SuperdryPlc

("Superdry" or "the Company")

20 January 2022

Interim Results for the 26-week period ending 23 October 2021

Clear signs of brand and financial recovery

Superdry announces its Interim results covering the 26-week period from 25 April 2021 to 23 October 2021 ("1H 22") and a trading update covering the 11-week period from 24 October 2021 to 8 January 2022. Where relevant, given the disruption to trading from Covid-19 and to provide more meaningful analysis, we have provided comparisons on a two-year basis.

	Half Year				
£m	1H 22	1H 21	1H 20	*Vs 1H 21*	*Vs 1H 20*
Group Revenue	£277.2m	£282.7m	£369.1m	*(1.9)%*	*(24.9)%*
Gross Margin Rate	55.2%	51.7%	56.3%	*3.5%pts*	*(1.1)%pts*
Adjusted loss before tax[1]	£(2.8)m	£(10.6)m	£(2.3)m	*n/a*	*n/a*
Adjusting items[1]	£6.8m	£(8.3)m	£(1.9)m	*n/a*	*n/a*
Statutory profit/(loss) before tax	£4.0m	£(18.9)m	£(4.2)m	*n/a*	*n/a*
Adjusted basic loss per share[1]	(3.8)p	(10.5)p	(5.7)p	*n/a*	*n/a*
Basic profit/(loss) per share	3.0p	(18.8)p	(7.9)p	*n/a*	*n/a*
Net working capital[1]	£120.6m	£135.1m	£213.0m	*(10.7)%*	*(43.4)%*
Net (debt)/cash position[1]	£(3.9)m	£34.1m	£(9.3)m	*n/a*	*n/a*

Julian Dunkerton, Chief Executive Officer, said:

"I'm really pleased with our progress against each of our strategic initiatives with clear signs of brand and financial recovery. The health of the brand is best demonstrated by the improving sales run-rate and a +12%pts[2] increase in Retail full-price sales mix which helped drive Group gross margin up +3.5%pts year-on-year.

The Autumn/Winter 21 ('AW21') season[3] has been the first opportunity to present our improved product to consumers. Our core category of jackets drove performance, up 40% year-on-year and it was encouraging to see positive trends across a number of categories, particularly in womenswear, where we saw an increase in mix +4%pts vs AW19. We have also seen our short order product begin to show promising traction with teen consumers.

Illustrating our long-term commitment to the high street, our new Oxford Street flagship store launched in November, showing the best representation of our style choices and how we plan to engage with our customers, wholesale partners and the influencer community. It has been pleasing to see early trading performance, which has exceeded expectations.

We continue to make progress on our digital marketing strategy and reigniting consumer interest in the brand, with the number of influencers we have engaged increasing sixfold year-on-year to more than 2,000 at the end of December, supported by our increasing investment in social marketing activities and ever-improving product.

I was also delighted to see our Carbon Disclosure Project rating increase, once again, to A-. We have consistently improved our grade over the last three years and, while there is still a lot left to do, I'm proud of the team's efforts as we strive to be the leading listed sustainable fashion brand.

While there remains uncertainty about the impact of Covid-19 and the macro-economic environment, I am increasingly confident in the accelerating momentum of our reset and the strengthening of the brand."

Financial overview

- Revenue declined (1.9)% on a one-year basis and (24.9)% on a two-year basis reflecting the continued impact of Covid-19 and our move to a full-price trading stance, but with a consistently improving run-rate through the period.
- Gross margin gains more than offset the decline in sales, driven by an increase of +12%pts in the full price mix[2], with growth across Stores and Ecommerce, up +5.1%pts and +7.7%pts year-on-year.
- Adjusted loss before tax improved to £(2.8)m (from £(10.6)m) and is in line with 1H 20, a pre-pandemic comparative, benefitting from the re-opening of the store estate.
- Statutory profit before tax increased to £4.0m, from a loss in both 1H 21 and 1H 20, benefiting from the fair value movement on foreign exchange forward contracts (£6.2m credit in 1H 22).
- Net working capital has reduced £14.5m year-on-year as we saw reductions in inventory (£(7.1)m) and trade receivables (£(2.7)m) and an increase in trade payables (£4.7m), largely from later intake timing of inventory caused by the global supply chain issues felt across the sector and deferred rent.
- We ended the half with £(3.9)m net debt as we partially unwound deferred rent (around £10m repayment since year-end). This is significantly lower than 1H 21 (£34.1m net cash), which benefitted from the initial deferrals and rate holidays, but remains ahead of the pre-covid 1H 20 position (£(9.3)m net debt), which is more reflective of our normalised working capital cycle.
- As at 17 January the business had net cash of £20.4m.

Current Trading (11 weeks from 24 October 2021 to 8 January 2022)

The table below shows the revenue change on a one- and two-year basis for the 11-week period ending 8 January 2022:

£m	Vs FY21	Vs FY20
Group Revenue	19.6%	(11.7)%
Stores	84.4%	(18.8)%
Ecommerce	(17.6)%	0.3%
Retail (Stores and Ecommerce)	*21.7%*	*(11.8)%*
Wholesale	12.9%	(11.3)%

Over the 11-week period, revenue was up 19.6% versus FY21 as physical trading continued to recover. On a two-year basis, Group revenue has seen a significant step-up in run-rate since the first half of FY22, improving from (24.9)% to (11.7)%. This is despite footfall remaining suppressed against pre-Covid levels, the development of Omicron leading to further European restrictions and a significant reduction in our mark-down offer in our Black Friday and post-Christmas sales.

In line with our full-price strategy, we have not held an end of season sale in our stores and, over the past 11-weeks, have seen a +4.1%pts gross margin improvement compared to two years ago.

In a continuation of the full-price dynamic seen in H1, Ecommerce revenue declines year-on-year were partially offset by strong margin accretion and variable cost savings. More than half of our owned site Ecommerce sales have been at full price since 23 December (the start of our online sale), versus mid-teens in FY20, with gross margin up 5.7%pts and average order value up +19.2%.

In Wholesale, we shipped the vast majority of the delayed AW21 despatches, evidencing the demand from customers to take the product even at this later point in the season, driving a 12.9% year-on-year increase in sales.

Outlook

The emergence of the Omicron variant has resulted in more uncertainty, but we remain encouraged the brand is clearly resonating with consumers, reflected by the strong gross margin performance as we returned to a full-price stance. Our performance over the peak trading period has given us confidence that we will achieve current market expectations for FY22 adjusted PBT.

In line with the rest of the sector, we expect to be impacted by inflationary cost pressures. However, we expect to fully offset these headwinds through further gross margin improvement (via a reducing mark-down mix), together with some price realignments in selected categories and markets.

Notes

1. 'Adjusted', 'Adjusting' and 'Net (Debt)/Cash' are used as alternative performance measures ('APMs'). Definition of APMs and how they are calculated are disclosed in the financial statements in Note 21. 'Net working capital' has been reconciled within the Finance Review.
2. Full-price sales within our full-price owned channels.
3. Autumn/Winter 21 (full price trading period) defined as the period between weeks 19-34, 29 August 2021 to 18 December 2021.

Market briefing

A webcast for analysts and investors will be held today starting at 08:30, followed by a Q&A with management. The webcast will be available to join live, but questions will be limited to analysts. If you would like to register, please go to https://secure.emincote.com/client/superdry/superdry010. A recording of the event will also be available on our corporate website shortly afterwards.

A separate meeting with an opportunity for retail investors to ask questions will be held at 12.30 through the 'Investor Meets Company' platform, register here.

For further information:

Superdry:

Adam Smith	adamj.smith@superdry.com	+44 (0) 1242 586747
Candice Johnson	candice.johnson@superdry.com	+44 (0) 1242 586747

Media enquiries

Tim Danaher, Imran Jina	superdry@brunswickgroup.com	+44 (0) 207 404 5959

Notes to Editors

Our mission is "To be the #1 sustainable style destination" through our distinct collections, defined by consumer style choices. We design affordable, premium quality clothing, accessories and footwear which are sold around the world. We have a clear strategy for delivering continued growth via a multi-channel approach combining Stores, Ecommerce, and Wholesale.

Superdry has 228 physical stores and around 480 franchisees and licensees. We operate in over 50 countries and have over 4,000 colleagues globally.

Cautionary Statement

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

CEO Review

The momentum behind our brand turnaround continues to grow, with clear signs of brand and financial recovery. Autumn/Winter 2021 ('AW21') was our first full opportunity to showcase our new design philosophy and segmentation to our customers, across all our channels and I am very pleased with the performance despite the ongoing macroeconomic headwinds. We have strengthened consumer engagement with the brand while accelerating our commitment to a full price trading stance, driving improvements in the gross margin and profitability.

Whilst revenue growth was significantly impacted while we traded against prior year promotional periods and by Wholesale delays, we are pleased to have ended the half with sales only down 1.9% year-on-year. A disciplined promotional stance meant that we saw the gross margin rate increase by 3.5%pts year-on-year, delivering a 4.7% increase in gross profit. This overall performance signals to us that the strengthened strategy and reignition of the brand is resonating with consumers.

