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C-RETAIL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 29 APRIL 2023

C-RETAIL LIMITED

COMPANY INFORMATION

DIRECTORS	Julian Dunkerton Shaun Wills
REGISTERED OFFICE	Unit 60 The Runnings Cheltenham Gloucestershire GL51 9NW
REGISTERED NUMBER	07139142
INDEPENDENT AUDITOR	RSM UK Audit LLP Statutory Auditor 25 Farringdon Street London EC4A 4AB

C-RETAIL LIMITED

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STRATEGIC REPORT
FOR THE PERIOD ENDED 29 APRIL 2023

INTRODUCTION

The directors present their annual strategic report for C-Retail Limited for the 52-week period ended 29 April 2023.

BUSINESS REVIEW

C-Retail Limited operates Superdry stores in the UK which sells own brand clothing, footwear and accessories. It operates as part of the retail segment of its parent entity, Superdry Plc.

The results of the Company show a loss before taxation of £18,164,000 *(2022: restated loss before tax of £3,312,000)* for the period and turnover of £132,228,000 *(2022: £114,829,000)*.

The Company recorded an operating profit before exceptional items of £9,016,000 *(2022:profit of £9,544,000)*, we saw traffic shift back to the physical retail post-pandemic, despite the pressure from the emerging cost of living crisis, we have had a full year of open stores with no COVID-related closures. Whilst we remain committed to our return to full price trading, the margin continues to be impacted by our ongoing strategic initiative to reduce the historic stock base and our efforts in this area remain ongoing. Exceptional costs in the period of £27,491,000 *(2022: restated £12,387,000)* include store asset impairment charges of £595,000 (*2022: restated £4,918,000)*, onerous lease provision charges of £14,037,000 (*2022: £7,871,000)* and a bad debt provision charge of £12,882,000 *(2022: £566,000)*.

There has been increased investment in the Company's store estate in the period, with fixed asset additions of £2,384,000 *(2022: £7,089,000)*, mostly due to leasehold improvements of £1,228,000 *(2022: £4,256,000)* and additions of furniture, fixtures and fittings of £1,008,000 *(2022: £2,812,000)*.

At the end of the period the Company had a net cash position of £1,077,000 (2022: £472,000 overdrawn) and net liabilities of £93,222,000 (2022: restated £67,332,000).
Comments on the anticipated future developments of the Company can be found in the directors' report.

We aim to be risk aware, recognising that to achieve our objectives we will take on certain risks in an informed manner. When a risk is at an acceptable level, the risk will be recognised but further mitigating action may not be undertaken. Circumstances where this could apply would include when the cost or effort to implement a control outweighs the potential impact if the risk materialises.

We will not take risks that could negatively affect the safety of customers or colleagues, be detrimental to our brand, involve illegal behaviour, or endanger the future existence of the business.

More detail around the business' risk appetite can be found in the risk management assessment within the Group's annual report, on pages 47 – 49.

PRINCIPAL RISKS AND UNCERTAINTIES

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the following principal risks and uncertainties of Superdry Plc, which include those of the Company, are disclosed on pages 47 to 61 of the Group's 2023 Annual Report which does not form part of this report:

- Key Supplier and supply chain management
- Financial liquidity
- IT system and security
- Financial, treasury, liquidity and credit risks

FINANCIAL KEY PERFORMANCE INDICATORS

The directors of Superdry Plc manage the Group's operations on a segmental basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of C-Retail Limited. The development, performance and position of the retail segment of Superdry Plc, which includes the Company, is discussed on pages 16 to 23 of the Group's 2023 Annual Report which does not form part of this report.

SECTION 172(1) STATEMENT

In compliance with sections 172 and 414CZA (Companies Act 2006), the Board makes the following statement in relation to FY23. The Board recognises that the medium and long-term success of the Group, and its social licence to operate, is linked to value creation for its stakeholders.

Our stakeholders, what matters to them and how engagement happens, are set out in the table below. Our purpose, culture and values and full details of our employee engagement and feedback mechanisms can be found on pages 44 to 46 of the Group's 2023 Annual Report which does not form part of this report. Superdry strives to meet the highest standards of conduct and has policies and procedures in place to support this goal (for example – our Code of Conduct, Using Social Media Policy, Anti-Bribery and Corruption Policy and training, and our Modern Slavery Statement and Ethical Supplier Code of Practice (both published at corporate.superdry.com)).

Key decisions made in the year included:

- Review and continuous monitoring of the impact of a post pandemic and current macroeconomic climate and challenges.
- Monitoring the impact of higher inflation and the potential impact on consumer spending patterns.

The below stakeholder engagement table illustrates some of the keyways in which the directors consider and interact with our stakeholders:

Stakeholder	Key considerations	Engagement activities
Shareholders	Financial results, Dividends and EPS, Sustainability/ESG matters, Strategy, Efficiency, Remuneration	Involvement in the annual/interim results, corporate website, stock market news, and director engagement with our Investor Relations and Company Secretariat teams.
Consumers and trade customers	Value for money, Accessibility of product, Garment quality and reliability, Design, Customer service, Store and website experiences, Sustainability and ESG matters.	Contact with store colleagues and customer service teams, satisfaction surveys, supplier conferences social media and direct contact and websites, Annual Report, KPIs.
Colleagues	Employment, Pay and benefits, Job security, Work/life balance, Mental health, Equality and Diversity, Career opportunities, Sustainability, Health and safety	Superdry Voice/Retail Voice meetings, Pulse Surveys, Senior Women's Forum, Diversity and Inclusion Forum, Workplace (internal communications platform), All staff events (Head Office), 'Threads' magazine for store colleagues, Sustainability Warriors, SD Voice surveys
Stakeholder	**Key considerations**	**Engagement activities**
Environment	The impact of the Group's operations on the environment e.g., CO2 emissions, use of plastic packaging, organic cotton production, sustainable farming practices	Sustainable Development Goals, Sustainable stories on our website, social media, Engagement with organic cotton farmers, Awards/recognition of our work

Community and wider society	Corporate governance, Health and safety, Employment and conditions, Charitable donations, Environment, Sustainability	'Family and friends' events at Head Office, College placements and work experience, Jobs, Support for local charities
Suppliers and contractors	Payment terms, Fair contractual arrangements, Communication, Success of Superdry, Anti-bribery and corruption, Ethical behaviour, corporate governance, Sustainability.	Supplier conferences, Face-to-face meetings and visits, Day-to-day contact between colleagues and suppliers, Modern Slavery Statement, Superdry Supply Chain Ethical, Trading page of corporate website and Ethical Trading Code of Practice, Respect and Dignity programme
Media	Reports and stories, Regular communication, Sustainability	News releases/stories, Stock market announcements, Interviews, visits and meetings, social media, Websites
Government and regulators	Compliance with law and best practice, corporate governance, Health and safety, Modern slavery, Data security, Policies and procedures	Meetings, briefings and consultations, dialogue with trade bodies, specialist advisors

For details on some of the specific engagements that take place with the Company's stakeholders, and how the directors have considered each of the relevant stakeholders, see pages 27 to 29 of the Group's 2023 Annual Report which does not form part of this report.

This report was approved by the board on 20 December 2023 and signed on its behalf.

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Shaun Wills
Director

DIRECTORS' REPORT
FOR THE PERIOD ENDED 29 APRIL 2023

The directors present their annual report and the audited financial statements for the 52-week period ended 29 April 2023.

RESULTS AND DIVIDENDS

The loss for the financial period amounted to £18,164,000 *(2022: restated loss of £3,312,000)*. Gross margin has decreased to 79% (*2022: 82%*).

