash - October 2020 (unaudited)				
Cash and short-term deposits	307.4	(275.9)	2.6	34.1
Bank overdraft	(270.7)	270.7	-	-
Net cash and overdraft	36.7	(5.2)	2.6	34.1
Other short-term borrowings	-	-	-	-
Total net (debt)/cash	36.7	(5.2)	2.6	34.1

	April 2019 £m	Restated Net cash flow £m	Other non-cash changes £m	Restated October 2019 £m
Analysis of net cash - October 2019 (unaudited)				
Cash and short-term deposits	35.9	187.9	4.4	228.2
Bank overdraft	-	(207.5)	-	(207.5)
Net Cash and overdraft	35.9	(19.6)	4.4	20.7
Other short-term borrowings	-	(30.0)	-	(30.0)
Total net cash/(debt)	35.9	(49.6)	4.4	(9.3)

See note 21 for details of the prior period restatement relating to the gross up of cash and overdraft balances.

Included with cash and cash equivalents is £0.1m of rent deposits held for sub-tenants of the Regent Street Store (October 2019: £0.2m), and £1.1m of cash deposits from franchise customer guarantees (October 2019: £1.2m). Additionally, there is EUR 1.9m (£1.7m) (October 2019: EUR 1.9m, £1.7m) deposited in an account with Europäisch-Iranische Handelsbank AG. These amounts are restricted cash.

Other non-cash changes relate to foreign exchange gains and losses.

Refinancing

In August 2020, the Group entered into a new financing facility with existing lenders, HSBC and BNPP in the form of a new £70m Asset Backed Lending Facility ("ABL Facility"), with a term until January 2023 with amended covenants.

This ABL Facility replaces the revolving credit facility that the Company had in place following the breach of non-financial covenants in respect of the timing of submission of subsidiary statutory accounts, The RCF was due to expire in January 2022. The new facility is subject to a number of financial covenants and the borrowing base will vary throughout the year dependent on the level of the Company's eligible inventory and receivables.

The covenants outlined in this agreement include specific EBITDAR (earnings before interest, tax, depreciation, amortisation and rent) and Fixed Charge Cover (earnings before interest and tax over fixed charges) to be attained on specified dates throughout the year and along with a clear down period of 5 successive days in January 2021 to be achieved. The EBITDAR covenant is different from that defined in note 23 as it is based on an internal budget basis.

19. Financial risk management and financial instruments

The Group's activities expose it to a variety of financial risks including: market risk (including foreign currency risk and cash flow interest rate risk), credit risk and liquidity risk. The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group Annual Report FY20. There have been no changes in the risk management department or in any risk management policies since the year end.

Liquidity risk

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

Fair value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

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

The following table presents the Group's assets and liabilities that are measured at fair value at 24 October 2020 and 26 October 2019.

Unaudited	Level 1 2020 £m	Level 2 2020 £m	Level 3 2020 £m	Level 1 2019 £m	Level 2 2019 £m	Level 3 2019 £m
ASSETS						
Derivative financial instruments						
- Forward foreign exchange contracts	-	0.2	-	-	1.5	-
- Option contracts	-	-	-	-	-	-
LIABILITIES						
Derivative financial instruments						
- Forward foreign exchange contracts	-	7.3	-	-	0.5	-
- Option contracts	-	-	-	-	3.2	-

There were no transfers between levels during the period.

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

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

20. Government assistance

The Group has continued to utilise available government cash preservation measures across the business including the deferral of tax payments, seeking reductions in UK business rates, utilising government support packages offered in many countries where we operate, and furloughing staff during the period stores were closed.

Government grants during the period in relation to the UK's Coronavirus Job Retention Scheme (CJRS) and equivalent schemes in other territories represents a value of £4.1m. Business rates relief provided by the UK government during the Covid-19 pandemic represents an estimated saving of £8.1m.

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 the salary expense in selling, general and administrative expenses. Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

No government grants were utilised by the Group in the prior period.

21. Prior year restatement

During the second half of the financial period to 25 April 2020, it was determined that the Group's cash and overdrafts within notional cash pooling arrangements did not meet the requirements for offsetting in accordance with IAS 32: 'Financial Instruments: Presentation'. This affects the balances reported as at 26 October 2019. For presentational purposes, cash and bank balances in the prior period have been restated in accordance with IAS 8: 'Accounting Policies, Change in Accounting Policies and Errors' with an additional £196.6m within borrowings, and cash balances increased by an equal and opposite amount. There is no impact on net assets.