This dynamic has continued over our peak trading period with year-on-year Retail margins up +2.3%pts in the 11-week period to 8 January 2022, and up +2.7pts on a two-year basis. All markets are beginning to show improvements, albeit at different paces, and our two-year footfall measure in shopping centres and high streets has been ahead of the BRC index for the last four months[1]. Ecommerce sales and profitability have both increased on a 2-year basis in the last 11-weeks, with more than half of our owned site Ecommerce sales at full price since 23 December (the start of our online sale), versus around 15% for the equivalent period in FY20, with improvements to gross margin (+5.7%pts) and average order value (+19.2%). We have also shipped the vast majority of the delayed AW21 Wholesale despatches, evidencing the demand from customers to take the product even at a later point in the season.

The half-year adjusted loss before tax improved by over 70% year-on-year, reflecting the full price trading performance, and returning to the level seen in H1 20. Statutory profit before tax of £4.0m (1H21: loss £(18.9)m) includes a benefit from fair value movements on forward contracts.

Style and sustainability continue to be the overarching focus in everything we do. Reflecting this, we have simplified our mission further: *"To be the #1 sustainable style destination"*. To achieve this, we are continuing to focus on our four strategic objectives:

- Inspire through product & style
- Engage through social
- Lead through sustainability
- Strong operational foundations to 'Make it happen'.

Inspire through product & style

I am incredibly proud of the new product, which has been well received by consumers and our partners, especially jackets where we have seen a step-change in the designs for AW21, with revenues growing 40%[2] compared to AW20. However, we saw improvements across a number of key categories across the same time-frame, particularly in womenswear, driving a mix increase of +4%pts compared to two-years ago.

Our short-order offering has enabled us to communicate with a younger demographic, taking advantage of in-season trends, with our mini-skirt range resonating with teen consumers, and our Recycled capsule being showcased by our sustainability-focused influencers.

Engage through social

Our accelerating use of influencers and focus on social channels, particularly TikTok and Instagram, has allowed us to increase engagement with this younger target demographic. We now have over 2,000 influencers, up sixfold year-on-year, and our Instagram followers grew by +23%. Superdry saw the largest growth in online traffic among the UK's top 50 busiest retail websites over the Black Friday weekend (and one of only three that increased year-on-year)[3], despite a reduced mark-down offering.

Lead through sustainability

Our continued emphasis on sustainability saw nearly half of our AW21 buy being either organic or made from recycled or low impact materials, up 10%pts vs AW20. Our share of sales from sustainable product continues to grow, with all our jackets in the AW21 range containing recycled padding.

As expected, we improved our Carbon Disclosure Project rating from B to A-. Among our peers, we are the only brand to have improved our grade consistently for the last 3 years, evidencing our growing momentum on the journey towards Net Zero, and re-affirming our market leading ambitions and commitment to sustainability.

We published our first Sustainability report in September 2021 which can be found on our Corporate Website (https://corporate.superdry.com/sustainability/sustainability-report/), this provides additional detail on everything we have committed to, achieved so far and ultimately challenged ourselves on.

Make it happen

In November we were joined by Cathryn Petchey, our Global People Director, and Matt Horwood, our Chief Technology Officer. Both bring significant experience, skills and capabilities developed within the retail sector, and we are delighted to have them onboard.

One of the most exciting milestones so far this year has been the opening of our new flagship store on Oxford Street. The store is a statement of our intent for our future and is the best expression of the brand, with the style choices clearly merchandised and a dedicated area for our influencers. Since opening, the store has consistently outperformed expectations and key trading metrics such as conversion, basket value and average selling price have all outperformed averages in our UK stores, with our vintage initiatives helping to attract a materially younger customer.

Building on this, we opened a Studios and Performance Sport concept store in Cheltenham in December, our clearest physical segmentation of style choices yet.

On a digital front, we are making good progress with the migration of our legacy Ecommerce platform over to microservices technology and will begin to see the benefits in FY23 and beyond. In addition, we are also investing in our back-office systems with upgrades to both our inventory and accounting systems.

Despite continued challenges from Covid-19, we continue to reduce our inventory holding and at the end of the first half had 9% fewer units than the same time last year, and 14% fewer than H1 20. Our efficient management of the stock and optimised use of clearance channels, including through Black Friday, means that we are confident we will be able to reduce our inventory even further by the year-end.

Looking forward

As detailed above, we have made solid progress against each of our strategic pillars in 2021, despite the ongoing uncertainty and challenges from Covid-19, which continue to impact consumer demand, operations, and the global supply chain.

Our continually improving and sustainable product, supported by the building momentum behind our social marketing activities, is now starting to resonate with younger consumers and women in particular.

Though we remain cautious, the early signs of progress we are seeing give us increasing confidence in the delivery of the brand turnaround.

Notes
1. BRC Data taken from the BRC-Sensormatic IQ Footfall Monitor for the four months ended December 2021 compared to December 2019.
2. Autumn/Winter 21 (full price trading period) defined as the period between weeks 19-34, 29 August 2021 to 18 December 2021.
3. As per Retail Week article on 9 December 2021, here.

Finance Review

Group revenue decreased by 1.9% in the first half reflecting the continued impact of Covid-19 and our move to a full-price trading stance. Ecommerce decreased 30.0% to £62.2m year-on-year, but this was largely offset by Stores sales which increased by 21.5%, and Wholesale sales which increased 2.7% year-on-year.

Our accelerated strategy to move to a full-price trading stance resulted in a 12%pts increase in mix of full-price sales[1] and a 3.5%pts increase in gross margin rate which more than offset the overall reduction in revenue. The adjusted loss before tax has improved by £7.8m to £(2.8)m, in line with the pre-pandemic 1H 20 loss and benefiting from the re-opening of the store estate. Statutory profit before tax also improved from a loss of £(18.9)m to a profit of £4.0m, benefiting from £6.2m of fair value movements on foreign exchange forward contracts (1H 21: £(7.4)m).

		1H 22 £m	1H 21 £m	Change %
Revenue:	Stores	103.0	84.8	21.5%
	Ecommerce	62.2	88.8	(30.0)%
	Wholesale	112.0	109.1	2.7%
Group revenue		277.2	282.7	(1.9)%
Gross profit:	Stores	71.7	54.7	31.1%
	Ecommerce	39.1	49.0	(20.2)%
	Wholesale	42.3	42.5	(0.5)%
Group profit		153.1	146.2	4.7%
Gross profit margin %		55.2%	51.7%	3.5%pts
Selling and distribution costs		(126.5)	(130.2)	(2.8)%
Central costs		(34.0)	(31.1)	9.3%
Impairment credit on trade receivables		2.0	-	100.0%
Other gains and (losses)		6.1	8.1	(24.7)%
Adjusted operating profit/(loss)*		0.7	(7.0)	(110.0)%
*Adjusted operating margin**		0.3%	(2.5)%	2.8%pts
Net finance expense		(3.5)	(3.6)	(2.8)%
Adjusted loss before tax*		(2.8)	(10.6)	(73.6)%
Adjusting items:				
	Fair value movement on forward contracts	6.2	(7.4)	(183.8)%
	IFRS2 credit/(charge) – Founder Share Plan	0.6	(0.3)	(300.0)%
	Restructuring, strategic costs	-	(0.6)	(100.0)%
Total adjusting items		6.8	(8.3)	(181.9)%
Profit/(Loss) before tax		4.0	(18.9)	(121.2)%

Tax (expense)/credit	(1.5)	3.5	(142.9]%
Profit/(Loss) for the period	2.5	(15.4)	(116.2)%

* Adjusted operating loss, adjusted operating margin and adjusted loss before tax are defined as reported results before adjusting items as further explained in Note 21.

Retail revenue ('Stores' and 'Ecommerce')

Retail revenue	1H 22 £m	1H 21 £m	Vs 1H 21 %	1H 20 £m	Vs 1H 20 %
Stores	103.0	84.8	21.5%	157.3	(34.5)%
Ecommerce	62.2	88.8	(30.0)%	57.8	7.6%
Total Retail revenue	**165.2**	**173.6**	**(4.8)%**	**215.1**	**(23.2)%**
Ecommerce revenue as a proportion of Retail revenue	37.7%	51.2%	(13.5)%pts	26.9%	10.8%pts
Ecommerce revenue as a proportion of Group revenue	22.4%	31.4%	(9.0)%pts	15.7%	6.7%pts

Stores

Store revenue declined 34.5% compared to FY20, as we made the shift to a full-price stance and footfall remained subdued in all markets, despite the easing of social distancing restrictions across the first half. However, we did begin to see an improvement in the run-rate as we moved through the half, which has continued into the second half.

UK footfall recovered strongly throughout the first half, but Europe continued to suffer, largely from Covid-related temporary closures in key markets, ending the half down (11.2)% year-on-year. The Rest of the World revenue relates to the US stores which began to show recovery during the half, albeit still at severely disrupted levels.