Turnover increased to £132,228,000 *(2022: £114,829,000)*, as stores were able to remain open for the full year. Administrative expenses excluding exceptional items increased to £95,162,000 (2022: £85,248,000) as the company returned to full activity. Administrative expenses including exceptional items increased to £122,653,000 (2022: £97,635,000).

The directors did not recommend a dividend (*2022: nil*) (note 22), and no further dividends after the period end have been proposed.

FUTURE DEVELOPMENTS

Whilst significant market uncertainty remains, the focus for the year ahead is to concentrate on developing a simplified future operating model which continues to meet consumers demands while delivering positive financial performance and resetting the business for future success. Improve our sustainable product sales mix; increase our future full-price sales mix; and continue to progress toward a gender balanced sales mix.

The Group continues to monitor the Company but Note 4 provides further consideration of key sources of estimation uncertainty within these accounts and their respective sensitivity to different assumptions about future Company performance.

FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks including market risk (including fixed interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. From the perspective of the Company, the financial risk management is managed at a Group level within Superdry Plc and not managed separately. Accordingly, the financial risk management policies of Superdry Plc, which include those financial risks of the Company, are disclosed on pages 199 to 204 of the Group's 2023 Annual Report.

DIRECTORS

The directors who were in office during the period and up to the date of signing the financial statements, unless otherwise stated, were:

Julian Dunkerton
Shaun Wills

The directors, in accordance with the Articles of Association, are not required to retire by rotation.

DIRECTORS' INDEMNITIES

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the financial period and is currently in force; it is available through Superdry Plc for directors of the Group and of the related subsidiaries. The Company also purchased and maintained throughout the period directors' and officers' liability insurance in respect of itself and its directors.

EMPLOYEES

The Company operates within the employee practices of Superdry Plc, which are managed at a Group level and not managed separately. The employee practices of Superdry Plc, which include those of the Company, are disclosed on pages 44 to 46 of the Group's 2023 Annual Report, which does not form part of this report.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotions of disabled persons should, as far as possible, be identical to that of other employees.

EMPLOYEE CONSULTATION

The Company continues to develop a policy of direct and systematic communication on all relevant matters including the Company's business performance and current market issues with employees.

The Group operates several employees' forums: Superdry Voice Groups (UK Retail and Head office), the Senior Women's Forum, a Diversity and Inclusion Group and European works councils. The Group also runs Superday staff engagement surveys and feedback surveys.

The ultimate parent company operates three employee share schemes: A Performance Share Plan (PSP), a Save As You Earn (SAYE) scheme and a Buy as You Earn (BAYE) scheme.

POLITICAL AND CHARITABLE DONATIONS

The Company did not make any disclosable political donations in the current period or prior period.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

Details on how the Company interacts with all its stakeholders can be found in the s172 statement in the Strategic Report.

CARBON AND ENERGY REPORTING

The environmental impact of the Company is linked with the impact of the Group as a whole. The carbon and energy reporting of the Group is disclosed on pages 37 to 43 of the Group's 2023 Annual Reporting, which does not form part of this report.

SUBSEQUENT EVENTS

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

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

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

In October 2023 the Group signed a JV agreement with Reliance Brand Holdings UK Ltd and agreed the sale of Superdry's intellectual property and related trademarks in India, Sri Lanka and Bangladesh to the

SUBSEQUENT EVENTS (continued)

JV entity of which the Superdry Group own 24%. The consideration for the sale of the IP was £40m, which resulted in Superdry receiving gross cash proceeds of £30.4 million (approx. £28.3 million net of fees and taxes).

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GOING CONCERN

A review of the business performance is set out in the strategic report. Sales have increased by 15% in the year, however there is a reported operating loss of £18,475,000 (2022: loss of £2,843,000) after exceptional costs largely due to impairment of the intercompany receivables.

The financial statements have been prepared on the basis that the Company is a going concern. The ability of the Company to continue as a going concern is closely related to the Group's ability to continue as a going concern. The business is reliant on the ability and agreement of the Group to provide sufficient funding for the Company to realise its assets and discharge its liabilities, and therefore continue its operations for a period of not less than 12-months from the date of signing the financial statements. The Company has received a letter of support from Superdry Plc that it will continue to provide the necessary finance for a period of not less than 12-months from the date of signing the financial statements.

In making their assessment of the going concern of the Company, the Directors have considered the cash flow requirements of the Group. The ability of the Group to continue to trade as a going concern is dependent on the Group's ability to operate within the available committed bank facilities. The analysis below therefore refers to the Group rather than the entity.

GOING CONCERN (continued)

Background and context

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

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

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

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

Borrowing Facilities

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

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

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

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

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

GOING CONCERN (continued)

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

As at 14 December 2023 the Group had net cash of £21.9m with undrawn borrowing facilities of £69m.

Base case

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

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

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

Reverse Stress Tests

Given the base case reflects the results of the turnaround plan, and due to the current macroeconomic uncertainties already discussed, there is a degree of uncertainty around the Group achieving its targets and therefore two scenarios have been modelled reflecting the key risks in delivering the plan. The first scenario assesses the sales decline against the forecast that would result in requiring additional sources of financing in excess of those that are committed; and the second the reduction in cost savings that would result in requiring additional sources of financing in excess of those that are committed. These have been modelled as reverse stress tests.

The reverse stress test scenarios show that, without any mitigating factors or contingency, that a 15.5% decline in sales or a 13.2% increase in costs would result in a breach of facility limits. The facility availability is dependent on the position of receivables and inventory at each reporting month-end.

GOING CONCERN (continued)

Summary

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

The material uncertainty related to Going Concern at a Group level arose due to:

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

The material uncertainty related to going concern at the Company level is dependent on the ability of the Group to continue as a going concern and the ability of the Group to continue to provide the necessary finance to the Company to enable it to continue as a going concern for a period of not less than 12-months from the date of signing the company's financial statements.

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

PROVISION OF INFORMATION TO AUDITOR

The Directors who held office as at the date of approval of this Directors' report confirm that so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and that each Director has taken all the steps that they ought to have taken as a Director to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

This report was approved by the board on 20 December 2023 and signed on its behalf.

DocuSigned by:

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Shaun Wills
Director
Unit 60
The Runnings
Cheltenham
Gloucestershire
GL51 9NW

Registered in England and Wales, registered number 07139142.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF C-RETAIL LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of C-Retail Limited (the 'company') for the year ended 29 April 2023 which comprise Statement of profit or loss, statement of financial position, statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 April 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 3.2 to the financial statements, which indicates that the ability of the Company to continue as a going concern is closely related to the Group's ability to continue as a going concern. The business is reliant on the ability and agreement of the Group to provide sufficient funding for the Company to realise its assets and discharge its liabilities, and therefore continue its operations for a period of not less than 12-months from the date of signing the financial statements. The Company has received a letter of support from Superdry Plc that it will continue to provide the necessary finance for a period of not less than 12-months from the date of signing the financial statements.

The Group made a post-tax loss of £148.1m for the period ended 29 April 2023 and the auditor's report on the group included a material uncertainty relating to going concern.

The Group has an asset-based lending facility ('ABL') of up to £80m, including a term loan of £30m. These facilities expire in December 2025. The maximum amount that can be drawn on the ABL facility is limited to 75% of group inventory and receivables balances that meet the criteria for lending against. At any point in time this could be significantly less than £80m. At the period end, £48m of the ABL facility had been drawn down with the Group's net debt position at £25.6m.

Post period end the Group has agreed a second charge ABL financing facility of up to £25m and has successfully completed an equity raise generating net proceeds of £11.5m and received settlement of the net proceeds from the sale of certain intellectual property of £34m.