Additionally, there are two adjustments associated with IFRS 16 that require the balances as at 26 October 2019 to be restated. Firstly, £5.8m remained within trade and other receivables on the balance sheet at the transition date to IFRS 16 which should have been reclassified to the right of use asset. Accordingly, this has been reclassified correctly below. Secondly, there was an adjustment to the calculations of the present value of lease payments which resulted in a decrease of both the right of use asset and lease liability to the value of £1.9m.

The impact of these adjustments on the relevant financial statement line items is set out below:

£m	26 October 2019 As reported	Cash Adjustment	IFRS 16 transition Adjustment	26 October 2019 Restated
ASSETS				
Property, plant and equipment	65.6	-	-	65.6
Right of use assets	257.2	-	3.9	261.1
Intangible assets	49.4	-	-	49.4
Deferred income tax assets	33.6	-	-	33.6
Non-current assets	405.8	-	3.9	409.7
Current assets				
Inventories	193.0	-	-	193.0
Trade and other receivables	141.1	-	(5.8)	135.3
Current tax debtor	10.8	-	-	10.8
Derivative financial instruments	1.5	-	-	1.5
Assets classified as held for sale	2.4	-	-	2.4
Cash and cash equivalents	31.6	196.6	-	228.2
Total current assets	380.4	196.6	(5.8)	571.2
LIABILITIES				
Current liabilities				
Borrowings	40.9	196.6	-	237.5
Trade and other payables	115.3	-	-	115.3
Provisions for other liabilities and charges	5.7	-	-	5.7
Current tax liabilities	4.2	-	-	4.2
Derivative financial instruments	0.3	-	-	0.3
Lease liabilities	73.8	-	(1.9)	71.9
Total current liabilities	240.2	196.6	(1.9)	434.9
Non-current liabilities	295.0	-	-	295.0
NET ASSETS	251.0	-	-	251.0
EQUITY	251.0	-	-	251.0

Note 18 has also been restated following this adjustment:

	As Reported			October 2019 £m
	April 2019 £m	Net cash flow £m	Other non-cash changes £m	
Analysis of net cash - October 2019 (unaudited)				
Cash and short-term deposits	35.9	(8.7)	4.4	31.6
Bank overdraft	-	(10.9)	-	(10.9)
Net Cash and overdraft	35.9	(19.6)	4.4	20.7

	Adjustment			October 2019 £m
	April 2019 £m	Net cash flow £m	Other non-cash changes £m	
Analysis of net cash - October 2019 (unaudited)				
Cash and short-term deposits	-	196.6	-	196.6
Bank overdraft	-	(196.6)	-	(196.6)
Net Cash and overdraft	-	-	-	-

	Restated			October 2019 £m
	April 2019 £m	Net cash flow £m	Other non-cash changes £m	
Analysis of net cash - October 2019 (unaudited)				
Cash and short-term deposits	35.9	187.9	4.4	228.2
Bank overdraft	-	(207.5)	-	(207.5)
Net Cash and overdraft	35.9	(19.6)	4.4	20.7

22. Subsequent events

Brexit

The transition period following the UK's withdrawal from the European Union came to an end on 31 December 2020. We are now following the requirements of the EU-UK Trade and Cooperation Agreement, which was provisionally signed on 30 December 2020.

The operational implications of this for the Group have been outline in the Chief Executive's Review section of this announcement.

Covid-19

On 31 October 2020 the UK Government announced a second national lockdown for England in response to the Covid-19 pandemic to last from 4 November 2020 to 2 December 2020. As part of this lockdown, non-essential retailers were required to close, including the Group's store estate across England. This followed similar measures affecting the store estate in Wales, Northern Ireland and certain EU markets.

From December onwards there have been a series of additional tier-based and national lockdown measures across the UK and EU markets, as well as wider factors affecting open stores, such as social distancing measures, and broader economic and health concerns.

The directors expect a significant negative impact on consumer demand, at least in the short term. These regional lockdowns impacted trading in UK, France, Belgium and Ireland, with temporary store closures leading to 50% of available trading days lost in November and 25% of available trading days lost in December.