Store revenue by territory*	1H 22 £m	1H 21 £m	Change %	1H 20 £m	Change %
UK and Republic of Ireland	53.0	35.1	51.0%	75.8	(30.1)%
Europe	38.7	43.6	(11.2)%	62.5	(38.1)%
Rest of World	11.3	6.1	85.2%	19.0	(40.4)%
Total Store revenue	103.0	84.8	21.5%	157.3	(34.5)%

*For all channels the geographic territories have been aligned to the internal management operational structure.

We closed 15 stores in the year to 1H 22, all during the second half of FY21, and opened 2 new stores, ending the half with 226 stores. Since the half-year end we have opened our new flagship store on Oxford Street and our first Studios and Performance Sport concept store in Cheltenham in addition to 5 other stores, but also saw 5 closures, bringing our total owned stores to 228 as at the end of December.

Ecommerce

Ecommerce continues to face tough comparables year-on-year due to elevated levels of promotional activity during FY21, resulting in revenue ending the half down 30.0%. However, we are encouraged by the more indicative performance on a 2-year basis which is up 7.6%, evidencing of our improved social engagement and focus on digital marketing.

Ecommerce revenue by territory**	1H 22 £m	1H 21* £m	Change %	1H 20 £m	Change %
UK and Republic of Ireland	29.8	48.2	(38.2)%	26.1	14.2%
Europe	29.5	34.0	(13.2)%	27.8	6.2%
Rest of World	2.8	6.6	(57.6)%	3.9	(28.3)%
Total Ecommerce revenue	62.2	88.8	(30.0)%	57.8	7.6%

* In the prior year all eBay sales were allocated between UK and RoW. From the end of FY21 eBay was allocated to the relevant territory for clarity. To ensure consistent comparatives, this methodology has been applied retrospectively to H1 21.
** For all channels the geographic territories have been aligned to the internal management operational structure.

As expected, the store re-openings after lockdowns resulted in a decrease of Ecommerce participation as a percentage of total Retail revenue year-on-year from 51.2% to 37.7%. However, on a 2-year basis, Ecommerce as a proportion of Retail revenue has increased by 10.8%pts highlighting that an element of the shift online we have seen since the start of the pandemic has been permanent.

Wholesale

Many of our Wholesale partners, most of which have a physical presence, suffered the same trading headwinds from Covid as our owned store channels. In addition, global supply chain delays have had a greater impact in this channel due to the need to consolidate stock in our distribution centres before despatching to customers.

Despite the drag experienced from restrictions in Europe, and the timing issues caused by the supply chain delays noted above (the majority of which has since caught up during H2), Wholesale revenue began to recover, increasing 2.7% year-on-year. However, the ongoing Covid-related restrictions over peak may result in partners carrying forward more stock than anticipated.

Wholesale revenue by territory**	1H 22 £m	1H 21* £m	Change %	1H 20 £m	Change %
UK and Republic of Ireland	10.7	14.8	(27.7)%	21.3	(49.7)%
Europe	73.4	74.3	(1.2)%	101.4	(27.6)%
Rest of World	27.9	20.0	39.5%	31.3	(10.9)%
Total Wholesale revenue	112.0	109.1	2.7%	154.0	(27.3)%

* In the prior year Russia and Ukraine were included within Europe. At the end of FY21 these territories were reallocated to Rest of World in line with the internal management structure. To ensure consistent comparatives, this methodology has been applied retrospectively to H1 21.
** For all channels the geographic territories have been aligned to the internal management operational structure.

Gross margin

The acceleration of our return to a full price trading stance resulted in our total gross margin increasing 3.5%pts to 55.2%.

This was evidenced by our full price mix[1] growing by 12%pts, driving gross margin improvements in both our Store and Ecommerce channels, with year-on-year increases of 5.1%pts and 7.7%pts respectively.

Gross margin by channel	1H 22	1H 21	Vs 1H 21	1H 20	Vs 1H 20
Stores	69.6%	64.5%	5.1%pts	68.9%	0.7%pts
Ecommerce	62.9%	55.2%	7.7%pts	59.4%	3.5%pts
Retail	*67.1%*	*59.7%*	*7.4%pts*	*66.3%*	*0.8%pts*
Wholesale	37.8%	39.0%	(1.2)%pts	42.3%	(4.5)%pts
Total gross margin	**55.2%**	**51.7%**	**3.5%pts**	**56.3%**	**(1.1)%pts**

Total operating costs

Total operating costs, pre-adjusting items, reduced by (0.5)% to £152.4m and includes store, distribution, marketing, head office, central and depreciation costs, impairment credit on trade receivables and other gains and losses. The balance is roughly in line with 1H 21, despite the increased activity this year as stores re-opened and our employees began a return to the office.

	1H 22	1H 21	Change
Gross Profit	**153.1**	**146.2**	**4.7%**
Selling and distribution costs	(126.5)	(130.2)	(2.8)%
Central costs	(34.0)	(31.1)	9.3%
Impairment (credit) on trade receivables	2.0	-	100.0%
Other (gains) and losses	6.1	8.1	(24.7)%
Total operating costs pre-adjusting items	**(152.4)**	**(153.2)**	**(0.5)%**
Net finance expense	(3.5)	(3.6)	(2.8)%
Adjusted loss before tax	**(2.8)**	**(10.6)**	**(73.6)%**

Selling and distribution costs decreased £3.7m, predominately as a result of distribution costs decreasing £10.4m year-on-year from reduced Ecommerce volumes. These savings were partially offset through upweighted brand and performance marketing spend (£5.8m increase year-on-year), in line with our strategy to improve engagement with a younger demographic.

Central costs increased £2.9m to £(34.0)m. The key driver for the increase is largely due to an anticipated normalisation of performance related pay (following the reintroduction of the bonus scheme which was suspended in FY21), the return of business rates on our corporate offices and a greater volume of travel and corporate activity as social distancing restrictions begin to relax.

Reflecting the steady rate of collections against our debtor book, we recognised a £2.0m impairment credit on trade receivables (1H 21: £nil).

Within the above costs, there was a modest decrease of £3.7m in depreciation charges, the majority of which sits in selling and distribution costs, due to a lower asset base from historic store impairments and rent negotiations for IFRS 16 leases.

Other gains and losses reflect modifications on IFRS 16 leases and royalty income and this net credit has reduced £(2.0)m year-on-year to £6.1m.

Net finance costs were roughly in line with the prior year at £3.5m (1H 21: £3.6m). £2.3m (1H 21: £3.0m) relates to interest expense on leases under IFRS 16. There was an expected year-on-year increase to the remaining finance costs as we utilised our financing facility in the first half, following the partial unwind of deferred rent during H1 22.

Adjusting items

£m	1H 22	1H 21	Change
Adjusted loss before tax	(2.8)	(10.6)	(73.6)%
Fair value movement on forward contracts	6.2	(7.4)	(183.8)%
IFRS2 charge – Founder Share Plan	0.6	(0.3)	(300.0)%
Restructuring, strategic costs	-	(0.6)	(100.0)%
Total adjusting items	6.8	(8.3)	(181.9)%
Statutory profit/(loss) before tax	4.0	(18.9)	(121.2)%

Adjusting items primarily relate to a £6.2m credit in respect of the fair value movement in financial derivatives (1H 21: £(7.4)m debit) which has been driven by changes to the timing of derivatives used to hedge Euro receivables and US Dollar payables and by rate movements during the hedging period.

Profit/Loss before tax

Despite the continued disruption from Covid-19, the adjusted loss before tax improved to £(2.8)m from £(10.6)m, driven by the re-opening of physical trading locations (both owned and Wholesale) as well as continued cost saving measures.

The adjusted loss before tax of £(2.8)m is roughly in line with the two-year comparative (1H 20: £(2.3)m).

In addition to the above, the statutory profit before tax, improved to a profit of £4.0m, benefitting from the £6.2m fair value movement on forward contracts (1H 21: £(7.4)m).

Taxation

Our tax charge on adjusted losses is £0.3m (1H 21: £2.0m tax credit on adjusted loss). In 1H 22, an accounting tax charge arises on an adjusted loss due to the geographic split of our results and also the recognition/derecognition of deferred tax balances.

Our tax charge on statutory profits is £1.5m (1H 21: £3.5m tax credit on statutory loss). This represents an effective tax rate of 37.5% (1H 21: 18.7%).

The Group’s effective tax rate on statutory profits is higher than the statutory rate of 19% (1H 21: 19%). This is primarily due to movements in deferred taxation recognised in respect of leases, tax losses and the provision made for uncertain tax positions as required by accounting standards.

The net tax charge on adjusting items totals £1.2m (1H 21: £1.5m tax credit), which arises on accounting gains in respect of future foreign exchange contracts.

Profit/Loss after tax

Group statutory profit after tax for the first half was £2.5m, compared to a £15.4m loss in 1H 21.

Profit/Loss per share

Adjusted basic EPS is (3.8)p (1H 21: EPS (10.5)p).

The adjusted performance of the business, offset by the adjusting items outlined above, results in a reported basic EPS of 3.0p (1H 21: EPS (18.8)p) based on a basic weighted average of 82,054,759 shares (1H 21: 82,020,620 shares).