However, the macro-economic conditions within the retail sector and the economy as a whole remain challenging and in response the Group has sought to implement a number of operational and cost saving measures as set out in note 3.2 to the financial statements.

Against this background, the Group's medium-term plan has been used as a basis for the going concern assessment which covers the 12-month period from the date of approval of these financial statements. The medium-term plan assumes that the Group will be successful in increasing gross margins and reducing costs across the business. However, given the current uncertainty in the retail sector and adverse economic pressure brought about by high inflation and the cost-of-living crisis there remains uncertainty in relation to the key judgements and assumptions that underpin the Group's financial forecasts. With the continued challenges in the macro environment and ongoing trading, coupled with the headroom on the ABL facilities, this means that there is uncertainty over whether Superdry Plc will be able to continue providing the support that the company needs in order to continue as a going concern for the next 12 months from signing these financial statements.

As stated in note 3.2 these events or conditions, along with the other matters as set forth in note 3.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from tax advisors.

In addition, the Group is subject to other laws and regulations which do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid material penalties. We identified the following areas as those most likely to have such an effect: competition and anti-bribery laws, data protection, employment, environmental and health and safety regulations.

Audit procedures performed included but were not limited to:

- testing the appropriateness of journal entries and other adjustments based on risk criteria and comparing the identified entries to supporting documentation;
- assessing whether the judgements made in making accounting estimates were indicative of potential bias;
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- testing the operating effectiveness of the manual controls in relation to the completeness, accuracy, and existence of cash sales; and
- investigating transactions posted to nominal ledger codes outside of the normal revenue cycle identified through the use of data analytics tools.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
RSM UK Audit LLP
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Mark Harwood (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date 20 December 2023

C-RETAIL LIMITED

STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 29 APRIL 2023

	Note	Period ended 29 April 2023 £000	Restated Period ended 30 April 2022* £000
TURNOVER	5	**132,228**	114,829
Cost of sales		**(28,050)**	(20,967)
GROSS PROFIT		**104,178**	93,862
Administration expenses	7	**(122,653)**	(97,635)
Exceptional items*:		**(27,491)**	(12,387)
Other:		**(95,162)**	(85,248)
Other operating income		**-**	930
OPERATING (LOSS)	6,8	**(18,475)**	(2,843)
Interest receivable	9	**312**	5,124
Interest payable	9	**(1)**	(5,593)
(LOSS) BEFORE TAXATION		**(18,164)**	(3,312)
Tax (charge)/credit	10	**(8,042)**	113
(LOSS) FOR THE FINANCIAL PERIOD		**(26,206)**	(3,199)

*The comparative figures for the period ending 30 April 2022 have been restated to reflect an understatement of impairment on property, plant, and equipment of £4,102,000. In 2023, the Company performed an assessment of PPE impairment and discovered the calculation of the impairment in 2022 applied an incorrect methodology. Once identified and rectified, this resulted in an increase to the impairment charge in 2022. The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 7 and note 27.

The notes on pages 18 to 42 form part of these financial statements.

All the activities of the Company are classified as continuing.

The Company has no other comprehensive income attributable to equity shareholders of the Company in the year or the preceding year and accordingly no statement of comprehensive income is presented.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial period stated above and their historical cost equivalents.

Registered in England and Wales, registered number 07139142.

C-RETAIL LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 29 APRIL 2023

	Note	29 April 2023 £000	Restated 30 April 2022 £000
FIXED ASSETS			
Intangible assets	12	**7,705**	8,858
Tangible assets*	13	**8,280**	10,168
		15,985	19,026
CURRENT ASSETS			
Stocks	14	**20,609**	21,693
Debtors	15	**71,204**	99,571
Deferred tax asset	16	**-**	8,042
Cash at bank and in hand		**1,571**	162
		93,384	129,468
CREDITORS: Amounts falling due within one year	17	**(164,034)**	(180,907)
NET CURRENT LIABILITIES		**(70,650)**	(51,439)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(54,665)**	(32,413)
CREDITORS: Amounts falling due after more than one year	18	**(13,778)**	(15,816)
PROVISIONS FOR LIABILITIES	19	**(24,778)**	(19,104)
NET LIABILITIES		**(93,221)**	(67,333)
CAPITAL AND RESERVES			
Called up share capital	21	**-**	-
Accumulated losses		**(93,221)**	(67,333)
SHAREHOLDER'S DEFICIT		**(93,221)**	(67,333)

*The comparative figures for the period ending 30 April 2022 have been restated to reflect an understatement of impairment on property, plant, and equipment of £4,102,000. In 2023, the Company performed an assessment of PPE impairment and discovered the calculation of the impairment in 2022 applied an incorrect methodology. Once identified and rectified, this resulted in an increase to the impairment charge in 2022. The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 7 and note 27.

The notes on pages 18 to 42 form part of the financial statements.

The financial statements on pages 15 to 42 were approved by the Board and authorised for issue on 20 December 2023.

On behalf of the Board:

DocuSigned by:

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Shaun Wills
Director

Registered in England and Wales, registered number 07139142.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 29 APRIL 2023

	Note	Called up share capital £000	Accumulated losses £000	Total equity £000
At 24 April 2021		**-**	**(65,063)**	**(65,063)**
Employee share awards	11	-	929	929
Restated Loss for the financial period*		-	(3,199)	(3,199)
At 30 April 2022		**-**	**(67,333)**	**(67,333)**
Employee share awards	11	-	318	318
Loss for the financial period		-	(26,206)	(26,206)
At 29 April 2023		**-**	**(93,221)**	**(93,221)**

*The comparative figures for the period ending 30 April 2022 have been restated to reflect an understatement of impairment on property, plant, and equipment of £4,102,000. In 2023, the Company performed an assessment of PPE impairment and discovered the calculation of the impairment in 2022 applied an incorrect methodology. Once identified and rectified, this resulted in an increase to the impairment charge in 2022. The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 7 and note 27.

1. GENERAL INFORMATION

C-Retail Limited (the "Company") is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales. It operates Superdry stores in the UK which sells own brand clothing, footwear and accessories. It operates as part of the retail segment of its parent entity, Superdry Plc.

The registered office is Unit 60, The Runnings, Cheltenham, Gloucestershire, GL51 9NW.

2. STATEMENT OF COMPLIANCE

The individual financial statements of C-Retail Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ("FRS 102") and the Companies Act 2006.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

3.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The current period is for the 52-week period ended 29 April 2023 ('2023'). The prior period is for the 53-week period ended 30 April 2022 ('2022').

3.2 Going concern

The financial statements have been prepared on the basis that the Company is a going concern. The ability of the Company to continue as a going concern is closely related to the Group's ability to continue as a going concern. The business is reliant on the ability and agreement of the Group to provide sufficient funding for the Company to realise its assets and discharge its liabilities, and therefore continue its operations for a period of not less than 12-months from the date of signing the financial statements. The Company has received a letter of support from Superdry Plc that it will continue to provide the necessary finance for a period of not less than 12-months from the date of signing the financial statements.

In making their assessment of the going concern of the Company, the Directors have considered the cash flow requirements of the Group. The ability of the Group to continue to trade as a going concern is dependent on the Group's ability to operate within the available committed bank facilities. The analysis below therefore refers to the Group rather than the entity.

Background and context

Like many businesses in the retail sector, the Group has been through a period of unprecedented challenges over recent years. The global pandemic resulted in the enforced closure of stores, with many trading days lost. Despite a resurgence in store visits in many European countries following vaccination programmes and the lifting or easing of restrictions in the Group's key markets, footfall

3.2 Going concern (continued)

has still not recovered to pre-pandemic levels over twelve months later.