While these continued lockdowns have worsened the immediate trading environment, the subsequent announcement of a number of effective vaccines has improved the medium-term outlook, though we remain cautious on the trading, operational and financial impacts.

These ongoing changes to the trading environment as a result of the Covid-19 pandemic are considered to be non-adjusting subsequent events for the purposes of the interim financial statements, as at the balance sheet date the prevailing view that a "second wave" lockdown appeared unlikely.

23. 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 “underlying” basis. Results on an underlying basis are presented before exceptional and other items.

The APMs used in this Interim Report are: underlying gross profit and margin, underlying operating (loss)/profit and margin, like-for-like revenue growth, underlying (loss)/profit before tax, underlying tax expense and underlying effective tax rate, underlying 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.

Exceptional and other items

The Group’s statement of comprehensive income and segmental analysis separately identify trading results before exceptional and other items. The Directors believe that presentation of the Group’s results in this way is an alternative analysis of the Group’s financial performance, as exceptional and other items are identified by virtue of their size, nature or incidence. This presentation is consistent with the way that financial performance is measured by management and reported to the Board and the Executive Committee and assists in providing a relevant analysis of the trading results of the Group. It is also consistent with the way that management is incentivised. In determining whether events or transactions are treated as exceptional and other items, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

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

Exceptional items

- Acquisitions/disposals of significant businesses and investments (including related to the joint venture);
- Impact on deferred tax assets/liabilities for changes in tax rates;
- Business restructuring programmes;
- Derecognition of deferred tax assets (including related to the joint venture); and
- Asset impairment charges and onerous lease provisions.

Other items

- The movement in the fair value of unrealised financial derivatives; and
- IFRS 2 charges in respect of Founder Share Plan (‘FSP’).

In the event that other items meet the criteria, which are applied consistently from year to year, they are also treated as exceptional and other items.

Exceptional and other items in this period

The following items have been included within exceptional and other items for the 26 weeks ended 24 October 2020:

Fair value re-measurement of foreign exchange contracts – 1H21, FY20 and 1H20 item

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 ‘exceptional and other items’ due to both their size and nature. The size of the movement on the fair value of the contracts is dependent in particular 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 historic performance. The Directors do not therefore consider these unrealised losses/gains to be a reflection of the trading performance in the period. When contracts mature, the profit or loss is reflected in underlying profit before tax. Hedge accounting is not applied to forward contracts.

Restructuring, strategic change and other costs – 1H21, FY20 and 1H20 item

In June 2020, it was announced that the Group would undergo a restructuring programme which included redundancies in order to make the Group fit for the future. This resulted in investing in certain areas of the Group whilst changing the structure and reporting lines in other areas of the business. This has resulted in restructuring costs during the period of £0.6m. The Directors consider these to be “exceptional and other” costs due to their size and their “one-off” nature. These are not considered to be a reflection of the trading performance in the period.

Store asset impairment and onerous property related contracts provision – FY20 item

A store asset impairment and onerous property related contracts provision review was performed during FY20 across the Group’s store portfolio. This resulted in fixed assets, intangible assets and right of use assets impairment of £136.8m on the basis that the recoverable amount is less than the carrying value. In addition an onerous property related contracts provision of £12.0m has been recognised, reflecting the shortfall in the net present value of the future rent obligations within the lease.

No such review has been performed during the current period. The Directors consider the store impairment and onerous property related contracts provision to be an “exceptional and other item” due to the materiality of the charge.

Founder Share Plan (‘FSP’) – IFRS 2 charge – 1H21, FY20 and 1H20 item

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 ‘exceptional and other items’ for the current and subsequent periods.

The Directors consider the plan to be one-off in nature and unusual in that the share awards are being funded exclusively by the Founders. The full year charge for FY21 has been estimated between £0.3m and £2m. While the charge is spread over a number of financial years, the plan is a one-time scheme. Accordingly the IFRS 2 charge in respect of the FSP is considered to be an ‘exceptional and other 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 with regard to 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 and not a reflection of the trading performance in the period.

Underlying gross profit and margin

In the opinion of the Directors, underlying gross profit and margin are measures which seek to reflect the underlying performance of the Group that will contribute to long-term sustainable profitable growth. It is a key internal management metric for assessing segmental performance. As such, they exclude the impact of exceptional and other items.