Adjusted diluted EPS is (3.8)p (1H 21: EPS (10.4)p) and diluted EPS is 3.0p (1H 21: EPS (18.6)p. These are based on a diluted weighted average of 84,441,491 shares (1H 21: 82,624,901 shares).

Dividends

In line with the decisions made since the start of the pandemic, 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 not to propose an interim dividend.

Cash Flow

We ended the half with £(3.9)m net debt as we partially unwound deferred rent (around £10m repayment since year-end). This is significantly lower than 1H 21 (£34.1m net cash), which benefitted from the initial deferrals and rate holidays, but remains ahead of the pre-covid 1H 20 position (£(9.3)m net debt), which is more reflective of our normalised working capital cycle. Further detail can be found in the Consolidated Group Cash Flow Statement and note 8.

As at 17 January, we are held net cash of £20.4m.

Working Capital

£m	1H 22 £m	1H 21 £m	Change £m	Change %
Inventories	159.4	166.5	(7.1)	(4.3)%
Trade and other receivables[1]	109.4	112.1	(2.7)	(2.4)%
Trade and other payables[2]	(148.2)	(143.5)	(4.7)	3.3%
Net working capital	**120.6**	**135.1**	**(14.5)**	**(10.7)%**

At H1 22, our inventory balance has reduced by 4.3% (£7.1m) to £159.4m and the number of units has reduced 9% year-on-year, despite the reduction in sales and challenging trading environment. We remain committed to a full year reduction in inventory as we continue with our targeted clearance activity and disciplined forward season buys.

Trade and other receivables are in line year-on-year, decreasing (2.4)% (£2.7m) to £109.4m, due to stronger than anticipated collections on the debtor book.

Trade and other payables have increased by 3.3% to £148.2m, impacted by inventory timings. This line also includes rent deferrals of non-IFRS 16 leases which stands at £4.5m. Deferred rent relating to IFRS 16 leases of £9.9m is included within lease liabilities.

Net working capital decreased in the first half by 10.7% (£14.5m) to £120.6m and as a proportion of Group revenue was 43.5% (1H 21: 47.8%).

Capital Expenditure

Additions in property, plant and equipment and intangible assets totalled £9.0m (1H 21: £5.0m), as the business has re-started its investment programme. We focused our first half spend on IT infrastructure, including the re-platforming of our Ecommerce website to microservices.

We still expect full year capital expenditure to be in the range of £15-£20m, with this level increasing into FY23 as we accelerate our investment into our technology, data and digital capabilities].

Outlook

The emergence of the Omicron variant has resulted in more uncertainty, but we remain encouraged the brand is clearly resonating with consumers, reflected by the strong gross margin performance as we returned to a full-price stance. Our performance over the peak trading period has given us confidence that we will achieve current market expectations for FY22 adjusted PBT.

In line with the rest of the sector, we expect to be impacted by inflationary cost pressures. However, we expect to fully offset these headwinds through further gross margin improvement (via a reducing mark-down mix), together with some price realignments in selected categories and markets.

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 18).

Background – Impact of continuing lockdowns and social distancing restrictions
The lasting impact of the pandemic saw unprecedented levels of disruption throughout FY21, which have continued into FY22, with trading and operations having been disrupted for nearly two full years.

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

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

This dynamic has continued across our markets to varying degrees though calendar 2021, most recently as a consequence of the Omicron variant which began spreading rapidly in December, our busiest trading month of the year. However, unlike previous infection waves, social distancing and the accompanying footfall declines were largely self-imposed by the general public, with comparatively few measures imposed by governments (particularly in the UK). Consequently the impact on trading, while challenging, has been less severe than in previous waves given the store estate's ability to continue trading throughout.

Although there is no certainty that there will not be further lockdowns, this most recent variant suggests that we may see less binary effects than previously. In addition, vaccine rollouts and booster programmes are progressing well in many of our core markets and government communications reflect an increasing pressure to keep economies open.

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

- We recognised £7.7m of one-off rent savings in FY21 relating to the disrupted periods with further savings expected to be realised in FY22. These one-off rent benefits are in addition to the ongoing lease renewal savings that have been achieved to date, which we expect will continue to be realised as we review our store estate.
- Reduced future stock purchases to offset the carry over and recoding of core product, which remains our largest cash mitigation.

Liquidity headroom
The Group will look to refinance its Asset Backed Lending ('ABL') facility for up to £70m, prior to its expiry in February 2023.

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

The maximum drawdown on the ABL facility was £21m in October 2021, as peak working capital coincided with us weathering the impact of temporary closures in the EU and continuing suppressed footfall across all markets. Despite the partial unwind of around £10m deferred rent over the first half, we closed the period with net debt of only £(3.9)m, compared to a pre-covid borrowing of £(9.3)m at H1 20. As at 17 January net cash had increased to £20.4m.

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

Base case:

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

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

- All trading channels benefit from ongoing product improvements, operational initiatives and marketing activity to support the brand reset which began in October 2020, the full benefit of which is not yet realised, given the ongoing footfall suppression throughout 2021.
- Stores trade for the remainder of FY22 and entirety of FY23 following the reopening of those European markets which remained closed at the start of the financial year. Footfall is assumed to recover steadily over the duration of FY22 as stores reopen and consumer demand returns, reflecting the macroeconomic uncertainties in FY22 and the ongoing channel shift towards online, though stabilising at a lower level than previously forecast, and below pre-Covid-19 levels. Profitability will be delivered through increased full price trading margins, the recurring benefits of renegotiated leases.
- Ecommerce trading benefits from the underlying channel shift towards digital from physical retailing (versus pre-Covid levels), together with planned investments to improve the website user experience, most notably the migration to a microservices platform by the end of FY22. Following the return to a full price trading stance during FY22, the latest FY23 projections now reflect this lower volume, high margin trading dynamic, and the associated variable savings.
- Wholesale performance begins to modestly recover in FY23, reflecting the latest forward order book and the continuation of FY22 trends such as increased In Season Orders to online partners, recovering to pre-Covid-19 levels over the medium term. A more normalised delivery phasing is planned, following the disruption experienced during FY22.
- Intake pressures on the gross margin rate are largely offset through the continued full price trading and selective price increases, together with channel mix benefits as stores (our highest margin channel) trade for the duration of the year.
- Marketing spend continues to increase in FY23 to reflect increased performance marketing in the short-term together with longer-term brand investment as part of the turnaround.

Reverse stress test

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

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

a) requiring additional sources of financing, in excess of those that are committed; or
b) breaching the lending covenants on our committed facility

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

This assessment is linked to a robust assessment of the principal risks facing the Group, and the reverse stress test reflects the potential impact of these risks being realised. The principal risks are outlined in the '**Principal risks and uncertainties'** section.

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

- a reduction in uncommitted capital expenditure;
- a reduction in overheads and discretionary spend, particularly marketing and variable pay;
- reducing the purchase quantities of new season stock through lower short-order volumes, and the deferral and cancellation of orders;
- negotiating extended supplier payment terms; and,
- incremental clearance activity through our off-price channels

For the purposes of the going concern calculations, we have modelled only the first two in the above list and held the remainder as contingent activities.

Covenant testing
As at 17 January we have net cash of £20.4m and access to our Asset Backed Lending ("ABL") Facility, together with an uncommitted overdraft.

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

The amended covenants in the ABL facility are tested quarterly and are based around the Group's adjusted fixed charge (rent and interest). The covenants are tested on a 'frozen GAAP' basis and hence unaffected by IFRS 16, "Leases".

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

If this scenario was to occur, management would approach lenders for a covenant waiver. Whilst there would be no guarantee that such a waiver would be made available, in making their assessment management notes that it currently has a good relationship with the Group's lenders and has held positive discussions throughout the year. These lenders have been made aware of all key inputs into the Base Case Plan, as well as the implications of the short-term disruption, and have agreed to re-gear the covenants on several occasions, to reflect the unforeseen duration and magnitude of the impact from Covid-19.

Significant judgements
In using these financial forecasts for the going concern assessment, the Group's Directors recognise that significant judgement was required to decide what assumptions to make regarding the impact of the coronavirus

pandemic on the retail sector and wider economy and specifically to Superdry, and the ability to execute the turnaround plans required to recover brand health and return the business to profitable growth. Consequently, though the level of visibility has improved year-on-year, there remains more uncertainty than would usually be the case in making the key judgements and assumptions that underpin the financial forecasts for the business. The directors believe that this uncertainty is reflected in the Base Case Plan, and trading year to date continues to give us confidence that we are through the worst effects of the pandemic.

The Plan does not anticipate a further, extended period of store closures, and the likelihood of this scenario is deemed remote, particularly in light of recent evidence following the reaction of Governments to the Omicron variant in our key markets. While it is conceivable that there is a further territory-wide lockdown, key factors in making this judgment include:

- vaccine rollouts and booster programmes are progressing well in many of our core markets;
- social distancing restrictions have been relaxed far more significantly than in between previous lockdowns, with broader cultural acceptance of the need for hygiene measures (e.g. mask-wearing and hand sanitising);
- Government communications reflect an increasing pressure to keep economies open, with furlough support coming to an end on 30 September 2021 in the UK;
- The UK has announced that most social distancing measures will end on 26 January 2022.