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

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

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

Borrowing Facilities

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

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

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

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

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

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

3.2 Going concern (continued)

and taxes) in November 2023.

As at 14 December 2023 the Group had net cash of £21.9m with undrawn borrowing facilities of £69m.

Base case

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

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

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

Reverse Stress Tests

Given the base case reflects the results of the turnaround plan, and due to the current macroeconomic uncertainties already discussed, there is a degree of uncertainty around the Group achieving its targets and therefore two scenarios have been modelled reflecting the key risks in delivering the plan. The first scenario assesses the sales decline against the forecast that would result in requiring additional sources of financing in excess of those that are committed; and the second the reduction in cost savings that would result in requiring additional sources of financing in excess of those that are committed. These have been modelled as reverse stress tests.

The reverse stress test scenarios show that, without any mitigating factors or contingency, that a 15.5% decline in sales or a 13.2% increase in costs would result in a breach of facility limits. The facility availability is dependent on the position of receivables and inventory at each reporting month-end.

3.2 Going concern (continued)

Summary

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

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

The material uncertainty related to going concern at the Company level is dependent on the ability of the Group to continue as a going concern and the ability of the Group to continue to provide the necessary finance to the Company to enable it to continue as a going concern for a period of not less than 12-months from the date of signing the company's financial statements.

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

3.3 Exemptions for qualifying entities under FRS 102

The Company has adopted the following exemptions, which are allowed by FRS 102 (paragraph 1.12), to qualifying entities: -

- the requirement to present a Statement of cash flows (section 7 of FRS 102 and paragraph 3.17 (d)) as the Company is a qualifying entity, and its ultimate parent company, Superdry Plc, includes the Company's cash flows in its own consolidated financial statements;
- a reconciliation of the number of shares outstanding at the beginning and end of the period (FRS 102 paragraph 4.12(a) (iv));
- the requirement for financial instruments disclosures including (i) categories of financial assets, financial liabilities and (ii) disclosure of items of income, expense, gains or losses relating to financial instruments for the financial period;
- the requirement to disclose key management personnel compensation in total (FRS 102 paragraph 33.7);
- the requirement to disclose related party transactions with fellow wholly owned Group subsidiaries (FRS 102 paragraph 33.1a); and
- the requirement to make share-based payment disclosures (section 26 of FRS 102).

3.4 Revenue recognition

Turnover comprises revenue recognised by the Company in respect of goods sold during the period, exclusive of Value Added Tax and trade discounts.
Revenue from the provision of sale of goods is recognised at the point of sale of a product to the customer. Store sales are settled in cash or by credit or payment card. It is Company policy to sell

3.4 Revenue recognition (continued)

its products to the customer with a right to exchange within 28 days. Provisions are made for own store returns based on the expected level of returns, which in turn is based upon the historical rate of returns.

Revenue from gift cards is recognised when the cards are redeemed by the customer. Breakage is recognised when the likelihood of the card being redeemed is remote or has expired. Money received from gift cards represents deferred revenue prior to their redemption.

3.5 Intangible assets and amortisation

Intangible assets acquired separately from a business are recognised initially at cost. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is identifiable and is controlled by the entity through custody of legal rights and its fair value can be measured reliably. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the Statement of profit or loss.

Intangible assets with a finite life have no residual value and are amortised on a straight-line basis over their expected useful lives as follows:

Website and software	- 5 years straight line
Brands	- 10 years straight line
Goodwill	- 20 years straight line
Lease premiums	- over the life of the lease on a straight-line basis

Brands comprise the fair value of identifiable brands included within the acquired trade and assets. Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets acquired at the date of acquisition. The expected useful life of the goodwill was assessed as being 20 years.

3.6 Tangible assets and depreciation

Tangible assets are stated at historical cost less accumulated depreciation and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Cost includes the original purchase price and the costs attributable to bringing the asset into its working condition but excludes interest.

Depreciation is provided at rates calculated to write down the cost of the assets, less their estimated residual values, over their remaining useful economic lives as follows:

Furniture, fixtures and fittings	- 5-7 years on a straight-line basis
Computer equipment	- 3-5 years on a straight-line basis
Buildings	- 50 years on a straight-line basis
Leasehold improvements	- 5-7 years on a straight-line basis
Motor vehicles	- 25% reducing balance.
Land	- is not depreciated.

3.7 Impairment of non-financial assets

At each Statement of financial position date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

3.7 Impairment of non-financial assets (continued)

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.
If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Statement of profit or loss, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation; thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation and amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of profit or loss.

3.8 Operating leases

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the Statement of profit or loss on a straight-line basis over the lease term. Lease incentives are received in the form of cash contributions and rent-free periods. Some leases are sublet, with any sublet income being recognised in the Statement of profit or loss on a straight-line basis over the lease term.

Rent concessions
The Company has applied the amendments to FRS 102 related to rent concessions, where changes in operating lease payments that arise as a direct consequence of Covid-19 related rent concessions (until June 2022) are recognised on a systematic basis over the periods that the change in lease payments is intended to compensate. Any expected credit notes outstanding at the period end are recognised in debtors.

Cash contributions
Cash contributions from landlords for store fitouts are initially recognised as a deferred cash contribution liability on the Statement of financial position at the point the recognition criteria in the lease is met, and credited to administrative expenses in the Statement of profit or loss on a straight-line basis over the life of the lease. Cash contributions are not discounted.

Rent-free periods
A deferred rent-free period liability is built up on the Statement of financial position during the rent-free period, which is then credited to the Statement of profit or loss on a straight-line basis over the life of the lease. Rent-free periods are not discounted.

3.9 Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Stocks are recognised as an expense in the period in which the related revenue is recognised. Cost comprises costs associated with the purchase and bringing of stock to its current location and condition and is based on the weighted average principle. Provisions are made for obsolescence, mark-downs and shrinkage.

3.9 Stocks (continued)

At the end of each reporting period stocks are assessed for impairment. If an item of stock is impaired, a provision is created to reduce the carrying value of the stock to its selling price less costs to complete and sell, the change in value of this provision is recognised in the Statement of profit or loss. Where a reversal of the impairment is required the provision value is reversed, up to the original impairment loss, and is recognised as a credit in the Statement of profit or loss.

3.10 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.
Current or deferred tax assets and liabilities are not discounted.

(i) Current tax
Current tax is the amount of income tax payable in respect of the taxable profit/(loss) for the period or prior periods. Tax is calculated based on tax rates and laws that have been enacted or substantively enacted by the period-end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.

(ii) Deferred tax
Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period-end and that are expected to apply to the reversal of the timing difference.

Deferred tax assets and liabilities are not discounted.

(iii) Offsetting tax assets and liabilities
Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.11 Foreign currencies

The Company's functional and presentational currency is the pound sterling and amounts are rounded to the nearest thousand.

At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the Statement of profit or loss for the period.
Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

3.12 Interest receivable

Interest receivable comprises interest receivable on funds invested and is recognised in the Statement of profit or loss using the effective interest method.

3.13 Financial instruments

Financial Assets
Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate; this loss is recognised in the Statement of profit or loss.
Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all the risks and rewards of ownership of the asset are transferred to another party.

Financial Liabilities
Basic financial liabilities, including trade and other creditors and amounts owed to Group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as creditors: amounts falling due within one year. If not, they are presented as creditors: amounts falling due after more than one year. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The Company has not applied hedge accounting.