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

	1H21	1H20	FY20
	£m	£m	£m
Reported revenue	282.7	369.1	704.4
Gross profit	146.2	207.8	377.9
Exceptional and other items	-	-	-
Underlying gross profit	146.2	207.8	377.9

	1H21	1H20	FY20
	%	%	%

Gross margin	51.7%	56.3%	53.6%
Underlying gross margin	51.7%	56.3%	53.6%

Underlying operating (loss)/profit and margin

In the opinion of the Directors, underlying operating (loss)/profit and margin are measures which seek to reflect the underlying performance of the Group that will contribute to long-term sustainable profitable growth. The Directors focus on the trends in underlying operating profit and margins, and it is a key internal management metric for assessing segmental performance. As such, they exclude the impact of exceptional and other items.

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

	1H21	1H20	FY20
	£m	£m	£m
Reported revenue	282.7	369.1	704.4
Operating loss	(15.3)	(0.6)	(159.4)
Exceptional and other items	8.3	1.9	125.1
Underlying operating (loss)/profit	(7.0)	1.3	(34.3)

	1H21	1H20	FY20
	%	%	%
Operating margin	(5.4)%	(0.2)%	(22.6)%
Underlying operating margin	(2.5)%	0.4%	(4.9)%

Like-for-like revenue growth

In the opinion of the Directors, like-for-like revenue growth is a measure which seeks to reflect the underlying performance of the Group's stores without the impact of new or closed stores in the year. 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. It is a key internal management metric for assessing revenue performance. Like-for-like sales growth is defined as the year-on-year increase in revenue from stores and concessions open for more than one year, and allowing for store upsizing of no more than 100% in original trading space, less the impact of store closures. As such, they exclude the changes to the store portfolio. This is a new measure in the period following the change in Directors.

A reconciliation from reported revenue growth, the most directly comparable IFRS measure, to the like-for-like revenue growth is set out below.

	1H21	1H20	FY20
	%	%	%
Reported retail revenue growth %	(19.3%)	(11.4%)	(19.2)%
Like-for-like store revenue growth %	(30.2%)	(11.8%)	(14.4)%

Underlying loss before tax

In the opinion of the Directors, underlying loss before tax is a measure which seeks to reflect the underlying performance of the Group that will contribute to long-term sustainable profitable growth. The Directors consider this to be an important measure of Group performance and is consistent with how the business performance is reported to and assessed by the Board and the Executive Committee.

This is a measure used within the Group's incentive plans. Refer to the Remuneration Report in the Group Annual Report FY20 for explanation of why this measure is used within incentive plans.

As such underlying loss before tax excludes the impact of exceptional and other items.

A reconciliation from loss before tax, the most directly comparable IFRS measures, to the underlying loss before tax is set out below.

	1H21	1H20	FY20
	£m	£m	£m
Loss before tax	(18.9)	(4.2)	(166.9)
Exceptional and other items	8.3	(1.9)	125.1
Underlying loss before tax	(10.6)	(2.3)	(41.8)

Underlying tax expense and underlying effective tax rate

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

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 underlying tax expense is set out below:

	1H21	1H20	FY20
	£m	£m	£m
Loss before tax	(18.9)	(4.2)	(166.9)
Exceptional and other items	8.3	1.9	125.1
Underlying loss before tax	(10.6)	(2.3)	(41.8)
Tax credit/(expense)	3.5	(2.3)	23.5
Exceptional and other items – tax impact of items included in loss before tax	-	(0.1)	(0.1)
Exceptional and other items – impact on deferred tax assets/liabilities for changes in tax rates	(1.5)	-	(17.3)
Underlying tax credit/(expense)	2.0	(2.4)	6.1
Underlying effective tax rate	(18.7%)	19.8%	(14.6)%

Underlying EPS

In the opinion of the Directors, underlying earnings per share is calculated using basic earnings, adjusted to exclude exceptional and other items net of current and deferred tax. See note 16 for the Group's underlying EPS.

Net cash/debt

In the opinion of the Directors, net cash/debt is a useful measure to monitor the overall cash position of the Group. It is the total of all short and long-term loans and borrowings, less cash and cash equivalents. See note 18 for the Group's net cash/(debt) position. This position is exclusive of financial liabilities in relation to IFRS 16.