Summary

After considering the forecasts, sensitivities and mitigating actions available to management and having regard to the risks and uncertainties to which the Group is exposed, the Directors have a reasonable expectation that the Company and the Group has adequate resources to continue operating for the foreseeable future, and to operate within its borrowing facilities and covenants for a period of at least 12 months from the date of signing the financial statements, taking into account the working capital cycle in FY23. Accordingly, the financial statements continue to be prepared on the going concern basis.

Notes

1. Full-price sales within our full-price owned channels.
2. BRC Data taken from the BRC-Sensormatic IQ Footfall Monitor for the four months ended December 2021 compared to December 2019.

Principal risks and uncertainties

The principal risks and uncertainties were outlined in the 2021 Annual Report (pages 56-66). 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, the CFO Review included an analysis of the actions taken to preserve the long-term financial position of Superdry (page 81) and a Covid-19 statement (page 20) 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 several 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.

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 setting a consumer centric and relevant commercial product strategy that is aligned to brand position, market dynamics and consumer perception
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, Head Office and large stores.
Elevated stock levels represent a risk in terms of shortfall in cash flow and additional storage costs.
Performance across our global, omni-channel proposition represents a risk. Specifically: • Retail store performance represents a risk and in line with market trends, the ongoing consumer preference shift towards digital shopping channels has seen declining consumer visits to stores and declining profitability in the physical retail environment. Covid-19 has accelerated the move towards digital, but the risk associated with retail remains at an elevated level with the threat of further lockdowns and additional Covid-19 measures, such as numbers of customers permitted in stores also impacting performance. • 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 continues to represent a risk in terms of our partners being able to trade and surplus stock levels where partners have return and cancel orders. • Ecommerce performance represents a significant growth opportunity, however, represents a risk in terms of reliance on the channel to offset lost store sales in the short term and delivery of medium- and long-term business objectives. For example, we will be unable to achieve these objectives if the consumer is moving faster than we can adapt and 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 could lead to investment without sufficient return in a reasonable timeframe and/or losses and the deployment of significant management resource at a time when we have multiple priorities.
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. Financial results are also at risk if the controls that operate within key financial systems are not operating effectively.
Significant cash inflows, for example, peak trading, do not align with the timing of peak outflows of cash. As such, there is a requirement to manage working capital within the business to ensure we have sufficient cash at all times. In addition, Covid-19 related store closures has put pressure on the cash balance, resulting in the need for close cash management.
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.
Failure by suppliers to adhere to our Ethical Trading Code of Practice could erode our reputation as a responsible brand. Customer enquiries on ethical trading continue to increase, awareness is also growing in line with the modern slavery and the fast fashion debate, and failure to demonstrate our credentials in this area could also lead to reputational damage.

Increased risk of human rights issues through the supply chain, as a result of changing local conditions, for example, Covid-19.
Awareness of environmental sustainability is increasing, and stakeholder expectations and regulatory attention are also developing at pace. Failure to meet expectations or adhere to regulatory standards would adversely impact our brand. A consequence of enhanced reporting is additional resource requirements. These factors also represent a risk in that they could influence the rate the business may need to cut its carbon emissions and add additional cost to achieve environmental compliance (for example, raw materials and lower emission technologies). In addition, the Group is heavily reliant on key raw materials which will be impacted by the effects of climate change in the long-term making them harder and more expensive to source. A longer-term risk is shifting customer preferences as result of climate change, requiring the brand to adapt further.

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

On 19 January 2022 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 gives a true and fair view of the assets, liabilities, financial position and financial performance of the consolidation as a whole; 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

19 January 2022

Condensed Group Statement of Comprehensive Income for the 26 weeks ended 23 October 2021 (unaudited)

	Note	Adjusted October 2021	Adjusting items (note 6)	Total October 2021	Adjusted October 2020	Adjusting items (note 6)	Total October 2020
		£m	£m	£m	£m	£m	£m
Revenue	5	277.2	-	277.2	282.7	-	282.7
Cost of sales		(124.1)	-	(124.1)	(136.5)	-	(136.5)
Gross profit		**153.1**	-	**153.1**	**146.2**	-	**146.2**
Selling, general and administrative expenses		(160.5)	0.6	(159.9)	(161.3)	(0.9)	(162.2)
Impairment credit on trade receivables		2.0	-	2.0	-	-	-
Other gains and losses (net)		6.1	6.2	12.3	8.1	(7.4)	0.7
Operating profit/(loss)		**0.7**	**6.8**	**7.5**	**(7.0)**	**(8.3)**	**(15.3)**
Net finance expense		(3.5)	-	(3.5)	(3.6)	-	(3.6)
(Loss)/profit before tax		**(2.8)**	**6.8**	**4.0**	**(10.6)**	**(8.3)**	**(18.9)**
Tax (expense)/credit	7	(0.3)	(1.2)	(1.5)	2.0	1.5	3.5
(Loss)/profit for the period		**(3.1)**	**5.6**	**2.5**	**(8.6)**	**(6.8)**	**(15.4)**
Attributable to:							
Owners of the company		(3.1)	5.6	2.5	(8.6)	(6.8)	(15.4)
		(3.1)	5.6	2.5	(8.6)	(6.8)	(15.4)
Other comprehensive loss net of tax:							
Items that may be subsequently reclassified to profit or loss					-	-	-
Currency translation differences		(1.1)	-	(1.1)	4.6	-	4.6
Total comprehensive (expense)/income for the period		**(4.2)**	**5.6**	**1.4**	**(4.0)**	**(6.8)**	**(10.8)**
Attributable to:							
Owners of the company		(4.2)		1.4	(4.0)		(10.8)
				1.4			**(10.8)**
Earnings per share							
Basic	15	(3.8)		3.0	(10.5)		(18.8)
Diluted	15	(3.8)		3.0	(10.4)		(18.6)

Condensed Group Balance Sheet as at 23 October 2021

	Note	Unaudited October 2021 £m	Unaudited October 2020 £m	Audited April 2021 £m
ASSETS				
Non-current assets				
Property, plant and equipment	10	28.1	35.5	29.4
Right of use assets	12	95.1	110.7	91.1
Intangible assets	11	41.8	46.9	41.7
Deferred income tax assets		54.8	61.0	53.8
Derivative financial instruments	18	0.2	-	0.3
Total non-current assets		**220.0**	**254.1**	**216.3**
Current assets				
Inventories		159.4	166.5	148.3
Trade and other receivables		109.4	112.1	102.3
Current tax debtor		3.8	4.5	4.0
Derivative financial instruments	18	4.1	0.2	2.4
Assets classified as held for sale		-	-	-
Cash and cash equivalents	17	44.1	34.1	38.9
Total current assets		**320.8**	**317.4**	**295.9**
LIABILITIES				
Current liabilities				
Borrowings	17	48.0	-	-
Trade and other payables		148.2	143.5	126.5
Provisions for other liabilities and charges		4.7	3.2	6.2
Current tax liabilities		-	5.0	-
Derivative financial instruments	18	2.5	7.3	5.7
Lease liabilities		66.1	80.9	94.1
Total current liabilities		**269.5**	**239.9**	**232.5**
Non-current liabilities				
Trade and other payables		1.3	2.1	1.2
Provisions for other liabilities and charges		8.4	8.7	10.0
Deferred tax liabilities		-	0.8	1.5
Derivative financial instruments	18	0.1	-	-
Deferred liabilities		1.0	1.3	1.1
Lease liabilities		168.5	216.0	175.5
Total non-current liabilities		**179.3**	**228.9**	**189.3**
Net assets		**92.0**	**102.7**	**90.4**
EQUITY				
Share capital	14	4.1	4.1	4.1
Share premium		149.2	149.1	149.2
Translation reserve		5.5	(0.9)	6.6
Merger reserve		(302.5)	(302.5)	(302.5)
Retained earnings		235.7	252.9	233.0
Equity attributable to the owners of the company		**92.0**	**102.7**	**90.4**
Total equity		**92.0**	**102.7**	**90.4**

Condensed Group Cash Flow Statement for the 26 weeks ended 23 October 2021 (unaudited)

	Note	October 2021 £m	October 2020 £m
Cash generated from operating activities	8	**12.5**	**19.2**
Tax (paid)/received		(2.3)	4.5
Net cash generated from operations		**10.2**	**23.7**
Cash flow from investing activities			
Purchase of property, plant and equipment		(5.0)	(3.0)
Purchase of intangible assets		(4.0)	(2.3)
Net cash used in investing activities		**(9.0)**	**(5.3)**
Cash flow from financing activities			
Net interest paid		(3.5)	(3.6)
Repayment of leases – principal amount		(40.0)	(20.0)
Draw down on borrowings		20.6	-
Net cash used in financing activities		**(22.9)**	**(23.6)**
Net decrease in cash and cash equivalents	17	**(21.7)**	**(5.2)**
Cash and cash equivalents at beginning of period	17	**38.9**	**36.7**
Exchange gains on cash and cash equivalents	17	(0.5)	2.6
Net cash and cash equivalents at end of period	17	**16.7**	**34.1**
Of which: Cash and cash equivalents		44.1	34.1
Of which: Overdraft	17	(27.4)	-