Financial assets and liabilities are offset, and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and *the amount of the obligation can be reliably estimated.*

Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

Provisions are recognised for dilapidations when an obligation exists. Provisions for onerous leases are recognised when the unavoidable costs of meeting or exiting the lease obligations exceed the economic benefits expected to be received under the lease.

3.14 Provisions (continued)

Changes in the value of the provisions are recognised as an administrative expense.

3.15 Cash and cash equivalents

Cash and cash equivalents include cash-in-hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

3.16 Capital and reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The accumulated losses reflect the accumulated profits and losses of the Company.

3.17 Distributions to equity holders

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the Statement of changes in equity.

3.18 Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the financial statements.

3.19 Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements and paid holiday arrangements.

Short-term benefits
Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution pension plans
The Company operates several defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

3.20 Share based payments – Group operated schemes

The Company financial statements include several equity-settled share-based compensation plans which are operated by the Group. The fair value of the shares under such plans is recognised as an expense in the Statement of profit or loss. Where relevant, fair value is determined using the Black-Scholes Option Pricing Model. The amount to be expensed over the vesting period is determined by reference to the fair value of share incentives excluding the impact of any non-market vesting conditions. Non-market vesting conditions are considered as part of the assumptions about the number of share incentives that are expected to vest. At each Statement of financial position date, the Group revises its estimate of the number of share incentives that are expected to vest. The impact of

3.20 Share based payments – Group operated schemes (continued)

the revision on original estimates, if any, is recognised in the Statement of profit or loss, with a corresponding adjustment to equity over the remaining vesting period. The Group also operates cash-settled awards. The fair value of the liability for these is revised at each Statement of financial position date and the cost is recognised in the Statement of profit or loss over the vesting period.

3.21 Share based payments – Founder Share Plan

The Founders of Superdry operated a share-based compensation plan between 2017 and 2020 that award both cash and shares. The final vesting date for this scheme was on 31 January 2022 and the scheme is now closed. For the purposes of FRS 102 it is an equity-settled share-based compensation plan. The Founder Share Plan (see note 11 for further details) falls within the scope of FRS 102 Section 26 despite the Company neither purchasing, nor issuing the shares, nor the cost of the cash being a company expense. Fair value is determined using the Monte Carlo Pricing Model. The amount to be expensed over the vesting period is determined by reference to the fair value of share incentives, adjusted at the grant of each share incentive for dilution assumptions. These dilution assumptions are not revised after the grant of the share incentive. Non-market vesting conditions are considered as part of the assumptions about the number of share incentives that are expected to vest. The impact of the revision on original estimates, if any, is recognised in the Statement of profit or loss, with a corresponding adjustment to equity over the remaining vesting period. The measurement period for the market-based vesting criteria expired over the course of the prior period; an amount for the scheme was expensed in the prior period to reflect the original exercise period.

3.22 Other operating income

Included in other operating income are amounts receivable from government grants. Government grants are not recognised until there is reasonable assurance that the conditions attached to them will be met and that the grants will be received. Government grants are recognised in the Statement of profit or loss on a systematic basis over the periods in which the Company recognises an expense for the related costs for which the grants are intended to compensate.

3.23 Exceptional items

Adjustments that constitute exceptional items are disclosed separately in note 7. In determining whether events or transactions are treated as exceptional items, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

Examples of charges or credits meeting the above definition, and which have been presented as exceptional items in the current and/or previous periods include store asset impairments, onerous lease provisions, and the impairment of amounts owed by Group undertakings.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Critical judgements in applying accounting policies

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

Exceptional items
The Company separately reports exceptional items, as it believes that these measures provide additional useful information on ongoing performance and trends to shareholders and management.

Judgement is required in determining whether an item should be classified as an exceptional item.

The Company's definition of exceptional items is outlined in note 3.23 and has been applied consistently year on year.

During the period the Company has recorded, before taxation, exceptional costs of £27,938,000 *(2022: £12,387,000)*. The exceptional items include onerous lease provisions of £14,037,000 *(2022: £7,871,000)*, impairment of store assets of £1,526,000 (*2022: restated impairment of £4,918,000*), impairment charges to intercompany receivables of £12,882,000 (*2022: reversal of impairment of £566,000*), and restructuring, strategic change and other costs of £nil (*2022: £164,000*). Refer to note 7 for further details on exceptional items.

Property provision judgements
Provisions for onerous lease contracts are recognised when the unavoidable cost of meeting lease obligations exceed the economic benefits expected to be received over the term of the lease. Where an onerous lease has been identified, the fixed asset associated to that store are also reviewed for impairment.

Property related assets are subject to provisions based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. The provision review involves critical accounting judgements.

The medium-term financial plan is prepared on a 'top down' basis and has been attributed to individual store properties based on their historic performance relative to the rest of the store property estate. Judgement is involved in this revenue and cost attribution exercise in defining the parameters of the property characteristics. The outcome of this exercise affects the value in use associated with each store property CGU.

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

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

Key sources of estimation uncertainty

Management considers that accounting estimates and assumptions made in relation to the following items have a significant risk of resulting in a material adjustment to the amounts recognised in the financial statements.

Store impairment
Store assets are subject to impairment based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on the higher of the value in use and fair value less costs to sell, although as all the Company's owned stores are leasehold, only value in use has been considered in the impairment assessment.

Key sources of estimation uncertainty (continued)

Value in use is calculated from expected future cash flows using suitable discount rates and including management assumptions and estimates of future performance.

The value in use of each CGU is calculated based on the Group's latest budget and forecast cash flows, covering a five-year period (the medium-term financial plan), which has regard for historic performance and knowledge of the current market, together with the Group's views on the achievable growth, all of which have been reviewed and approved by the Board. The medium-term financial plan is prepared on a 'top down' basis and has been attributed to individual stores based on their historic performance relative to the rest of the store estate.

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

Management estimates discount rates using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the CGUs. The discount rate used for UK stores is 18.2% *(2022: 11.2%)*.

An impairment charge of £595,000 *(2022: restated £5,329,000)* and an impairment utilisation of £2,121,000 *(2022: restated £411,000)* were recognised in the period, resulting in a net impairment credit of £1,526,000 (*2022: restated charge £4,918,000*).

The Company has performed a sensitivity analysis on the store impairment review using reasonably possible scenarios, including changes to sales growth and gross margin rates.

- A decrease of 5% in the year 1 sales growth would increase net impairment by £200,000.
- An increase of 5% in the year 1 sales growth would decrease net impairment by £200,000.
- A decrease of 500bps in the WACC no change to net impairment by £nil.
- An increase of 500bps in the WACC would increase net impairment by £100,000.

Onerous lease provisions
Management has also assessed whether impaired and unprofitable stores require an onerous lease provision. An onerous lease provision has been recognised when management believes that the unavoidable costs of meeting or exiting the lease obligations exceed the benefits expected to be received under the lease.

The calculation of the net present value of future cash flows is based on the same assumptions for growth rates and expected changes to future cash flows as set out above for store impairments, discounted at the appropriate risk adjusted rate.

Based on the factors set out above, the Company has reassessed the onerous lease provision as being £23,782,000 (2022: £16,873,000). This resulted in a net charge of £6,909,000 (2022: £7,029,000) following utilisation of amounts previously provided of £7,128,000 (2022: £14,899,000) and additions of £14,037,000 (2022: £7,871,000).

The Company has performed a sensitivity analysis on the store impairment review using reasonably possible scenarios, including changes to sales growth and gross margin rates.

- A decrease of 5% in the year 1 sales growth would increase net impairment by £2,600,000.
- An increase of 5% in the year 1 sales growth would decrease net impairment by £2,300,000.
- A decrease of 500bps in the WACC would increase net impairment by £1,400,000
- An increase of 500bps in the WACC would decrease net impairment by £6,300,000.