Condensed Group Statement of Changes in Equity for the 26 weeks ended 23 October 2021 (unaudited)

		Attributable to the owners of the company					
	Note	Share capital £m	Share premium £m	Translation reserve £m	Merger reserve £m	Retained earnings £m	Total £m
Balance at 24 April 2021		4.1	149.2	6.6	(302.5)	233.0	90.4
Comprehensive income							
Profit for the period		-	-	-	-	2.5	2.5
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)	-	2.5	1.4
Transactions with owners							
Employee share award scheme		-	-	-	-	0.2	0.2
Shares issued	14	-	-	-	-	-	-
Dividend payments	9	-	-	-	-	-	-
Total transactions with owners		-	-	-	-	0.2	0.2
Balance at 23 October 2021		4.1	149.2	5.5	(302.5)	235.7	92.0

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

	Note	Attributable to the owners of the company					
		Share capital £m	Share premium £m	Translation reserve £m	Merger reserve £m	Retained earnings £m	Total £m
Balance at 25 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	14	-	-	-	-	-	-
Dividend payments	9	-	-	-	-	-	-
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 52 weeks ended 24 April 2021 (audited)

	Attributable to the owners of the company					
	Share capital £m	Share premium £m	Translation reserve £m	Merger reserve £m	Retained earnings £m	Total £m
Balance at 25 April 2020	4.1	149.1	(5.5)	(302.5)	267.5	112.7
Comprehensive income						
Loss for the period	-	-	-	-	(36.1)	(36.1)
Other comprehensive income						
Currency translation differences	-	-	12.1	-	-	12.1
Total other comprehensive income	-	-	12.1	-	-	12.1
Total comprehensive income for the period	-	-	12.1	-	(36.1)	(24.0)
Transactions with owners						
Shares issued	-	0.1	-	-	-	0.1
Employee share award schemes	-	-	-	-	1.6	1.6
Dividend payments	-	-	-	-	-	-
Total transactions with owners	-	0.1	-	-	1.6	1.7
Balance at 24 April 2021	4.1	149.2	6.6	(302.5)	233.0	90.4

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 23 October 2021 ("October 2021") comprise the company and its subsidiaries (together referred to as "the Group"). The prior comparative period is for the 26 weeks ended 24 October 2020 ("October 2020").

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 24 April 2021 ("April 2021") 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 24 April 2021 ("Group Annual Report FY21), 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 19 January 2022.

The comparative figures for April 2021 are extracted from the Group's statutory accounts for that financial year. Those accounts have been reported on by the company's auditor and delivered to the registrar of companies. The report of the auditor (i) was unqualified; (ii) did not drawn attention to any matters by way of emphasis; and (iii) did not contain statements under section 498(2) or (3) of the Companies Act 2006. 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.

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

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

The Group directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and operate within its borrowing facilities and covenants for a period of at least 12 months from the date of signing the financial statements. Accordingly, the financial statements continue to be prepared on the going concern basis.

2. Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial period (see pages 148 to 154 of the Group Annual Report FY21) 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.

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 24 April 2021 (as set out on pages 155 to 157 of the Group Annual Report FY21). These were as follows:

- Store impairments;
- Onerous property-related contract provisions;
- Recoverability of trade debtors;
- Uncertain tax position;
- Inventory provisions;
- Attributing Ecommerce sales and costs to stores; and
- Determination of adjusting 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.

In the financial period ended 24 April 2021, 50.8% of total revenues accumulated in the first half of the year, with 49.2% in the second half. This corresponded to 84.1% of adjusted profit before tax in the first half of the year and

15.9% in the second half. This did not follow the historic seasonal pattern, due to forced store closures during the ongoing Covid-19 pandemic. A total 39% of store trading days were lost in the financial period ended 24 April 2021 (23% lost trading days in the first half of the year compared to 56% lost trading days in the second half).

5. Segmental information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker ("CODM"). The CODM, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee.

Revenue is generated from the same products (clothing and accessories) in all segments; the reporting of segments is based on how these sales are generated. Gross profit is the measure reported to the Group's CODM for the purpose of resource allocation and assessment of segment performance. The Group derives its revenue from contracts with customers for the transfer of goods and services at a point in time. The CODM reviews the balance sheet at a Group level, and so no separate balance sheet measures are provided between the segments.

The Group's operating segments have been modified since the previous interim financial information. Previously the operating segments were defined as Retail and Wholesale. Due to a significant shift in consumer behaviour and a material increase in the Ecommerce sales mix, the Group has chosen to focus on the three channels separately in the management of the business with distinct reporting and decision making. Consequently, the level at which the Group's CODM receives information has changed, and the Group is now reporting revenue and gross profit under three operating segments – Stores, Ecommerce and Wholesale. The term 'Retail' will be used to define the total of the Ecommerce and Stores segments. The prior year comparatives have been split to provide the same level of information for the three segments:

- Stores - principal activities comprise the operation of UK, Republic of Ireland, European and US stores and concessions. Revenue is derived from the sale to individual consumers of own brand clothing, footwear and accessories;
- Ecommerce - principal activities comprise the operation of all owned websites and partnerships with third party websites. Revenue is derived from the sale to individual consumers of own brand clothing, footwear and accessories; and
- Wholesale - principal activities comprise the ownership of the brand and wholesale distribution of own brand products (clothing, footwear and accessories) worldwide.

Segmental 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 segmental operations. These include design, finance, HR, IT, legal, merchandising, property and sourcing.

Segment information for the business segments of the Group for October 2021 is set out below. The 'Retail' subtotal of the 'Stores' and 'Ecommerce' segments presented below is considered useful additional information to the reader:

	Stores	Ecommerce	Retail Subtotal	Wholesale	Central	**Group**
October 2021 segmental analysis (unaudited)	£m	£m	£m	£m	£m	**£m**
Total segment revenue	103.0	62.2	165.2	187.8	-	**353.0**
Inter-segment revenue	-	-	-	(75.8)	-	**(75.8)**
Revenue from external customers	**103.0**	**62.2**	**165.2**	**112.0**	-	**277.2**
Gross profit	**71.7**	**39.1**	**110.8**	**42.3**	-	**153.1**
Profit/(loss) before tax			**12.5**	**26.2**	**(34.7)**	**4.0**

The segment measure of profit required to be presented under IFRS 8 Segments is gross profit. Profit/(loss) before tax has been presented as an additional profit measure which is considered to provide useful information to the reader. Certain costs have not been allocated between the Stores and Ecommerce segments in FY21.

October 2021 segmental analysis (unaudited)	Adjusted * October 2021 £m	Adjusting items £m	Reported 2021 £m
Revenue			
Retail	165.2	-	165.2
Wholesale	112.0	-	112.0
Total revenue	**277.2**	-	**277.2**
Operating profit/(loss)			
Retail	10.2	4.5	14.7
Wholesale	24.5	1.7	26.2
Central	(34.0)	0.6	(33.4)
Total operating profit/(loss)	**0.7**	**6.8**	**7.5**
Profit/(loss) before tax			
Retail	8.0	4.5	12.5
Wholesale	24.5	1.7	26.2
Central costs	(35.3)	0.6	(34.7)
Total profit/(loss) before tax	(2.8)	6.8	4.0

*Adjusted is defined as reported results before adjusting items and is further explained in note 21.

The £0.6m adjusting item in the Central segment is in relation to the Founder Share Plan. The £6.2m adjusting items in the Retail and Wholesale segments relate to the fair value of forward exchange contracts, as disclosed further in note 6.

October 2020 segmental analysis (unaudited)	Stores £m	Ecommerce £m	Retail Subtotal £m	Wholesale £m	Central £m	**Group £m**
Total segment revenue	84.8	88.8	173.6	204.0	-	**377.6**
Inter-segment revenue	-	-	-	(94.9)	-	**(94.9)**
Revenue from external customers	**84.8**	**88.8**	**173.6**	**109.1**	-	**282.7**
Gross profit	**54.7**	**49.0**	**103.7**	**42.5**	-	**146.2**
(Loss)/profit before tax			**(3.2)**	**16.7**	**(32.4)**	**(18.9)**

The following additional information is considered useful to the reader.

October 2020 segmental analysis (unaudited)	Adjusted* October 2020 £m	Adjusting 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)**

*Adjusted is defined as reported results before adjusting items and is further explained in note 21.

The £0.7m adjusting item 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

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 2021	Unaudited October 2020
	£m	£m
External revenue – UK	93.5	98.1
External revenue – Europe	141.6	151.9
External revenue – Rest of world	42.1	32.7
Total external revenue	**277.2**	**282.7**

For all channels the geographic territories have been aligned to the internal management operational structure. In the previous reporting period Russia and Ukraine were included within Europe. For October 2021 these territories have been reallocated to Rest of World in line with the internal management structure. In the previous reporting period, all eBay sales were allocated between UK and Rest of World, but for October 2021 eBay has been allocated to the relevant territory. To ensure consistent comparatives, these two changes in methodology have been applied retrospectively to October 2020.

Included within non-UK external revenue is £59.6m (October 2020: £61.0m) generated by our overseas subsidiaries.

The total of non-current assets, other than deferred tax assets, located in the UK is £75.7m (October 2020: £75.8m, April 2021: £68.9m), and the total of non-current assets located in other countries is £89.5m (October 2020: £117.3m, April 2021: £123.6m).

6. Adjusting items

The below adjustments are disclosed separately in the Group statement of comprehensive income and are applied to the reported loss before tax to arrive at the adjusted profit before tax. Further information about the determination of adjusting items in financial year 2021 is included in note 21.

	Unaudited October 2021	Unaudited October 2020
	£m	£m
Adjusting items		
Unrealised loss on financial derivatives	6.2	(7.4)
Restructuring, strategic change and other costs	-	(0.6)
IFRS 2 (charge)/credit in respect of Founder Share Plan ('FSP')	0.6	(0.3)
Adjusting items	**6.8**	**(8.3)**
Taxation		
Tax impact of adjusting items	(1.2)	1.5
Taxation on adjusting items	**(1.2)**	**1.5**

Total adjusting items after taxation	**5.6**	**(6.8)**

Adjusting items are included within:		
Selling, general and administrative expenses	0.6	(0.9)
Other gains and losses (net)	6.2	(7.4)
Adjusting items	**6.8**	**(8.3)**

7. Tax

The Group's income tax charge for October 2021 is £1.5m (October 2020: £3.5m income tax credit). The Group's tax charge on adjusting items of £1.2m represents an effective tax rate of 17.5%. Taken with the adjusted tax charge of £0.3m, the Group's total income tax expense of £1.5m represents a total effective tax rate of 37.5% for the period (October 2020: 18.7%, April 2021: 1.6%). The Group's total effective tax rate of 37.5% is higher than the statutory rate of tax of 19%.

This is primarily due to overseas tax rates in excess of 19%, certain overseas losses for which no tax benefit has been recognised, permanent differences on consolidation adjustments and an increase to the provision recognised in respect of uncertain tax positions.

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

	Unaudited October 2021 £m	Unaudited October 2020 £m
Profit/(loss) before income tax	**4.0**	**(18.9)**
Profit/(loss) multiplied by the standard rate in the UK – 19.0% (1H21: 19.0%)	0.8	(3.6)
Expenses not deductible for tax purposes	1.2	(4.7)
Overseas tax differentials	1.4	5.2
Uncertain tax provisions	0.5	-
Deferred tax not recognised	(2.5)	(1.4)
Non-qualifying depreciation	-	0.7
Prior year items	0.1	0.3
Total income tax expense/(credit)	**1.5**	**(3.5)**

8. Note to the cash flow statement

Reconciliation of operating loss to cash generated from operations

	Note	October 2021 £m	October 2020 £m
Operating profit		7.5	(15.3)
Adjusted for:			
- (Gain)/loss on unrealised financial derivatives	6	(6.2)	7.4
- Depreciation of property, plant and equipment	10	6.4	8.8
- Net depreciation of right of use asset and deferred liability	12	12.9	13.2
- Amortisation of intangible assets	11	3.8	5.1
- Loss on disposal of property, plant and equipment		-	0.7
- Release of lease incentives		-	(0.2)
- Non-cash lease modifications		(10.3)	-

- IFRS 16 Covid-19 rent concessions	(1.3)	-
- Decrease in onerous property related contracts provision	(2.8)	-
- Net impairment credit of trade receivables	(2.0)	-
- Write down of inventory	1.0	-
- Employee share award schemes	0.4	0.8
- Foreign exchange losses/(gains)	1.2	(2.1)
Operating cash flow before movements in working capital	**10.6**	**18.4**
Changes in working capital:		
- Increase in inventories	(12.3)	(8.2)
- Increase in trade and other receivables	(5.8)	(32.8)
- Increase in trade and other payables, and provisions	20.0	41.8
Cash generated from operating activities	**12.5**	**19.2**

9. Dividends

For the year ended 24 April 2021, the Board made the decision not to recommend paying a final dividend for the financial year given the ongoing uncertainty and to maintain liquidity.

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.

10. Property, plant and equipment

Movements in the net book value ("NBV") of property, plant and equipment in the period to October 2021 were as follows:

	Land and buildings	Leasehold improvements	Furniture, fixtures and fittings	Computer equipment	**Total Group**
	£m	£m	£m	£m	**£m**
NBV at 25 April 2021	**4.2**	**13.1**	**9.1**	**3.0**	**29.4**
Additions	-	3.0	1.7	0.3	**5.0**
Disposals	-	-	-	-	-
Depreciation	-	(3.3)	(2.2)	(0.9)	**(6.4)**
Exchange differences	-	-	0.1	-	**0.1**
NBV at 23 October 2021	**4.2**	**12.8**	**8.7**	**2.4**	**28.1**

11. Intangible assets

Movements in the net book value ("NBV") of intangible assets in the period to October 2021 were as follows:

	Trademarks	Websites & software	Lease premiums	Distribution agreements	Goodwill	**Total Group**
	£m	£m	£m	£m	£m	**£m**
NBV at 25 April 2021	**2.0**	**16.7**	-	**1.5**	**21.5**	**41.7**
Additions	0.3	3.7	-	-	-	**4.0**
Disposals	-	-	-	-	-	-
Amortisation	(0.2)	(3.6)	-	-	-	**(3.8)**
Exchange differences	-	-	-	0.5	(0.6)	**(0.1)**

NBV at 23 October 2021	2.1	16.8	-	2.0	20.9	41.8

12. Right of use assets

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.

Movements in the net book value ("NBV") of Right of use assets in the period to October 2021 were as follows:

	Total Group £m
NBV at 25 April 2021	**91.1**
Additions	33.8
Disposal	(15.8)
Lease modification	(1.0)
Depreciation	(13.1)
Exchange differences	0.1
NBV at 23 October 2021	**95.1**

13. Contingencies and commitments

The Group has capital expenditure commitments on property, plant and equipment of £nil at October 2021 (£nil at October 2020 and £nil at April 2021).

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

14. Equity securities

67,886 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.

15. Profit/(loss) per share

	Unaudited October 2021 £m	Unaudited October 2020 £m
Profit/(loss)		
Profit/(loss) for the period attributable to owners of the company	**2.5**	**(15.4)**
	Number	**Number**
Number of shares at period end	82,109,706	82,030,428

Weighted average number of ordinary shares - basic	**82,054,759**	**82,020,620**
Effect of dilutive options and contingent shares	2,386,732	604,281
Weighted average number of ordinary shares - diluted	**84,441,491**	**82,624,901**
Basic profit/(loss) per share (pence)	**3.0**	**(18.8)**
Diluted profit/(loss) per share (pence)	**3.0**	**(18.6)**

Adjusted basic loss per share

	Unaudited October 2021 £m	Unaudited October 2020 £m
Loss		
Adjusted loss for the period attributable to owners of the company	**(3.1)**	**(8.6)**
	Number	**Number**
Weighted average number of ordinary shares - basic	82,054,759	82,020,620
Weighted average number of ordinary shares - diluted	82,054,759	82,624,901
Adjusted basic loss per share (pence)	**(3.8)**	**(10.5)**
Adjusted diluted loss per share (pence)	**(3.8)**	**(10.4)**

On 23 October 2021, 2,386,732 share options were outstanding that could potentially dilute basic EPS. These are antidilutive when the Group is in a loss-making position, so have not been included in the EPS calculations where this is the case. There is no dilutive effect from the FSP scheme (note 9).

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

16. Related parties

Directors of the Group within the period and their immediate relatives control 20.7% (October 2020: 20.3%) of the voting shares of the Group. There have been no material transactions in the period with related parties, including Directors.

17. Net (debt)/cash

Analysis of net cash - October 2021 (unaudited)	April 2021 £m	Net cash flow £m	Other non-cash changes £m	October 2021 £m
Cash and short-term deposits	38.9	5.7	(0.5)	**44.1**
Bank overdraft	-	(27.4)	-	**(27.4)**
Net cash and cash equivalents	**38.9**	**(21.7)**	**(0.5)**	**16.7**
Other short-term borrowings	-	(20.6)	-	**(20.6)**
Total net (debt)/cash	**38.9**	**(42.3)**	**(0.5)**	**(3.9)**

Analysis of net cash - October 2020 (unaudited)	April 2020 £m	Net cash flow £m	Other non-cash changes £m	October 2020 £m

Cash and short-term deposits	307.4	(275.9)	2.6	**34.1**
Bank overdraft	(270.7)	270.7	-	-
Net cash and cash equivalents	**36.7**	**(5.2)**	**2.6**	**34.1**
Other short-term borrowings	-	-	-	-
Total net cash/(debt)	**36.7**	**(5.2)**	**2.6**	**34.1**

Included with cash and cash equivalents is £0.1m of rent deposits held for sub-tenants of the Regent Street Store (October 2020: £0.1m), and £1.4m of cash deposits from franchise customer guarantees (October 2020: £1.1m). Additionally, there is EUR 1.8m (£1.6m) (October 2020: 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.