Key sources of estimation uncertainty (continued)

Recoverability of amounts owed by subsidiary undertakings
The impairment of amounts owed by subsidiary undertakings is based on management estimates of their recoverability, by reference to the valuation of each subsidiary, according to the Group's budget and forecast cash flows. Amounts owed by subsidiaries in excess of their valuation as a whole were considered to be irrecoverable and must therefore be impaired.

According to these estimates the carrying value of amounts owed by subsidiary undertakings was assessed as being impaired and a corresponding charge of £12,882,000 (2022: reversal of £566,000) has therefore been recognised in the year, reducing the carrying value of the impairment provision to £52,178,000 (2022: £39,296,000).

The Company has performed a sensitivity analysis on this impairment using reasonably possible scenarios, including changes to the recoverability estimated for each subsidiary.

- An increase of 5% sales in the estimated recoverability of each subsidiary undertaking would increase the impairment by £910.
- A decrease of 5% sales in the estimated recoverability of each subsidiary undertaking would increase the impairment by £5,195,423.
- An increase of 100bps WACC in the estimated recoverability of each subsidiary undertaking would increase the impairment by £1,472,299.
- A decrease of 100bps WACC in the estimated recoverability of each subsidiary undertaking would increase the impairment by £378,374.

5. TURNOVER

The whole of the turnover is attributable to the retail of clothing, footwear and accessories.

Turnover, analysed geographically between markets, was as follows:

	2023 £000	2022 £000
United Kingdom	**132,228**	114,829
	132,228	114,829

6. OPERATING (LOSS)/PROFIT

The operating profit/(loss) is stated after charging/(crediting):

	2023 £000	2022 £000
Amortisation – intangible assets (note 12)	**1,158**	1,159
Depreciation of tangible assets (note 13)	**3,681**	4,959
Loss on disposal of intangible assets	**-**	-
Loss on disposal of tangible assets	**-**	648
Stock recognised as an expense	**28,104**	21,404
Net reversal of stock impairment (included in cost of sales)	**(54)**	(438)
Operating lease charges	**21,065**	20,010
(Gain)/Loss on foreign currency	**655**	(659)
Government grants including gross furlough (note 25)	**(8)**	(371)
Exceptional items (note 7)	**27,491**	12,387

Auditor's remuneration of £105,000 *(2022: £200,000)* for C-Retail Limited has been borne by Superdry Plc, a related party, and is not recharged to this entity. All fees payable by the Company relate to the

6. OPERATING PROFIT/(LOSS) (continued)

audit of the financial statements.

Amortisation is recognised within administrative expenses.

The impairment of stock arose through:

Obsolescence - during the period a provision of £41,000 (*2022: £299,000 released*) was charged due to an aging of stock held over 6 seasons old.
Shrinkage – during the last 2 financial years, stock count frequencies in store were increased with stock adjustments made as part of the process. In prior periods, the stock count frequency was lower resulting in the requirement to hold a potential stock shrinkage provision to cover the period between the last stock count and the year-end date. As a result of the revised process, shrinkage is now taken to the statement of profit or loss on a regular basis without the resultant need for a provision, furthermore in 2022 the remaining provision of £255,000 was released, as a result of the change in store stock count frequency.
Other write-offs - £nil (2022: £116,000) were charged in the period for specific requirements.

7. EXCEPTIONAL ITEMS

The following items have been included within 'Exceptional items' for the period ended 29 April 2023:

	2023 £000	2022 £000
Net store asset impairment charge*	**595**	4,918
Net onerous lease provision charge	**14,014**	7,871
Bad debt provision – intercompany	**12,882**	(566)
Restructuring, strategic change and other costs	-	164
Impairment of intangible assets	-	-
	27,491	12,387

*The comparative figures for the period ending 30 April 2022 have been restated to reflect an understatement of impairment on property, plant, and equipment of £4,102,000. In 2023, the Company performed an assessment of PPE impairment and discovered the calculation of the impairment in 2022 applied an incorrect methodology. Once identified and rectified, this resulted in an increase to the impairment charge in 2022. The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 7 and note 27.

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

As a result of the current period impairment review, a charge of £695,000 *(2022: restated £5,329,000)* and an impairment reversal of £100,000 *(2022: restated £411,000)* were recognised in the period. Total net value of £595,000 has been credited during the year *(2022: restated charge £4,918,000)*.

(ii) Onerous lease provision charge
Management has also assessed whether impaired and unprofitable stores require an onerous lease provision. An onerous lease provision has been recognised when management believes that the unavoidable costs of meeting or exiting the lease obligations exceed the benefits expected to be received under the lease. Based on the factors set out above, the Company has reassessed the onerous lease provision as being £23,782,000 *(2022: £16,873,000)*. This resulted in a net credit of £6,909,000 *(2022: £7,029,000)* following utilisation of amounts previously provided of £7,128,000 *(2022: £14,899,000)* and net additions of £14,037,000 *(2022: £7,871,000)*.

7. EXCEPTIONAL ITEMS (continued)

(iii) Bad debt provision – intercompany
Management has estimated the impairment of amounts owed by Group undertakings. The estimated impairment of amounts owed by Group undertakings reflects management's estimate of the expected future receipts from the borrower based on the borrowers' medium-term financial plans discounted using the effective interest rate relevant to each receivable. An impairment on amounts owed by Group undertakings of £39,296,000 was recognised in the prior period. A reassessment of the impairment was performed in the current period, with a revised impairment of £52,177,805. The impairment charge of £12,882,000 has been recognised within exceptional items, to match where the original impairment was recognised.

(iv) Restructuring, strategic change and other costs
Exceptional items include £nil (2022: £164,000) relating to store closure costs.

8. EMPLOYEES AND DIRECTORS

	2023 £000	2022 £000
Wages and salaries	**26,911**	24,626
Social security costs	**1,664**	1,359
Other pension costs	**714**	637
Share-based payments	**318**	929
	29,607	27,551

The average monthly number of persons employed by the Company, including the directors, during the period was as follows:

	2023 No.	2022 No.
Administration	**86**	96
Retail	**982**	930
	1,068	1,026

The emoluments of the directors are paid by the parent company which makes no recharge to the Company.

The company operates a defined contribution pension scheme that is open to all employees, during the period contributions to this scheme totalled £1,487,000 (2022: £1,389,000).

9. INTEREST RECEIVABLE / (PAYABLE)

	2023 £000	2022 £000
Interest receivable and similar income		
Intercompany interest receivable	**312**	5,124
	312	5,124
Interest payable and similar expenses		
Intercompany interest payable	**(1)**	(5,593)
	(1)	(5,593)
Net interest income	**311**	(469)

10. TAX ON RESULT

(i) Analysis of tax charge in the period

	2023 £000	2022 £000
Current tax		
Corporation tax charge on profit for the period	-	-
Adjustments in respect of prior periods	-	(387)
Total current tax	-	(387)
Deferred tax		
Origination and reversal of temporary differences	-	(53)
Brought forward deferred tax not recognised	8,042	-
Deferred tax asset movements in respect of tax losses	-	1,300
Effect of tax rate changes	-	(1,930)
Adjustments in respect of prior periods	-	957
Total deferred tax	8,042	274
Total tax charge/(credit) for the period	8,042	(113)

(ii) Reconciliation of tax charge

	2023 £000	2022 £000
Profit/(Loss) before taxation	(18,164)	(3,312)
Profit/(Loss) before taxation multiplied by standard rate of corporation tax in the UK 19.5% (2021: 19.0%)	(3,542)	150
Effects of:		
Expenses not deductible for tax purposes	2,515	429
Fixed asset differences	695	669
Current year timing differences not recognised	332	-
Brought forward deferred tax asset unrecognised	8,042	-
Adjust in respect of prior periods	-	569
Adjust closing deferred tax rate to 25%	-	394
Adjust opening deferred tax rate to 25%	-	(2,324)
Total tax charge/(credit) for the period	8,042	(113)

11. EMPLOYEE SHARE AWARDS

(i) Performance Share Plan

Equity settled awards are granted to employees in the form of share awards. No consideration is payable by the employees when share awards vest, other than the nominal value of 5p per share. The vesting period is three years. Share awards will also expire if the employee leaves the Company prior to the exercise or vesting date subject to the discretionary powers of the Remuneration Committee of the Group.