Short-term borrowings

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

On 7 August 2020, the Group entered a new financing facility with existing lenders HSBC and BNPP in the form of a new Asset Backed Lending facility (ABL facility) which is for up to £70m, with a term until January 2023. The ABL facility can be extended by up to one year at the request of the Group and the agreement of the lenders. The borrowing base will vary throughout the year dependent on the level of the Group's eligible inventory and receivables. The ABL facility with HSBC and BNPP was first drawn down in September 2021, and the total funds in use amounted to £20.6m at 23 October 2022.

The ABL facility has two financial covenants: an EBITDAR (earnings before interest, tax, depreciation, amortisation and rent) covenant which is calculated on an internal budget basis; and a fixed charge cover covenant. These covenants exclude the impact of IFRS 16, IFRS 15 and IFRS 9. Both covenants are measured over a 12-month period and are tested quarterly.

The ABL facility also has operational covenants: a debt turn, a dilution percentage with regards to notified debt and an inventory turn. These covenants are calculated monthly. Also, if at any time headroom is less than £10m for a period of five consecutive days or a termination event is continuing, each Company will grant a fixed charge to the security agent.

The bank overdraft balance represents individual overdrawn balances within the Group's cash-pooling arrangements. These had been disclosed gross in line with the requirements of IAS 32.

18. 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 FY21. 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 23 October 2021 and 24 October 2020.

	October 2021			October 2020		
Unaudited	Level 1 £m	Level 2 £m	Level 3 £m	Level 1 £m	Level 2 £m	Level 3 £m
ASSETS						
Derivative financial instruments						
- Forward foreign exchange contracts	-	4.3	-	-	0.2	-
- Option contracts	-	-	-	-	-	-
LIABILITIES						
Derivative financial instruments						
- Forward foreign exchange contracts	-	(2.6)	-	-	(7.3)	-
- Option contracts	-	-	-	-	-	-

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

19. Government assistance

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

Furlough support across all territories of £0.2m was recognised in the period (October 2020: £4.1m), through the UK's Coronavirus Job Retention Scheme (CJRS) and equivalent schemes in other countries. A provision was recognised in FY21 to cover any existing furlough related clawbacks. This provision now totals £1.7m (October 2020: £nil, FY21: £1.6m).

The business rates reductions from the UK government totalled £3.9m (October 2020: £8.1m).

Lost revenue and subsidy support in the UK and other territories of £0.7m has been recognised in the period (October 2020: £nil).

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

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

20. Subsequent events

Covid-19

The Covid-19 pandemic has continued to have a disruptive impact on the Group's operations and trading performance. There have been enforced store closures and shortened trading hours in a small number of the Group's store estate, as well as a continued impact on footfall.

In December 2021 the Omicron variant of Covid-19 rapidly spread through the UK and Europe, the Group's largest markets, which prompted local governments to tighten restrictions particularly around the use of face masks. However, the restrictions have not been as severe as previous waves, with no widespread enforced closures. The impact to trade has therefore not been as significant compared to earlier in the pandemic. It is not possible to quantify any potential impact from the spread of the Omicron variant, or to separate it from the general ongoing Covid-19 related uncertainty.

This trading volatility and uncertainty during our peak trading period has been exacerbated by the decision to accelerate the return to a full price stance, which materially impacts the underlying trading dynamics (driving higher margin, lower volume sales as a consequence of reduced mark-down penetration).

The ongoing disruption to the trading environment as a result of the Covid-19 pandemic is considered to be non-adjusting subsequent events for the purposes of the interim financial statements.

21. Alternative performance measures

Introduction

The Directors assess the performance of the Group using a variety of performance measures, some are IFRS, and some are adjusted and therefore termed ''non-GAAP'' measures or "Alternative Performance Measures" (''APMs''). The rationale for using adjusted measures is explained below. The Directors principally discuss the Group's results on an "adjusted'' basis. Results on an adjusted basis are presented before adjusting items.

The APMs used in this Interim Report are: adjusted operating (loss)/profit and margin, adjusted (loss)/profit before tax, adjusted tax expense and adjusted effective tax rate, adjusted earnings per share and net cash/debt.

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

Adjusting items

The Group's statement of comprehensive income and segmental analysis separately identify adjusted results before adjusting items. The adjusted results are not intended to be a replacement for the IFRS results. The Directors believe that presentation of the Group's results in this way provides stakeholders with additional helpful analysis of the Group's financial performance. This presentation is consistent with the way that financial performance is measured by management and reported to the Board and the Executive Committee. It is also consistent with the way that management is incentivised. In determining whether events or transactions are treated as adjusting items, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence. Adjusting items are identified by virtue of their size, nature or incidence.

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

- 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.
- 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 adjusting items. In previous reporting periods "Adjusting items" were described as "Exceptional and other items".

Adjusting items in this period

The following items have been included within adjusting items for the 26 weeks ended 23 October 2021:

Fair value re-measurement of foreign exchange contracts – 1H22, FY21 and 1H21 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 adjusting items due to both their size and nature. The size of the movement on the fair value of the contracts is dependent on the spot foreign exchange rate at the balance sheet date and an assessment of future foreign exchange volatility applied to the relevant contract currencies, as such the size of the movements can be substantial. The unrealised foreign exchange contracts have been entered into in order to achieve an economic hedge against future payments and receipts and are not a reflection of historical performance.

Founder Share Plan ('FSP') – IFRS 2 charge – 1H22, FY21 and 1H21 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 'adjusting items' for the current and subsequent periods.

The Directors consider the plan to be one-off in nature and unusual in that the share awards are being funded exclusively by the Founders. The full-year charge for FY21 and FY22 has been estimated between £0.2m – £0.5m each period. While the charge is spread over a few financial years, the plan is a one-time scheme. Accordingly, the IFRS 2 charge in respect of the FSP is an adjusting item due to the size, nature and incidence of the scheme. There are no known recent examples within quoted companies of incentive arrangements operating in a similar way to the FSP. While unusual in terms of size, the plan is also unusual regarding its treatment in what is essentially a personal arrangement, with no net cost or cash and minimal administrative burden to the Group. 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.

Adjusted operating (loss)/profit and margin

In the opinion of the Directors, adjusted operating profit and margin are measures which seek to reflect the performance of the Group that will contribute to long-term sustainable profitable growth. The Directors focus on the trends in adjusted operating profit and margins, and they are key internal management metrics in assessing the Group's performance. As such, they exclude the impact of adjusting items. Although the Group is currently making an adjusted operating loss, adjusted operating profit and margin remain key metrics monitored by management given the Group's intention to return to profitability.

In previous reporting periods "Adjusted operating profit and margin" was described as "Underlying operating profit and margin".

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

	October 2021	October 2020	April 2021
	£m	£m	£m

Reported revenue	**277.2**	**282.7**	**556.1**
Operating profit/(loss)	7.5	(15.3)	(29.5)
Adjusting items	(6.8)	8.3	24.1
Adjusted operating profit/(loss)	**0.7**	**(7.0)**	**(5.4)**

	October 2021	October 2020	April 2021
	%	%	%
Operating margin	2.7%	(5.4)%	(5.3)%
Adjusted operating margin	**0.3%**	**(2.5)%**	**(1.0)%**

Adjusted loss before tax

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

This is a measure used within the Group's incentive plans. Refer to the Remuneration Report in the Group Annual Report FY21 for explanation of why this measure is used within incentive plans.

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

	October 2021	October 2020	April 2021
	£m	£m	£m
Profit/(loss) before tax	4.0	(18.9)	(36.7)
Adjusting items	(6.8)	8.3	24.1
Adjusted loss before tax	**(2.8)**	**(10.6)**	**(12.6)**

Adjusted tax expense and adjusted effective tax rate

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

These measures are an indicator of the ongoing tax rate of the Group. In previous reporting periods "Adjusted tax expense and adjusted effective tax rate" was described as "Underlying tax expense and underlying effective tax rate".

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

	October 2021	October 2020	April 2021
	£m	£m	£m
Adjusted loss before tax	**(2.8)**	**(10.6)**	**(12.6)**
Tax credit/(expense)	(1.5)	3.5	0.6
Adjusting items – tax impact	1.2	(1.5)	(3.9)

Adjusted tax credit/(expense)	(0.3)	2.0	(3.3)
Adjusted effective tax rate	10.7%	(18.7%)	26.2%

Adjusted EPS

In the opinion of the Directors, adjusted earnings per share is calculated using basic earnings, adjusted to exclude adjusting items net of current and deferred tax. See note 15 for the Group's adjusted EPS. In previous reporting periods "Adjusted EPS" was described as "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. Net cash and cash equivalents is used to define the net cash/(debt) position excluding short and long-term loans. See note 17 for the Group's net cash/(debt) position. This position is exclusive of financial liabilities in relation to IFRS 16.