The award of shares is made under the Superdry Performance Share Plan ('PSP') for shares in the parent company, Superdry Plc. In 2021, the Company changed the award mechanism under the PSP from a scheme with market-based vesting criteria to a Restricted Share Awards (RSA) plan with no performance or market-based vesting criteria attached. The shares granted during the period are restricted share-based conditional awards.

(i) Performance Share Plan (continued)

Shares have no value to the participant at the grant date, but subject to the satisfaction of the vesting conditions can convert and give participants the right to be granted nil-cost shares at the end of the performance period. The total number of share awards outstanding at the end of the period is 759,286 *(2022: 434,282)*. None of the shares were exercisable at the period end date.

A charge of £318,000 has been recorded in the Statement of profit or loss for the PSP *(2022: £343,000)*.

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

The measurement period for the FSP ran from 1 October 2017 to 30 September 2020, and as such the measurement period for the market-based vesting criteria expired over the course of the prior periods.

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

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

Share-settled element – Senior management
- 50% - 31 January 2021
- 50% - 31 January 2022

Cash and share-settled elements – All other colleagues
- 50% - 31 January 2021
- 50% - 31 July 2021

The award would have been settled in full by the Founders with no cost to the Group and hence in accordance with FRS 102 section 26 has been accounted for as an equity-settled share-based payment scheme. The fair value of the award was determined using a Monte Carlo pricing model.

A credit of £nil *(2022: £75,731)* has been recorded.

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

12. INTANGIBLE ASSETS

	Lease premiums £000	Brands £000	Goodwill £000	Website & software £000	Total £000
Cost					
At 30 April 2022	15,100	10,008	58,672	403	84,183
Additions	-	5	-	-	5
Disposal	(15,000)	-	-	-	(15,000)
At 29 April 2023	**100**	**10,013**	**58,672**	**403**	**69,188**
Accumulated amortisation					
At 30 April 2022	15,100	10,001	49,915	309	75,325
Charge for the period	-	2	1,116	40	1,158
Impairment	-	-	-	-	-
Disposal	(15,000)	-	-	-	(15,000)
At 29 April 2023	**100**	**10,003**	**51,031**	**349**	**61,483**
Net book value					
At 29 April 2023	**-**	**10**	**7,641**	**54**	**7,705**
At 30 April 2022	-	7	8,757	94	8,858

Amortisation of intangible assets is included within administrative expenses in the statement of comprehensive income.

The lease premium disposal (NBV: £nil) in the current period relates to the closure of one of the business' owned stores in the UK.

Goodwill has a remaining amortisation period of 7 years.

13. TANGIBLE ASSETS

	Land & Buildings	Leasehold improvements	Furniture, fixtures & fittings	Computer equipment	Motor Vehicles	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 30 April 2022	1,817	78,269	31,150	3,725	3	114,964
Additions	24	1,229	1,008	124	-	2,385
Disposals	-	-	(3)	-	(3)	(6)
At 29 April 2023	**1,841**	**79,498**	**32,155**	**3,849**	**-**	**117,343**
Accumulated depreciation						
At 30 April 2022*	304	73,009	27,784	3,696	3	104,796
Charge for the period	37	1,893	1,716	32	-	3,678
Net impairment charge	-	465	128	2	-	595
Disposals	-	-	(3)	-	(3)	(6)
At 29 April 2023	**341**	**75,367**	**29,625**	**3,730**	**-**	**109,063**
Net book value						
At 29 April 2023	**1,500**	**4,129**	**2,532**	**119**	**-**	**8,280**
At 30 April 2022*	1,513	5,260	3,366	29	-	10,168

*The comparative figures for the period ending 30 April 2022 have been restated to reflect an understatement of impairment on property, plant, and equipment of £4,102,000. In 2023, the Company performed an assessment of PPE impairment and discovered the calculation of the impairment in 2022 applied an incorrect methodology. Once identified and rectified, this resulted in an increase to the impairment charge in 2022. The comparative period to 30 April 2022 has been restated to correct certain misstatements, see note 7 and note 27.

All assets included within Land and Buildings are on a short leasehold.

Comprehensive reviews have been performed in both the current and prior reporting periods across the owned store portfolio to identify any stores which were either unprofitable, or where the anticipated future performance would not support the carrying value of assets. As a result of this review an impairment charge has been recognised in the period of £595,000.

14. STOCKS

	2023	2022
	£000	£000
Finished goods and goods for resale	**20,609**	21,693

There is no significant difference between the replacement cost of finished goods available for resale and their carrying amounts.

The total value of stock recognised through Cost of Sales in the Statement of Profit or Loss was £28,050,000 (2022: £20,967,000).

Stocks are stated after provisions for obsolescence of £75,000. The carrying amount at the beginning of the period was £71,000 and additional provisions have been made for £41,000 with £37,000 being utilised.

15. DEBTORS

	2023 £000	2022 £000
Trade debtors	**76**	722
Amounts owed by Group undertakings	**55,236**	83,724
Other debtors	**2,936**	2,139
Prepayments and accrued income	**12,956**	12,986
	71,204	99,571

Interest is charged at 1.25% above the Bank of England base rate p.a. on loan balances; no interest is charged on trading balances.

Amounts owed by Group undertakings are stated after provision for impairment are £47,354,192 (2022: £39,296,000). The carrying amount of the provision at the beginning of the period was £39,296,224, an additional amount of £12,881,576 has been added during the year.

Prepayments and accrued income include £11,749,291 *(2022: £12,776,000)* of prepaid rent and rates.

Trade debtors are stated after provision for impairment of £217,627 *(2022: £72,000)*.

Total debtor balances due after more than one year is £nil (*2022: £nil*).

16. DEFERRED TAX ASSET

	2023 £000	2022 £000
At beginning of period	**8,042**	8,316
Profit and loss – (charge)/credit in the period	**(8,042)**	(1,247)
Effect of changes in tax rate	**1**	1,930
Prior period adjustment	**-**	(957)
At end of period	**-**	8,042

The deferred tax asset is made up as follows:

	2023 £000	2022 £000
Accelerated capital allowances	**-**	5,688
Short term temporary differences	**-**	31
Losses	**-**	2,323
	-	8,042

The Company has a net recognised deferred tax asset of £nil at the balance sheet date. Given the recent financial performance of the group and current trading environment, the group has assessed its deferred tax asset against forecasts only for the coming 12 months. This is a significant reduction in the forecasting period compared to previous years.

There are unrecognised deferred tax assets (DTAs) of £7,000,000 (*2022: £nil*) at the balance sheet date.

17. CREDITORS: Amounts falling due within one year

	2023 £000	2022 £000
Bank overdrafts	**494**	634
Trade creditors	**19,301**	21,448
Amounts owed to Group undertakings	**133,046**	150,524
Other taxes and social security	**354**	488
Corporation tax	**29**	-
Other creditors	**454**	673
Accruals and deferred income	**10,356**	7,140
	164,034	180,907

Amounts owed to Group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Interest is charged at 1.25% above the Bank of England base rate p.a. on loan balances; no interest is charged on trading balances.

Trade and other creditors are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

18. CREDITORS: Amounts falling due after more than one year

	2023 £000	2022 £000
Lease incentives releases in one to two years	**2,813**	2,988
Lease incentives releases in two to five years	**4,980**	7,065
Lease incentives releases in more than five years	**4,550**	5,763
Other creditors due in more than five years	**1,435**	-
	13,778	15,816

19. PROVISIONS FOR LIABILITIES

	Onerous lease provision £000	Other provisions £000	Total £000
At 30 April 2022	16,873	2,231	19,104
Additions	14,037	-	14,037
Utilisation	(7,128)	(1,213)	(8,341)
At 29 April 2023	**23,782**	**1,018**	**24,800**
Analysed as:			
Current provisions	6,411	184	6,595
Non-current provisions	17,371	834	18,205

The charge of £14,037,000 on the onerous lease provision has been recognised in exceptional items, see note 7.

i) Onerous lease provision
Onerous lease provisions represent the future minimum lease payments on loss-making stores. Onerous lease provisions are utilised over the remaining life of the lease, expected to be between 2021 and 2031.

19. PROVISIONS FOR LIABILITIES (continued)

ii) Other provisions

The other provisions category includes dilapidation and furlough provisions. Dilapidations provisions of £834,000 (*2022: £762,000*) will be utilised upon the exit or expiry of various property leases which are expected to be between 2021 and 2031. The furlough provision of £183,000 (*2022: £1,469,000*) is to cover any furlough related clawbacks and is expected to be utilised in the next financial period.

20. CAPITAL AND OTHER COMMITMENTS

On 29 April 2023 there were no capital commitments (*30 April 2022: None*).

On 29 April 2023 and at 30 April 2022 respectively the Company had future minimum operating lease payments under non-cancellable operating leases as follows:

	Land and Buildings	
	2023	2022
	£000	£000
Within 1 year	**24,749**	25,123
Between 1 and 5 years	**61,705**	62,114
More than 5 years	**21,680**	25,634
	108,135	112,871

The charge for the year for operating lease payments was £21,065,000 (2022: £20,010,000).

On 29 April 2023 and at 30 April 2022 respectively the Company had no future minimum operating lease receipts under non-cancellable operating leases.

21. CALLED UP SHARE CAPITAL

	2023	2022
Issued and fully paid	**£000**	£000
2 ordinary shares of £1 each	**-**	-

There is only one class of ordinary shares which carries no right to a fixed income.

22. DIVIDENDS

	2023	2022
	£000	£000
Recommended and paid in the period	**-**	-

23. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption available under FRS 102 section 33.1A not to disclose transactions with wholly owned members of the Group headed by Superdry Plc.

The only non-group related party was deemed to be Julian Dunkerton, a director of the company. During the period the business rented property from Julian Dunkerton for £100,000 (2022: £100,000).

24. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

On 29 April 2023, the immediate and ultimate parent undertaking and controlling party was Superdry Plc, a public limited company registered in the United Kingdom, registered office Unit 60, The Runnings, Cheltenham, Gloucestershire, GL51 9NW. This is the smallest and largest company to consolidate the Company's financial statements. A copy of the latest financial statements can be obtained from the Registrar of Companies, Cardiff.

25. GOVERNMENT ASSISTANCE

Government grants in relation to the UK's Coronavirus Job Retention Scheme (CJRS) represent a value of £nil *(2022: £87,000)*. An amount of £1,469,000 was provided for at the year end 30 April 2022 to cover any further clawback adjustments made against any existing CJRS claims, the amount was utilised in full and £1,213,000 has been released during the year.

Reductions in rates payments from local authorities represent a value of £nil *(2022: £4,077,000)*. Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Lost revenue and subsidy support in the UK of £8,000 has been recognised in the year *(2022: £284,000)*.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises and expenses the related costs for which the grants are intended to compensate. The value is presented within other operating income.

26. SUBSEQUENT EVENTS

The Group entered into the following subsequent events.

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

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

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

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

27. PRIOR-YEAR ADJUSTMENT

The financial statements for the prior financial year have been restated to correct the impact of misstatements to balances at the end of FY22. The misstatements impact the value of tangible assets (also referred to in the financial statements as PPE).

27. PRIOR-YEAR ADJUSTMENT (continued)

In 2023, the Company performed an assessment of property, plant and equipment (PPE) impairment and discovered the calculation of the impairment in 2022 included an error. The treatment of how certain lease incentives were being used to offset PPE, did not align with the FRS 102 methodology. Once identified and rectified, this resulted in an increase to the impairment charge in 2022. The comparative figures for the 2022 financial statements have therefore been restated involving recognition of the previous unrecorded PPE impairment resulting in the below adjustments to the Statement of profit or loss and Statement of Financial Position.

The error resulted in an understatement of impairment of PPE of £4,102,000, an overstatement of reported PPE of £4,102,000 and an understatement of accumulated losses in financial year 2022. The correction of this error has been made in the current year's financial statements by restating prior year's PPE, impairment charge and accumulated losses.

The effect of the restatement on the financial statements is summarised below: (No tax impact).

	As previously reported 30 April 2022 £000	Adjustment 2022 £000	Restated Period ended 30 April 2022 £000
TURNOVER	**114,829**	-	**114,829**
Cost of sales	**(20,967)**	-	**(20,967)**
GROSS PROFIT	**93,862**	-	**93,862**
Administration expenses	**(93,533)**	(4,102)	**(97,635)**
Exceptional items*:	**(8,285)**	(4,102)	**(12,387)**
Other:	**(85,248)**	-	**(85,248)**
Other operating income	**930**	-	**930**
OPERATING (LOSS)	**1,259**	(4,102)	**(2,843)**
Interest receivable	**5,124**	-	**5,124**
Interest payable	**(5,593)**	-	**(5,593)**
(LOSS) BEFORE TAXATION	**790**	(4,102)	**(3,312)**
Tax (charge)/credit	**113**	-	**113**
(LOSS) FOR THE FINANCIAL PERIOD	**903**	(4,102)	**(3,199)**

27. PRIOR-YEAR ADJUSTMENT (continued)

	30 April 2022 £000	Adjustment	30 April 2022 £000
FIXED ASSETS			
Intangible assets	8,858	-	8,858
Tangible assets	14,270	(4,102)	10,168
	23,128	(4,102)	19,026
CURRENT ASSETS			
Stocks	21,693	-	21,693
Debtors	99,571	-	99,571
Deferred tax asset	8,042	-	8,042
Cash at bank and in hand	162	-	162
	129,468	-	129,468
CREDITORS: Amounts falling due within one year	(180,907)	-	(180,907)
NET CURRENT LIABILITIES	(51,439)	-	(51,439)
TOTAL ASSETS LESS CURRENT LIABILITIES	(28,311)	(4,102)	(32,413)
CREDITORS: Amounts falling due after more than one year	(15,816)	-	(15,816)
PROVISIONS FOR LIABILITIES	(19,104)	-	(19,104)
NET LIABILITIES	(63,231)	(4,102)	(67,333)
CAPITAL AND RESERVES			
Called up share capital	-	-	-
Accumulated losses	(63,231)	(4,102)	(67,333)
SHAREHOLDER'S DEFICIT	(63,231)	(4,102)	(67,333)