

9 Directors' Report

Company Number: 07063562

The Directors present their Annual Report together with the audited financial statements of the Company and its subsidiaries (together "the Group") for the 52 weeks ended 1 May 2011 ("the year"). The Corporate Governance Statement, set out in section 10 on pages 38 to 42, forms part of this report. The Company is incorporated and domiciled in the UK.

Business review and future developments

SuperGroup Plc is required to set out in this report a fair review of the business of the Group during the year to 1 May 2011 and of the position of the Group at the end of the financial year and a description of the principal risks and uncertainties facing the Group (known as the 'Business Review'). The Chief Executive Officer's Review and the Group Finance Director's Review can be found in sections 4 and 5. The purpose is to enable shareholders to form a view as to how well the Directors have performed their duties as set out in the Companies Act 2006 (in particular, the duty to promote the success of the Group). A table of key performance indicators is set out in section 5 on page 21. A description of the principal risks and uncertainties facing the Group is included in section 6 is included on pages 22 to 24. The report on Operating Responsibly is set out in section 7 on pages 25 and 27. The sections of the Annual Report referred to above fulfil the requirements of the Business Review, and are incorporated by reference and shall be deemed to form part of this report.

Principal activities

SuperGroup Plc is a UK based designer of branded premium quality clothing and accessories selling through multiple routes to market including Retail, Wholesale and online. At the year-end, the Group had 60 standalone retail stores, 75 concessions and a growing number of Wholesale relationships. Superdry is sold in 85 countries worldwide via its websites and in 40 overseas countries through a well established network of distributors, licensees, agents and franchisees.

Results and dividends

The audited financial statements of the Group for the 52 weeks ending 1 May 2011 are set out on pages 60 to 107. The Group's profit before taxation for the 52 weeks was £47.3m (2010: £22.5m).

The Board of Directors has concluded that the Group is best served by retaining current cash reserves to support growth. Consequently, a recommendation will be made to the Annual General Meeting that no dividend is payable for 2011 (2010: £nil).

Banking facility

On 12 July 2011 the Group secured a bank facility with Barclays Bank Plc as set out in section 16 on page 99.

Financial instruments

The Group occasionally uses financial instruments to minimise potential adverse effects on the Group's financial performance. In particular, forward contracts relating to foreign exchange have been used. See note 16.33 to the financial statements for details of the Group's financial risk management objectives and policies.

Directors

A brief résumé of each Director, in office at the date of this report, is set out in section 8 on pages 30 and 31. Diane Savory resigned as a Director on 6 May 2011.

At the 2011 Annual General Meeting, all the Directors will retire and being eligible, will offer themselves for re-election. This is in accordance with the new UK Corporate Governance Code which replaces the Combined Code for financial years starting on or after 29 June 2010. The Board has decided to comply with (B.7.1) of this provision a year early.

9 Directors' Report

Substantial shareholdings

At 21 July 2011, the Group had been notified, in accordance with the Disclosure and Transparency Rules (DTR5), of the following substantial interests in the ordinary share capital of the Company (see table below):

Name of holder	Number	% held
Julian Dunkerton	26,088,944	32.52
Theo Karpathios	11,850,003	14.77
James Holder	11,850,003	14.77
Fidelity Investments	4,900,377	6.11

Share capital, control and restriction on voting rights

As at 1 May 2011, the Company's issued share capital was 80,234,588 ordinary shares of five pence each in nominal value. Details of the Company's share capital are shown in note 16.34 to the financial statements on page 107.

The rules about the appointment and replacement of Directors are contained in the Company's Articles of Association.

Specific rules regarding the re-election of Directors are referred to in the corporate governance statement. Changes to the Articles of Association must be approved by shareholders in accordance with the relevant legislation. Powers relating to the issuing and buying back of shares are included in the Company's Articles of Association and such authorities are renewed by shareholders each year at the Annual General Meeting.

Pursuant to the terms of an agreement entered into between the Company and Julian Dunkerton dated 12 March 2010, Julian Dunkerton has undertaken to ensure that the Company is able to operate independently of him as a shareholder for as long as he and his connected persons together hold not less than 30% of the voting rights attached to the ordinary shares. He is restricted from exercising his voting rights in certain circumstances, including the requisition of a general meeting to appoint or remove a Director.

Change of control

In the event of a change of the control structure, the Group's banking facilities with HSBC Bank Plc or Barclays Bank Plc could become repayable or be withdrawn if either Bank does not consent to the change of control.

Directors' share interests

The interests of the Directors holding office at 1 May 2011 in the shares of the Company are shown in the Directors' Remuneration Report in section 12 on page 53. There were no changes to the beneficial interests of the Directors between the period 1 May 2011 and 4 August 2011.

Directors' indemnity insurance

The Company has taken out Directors' and Officers' insurance, as is permitted by the Companies Act 2006. This insurance does not cover fraudulent activity.

The Takeover Directive

The issued share capital of the Company, as at 1 May 2011, consisted of 80,234,588 ordinary shares of five pence nominal value. The rights and obligations attached to these shares are as set out in the Articles of Association available on our website www.supergroup.co.uk. At the Annual General Meeting in 2010, shareholders approved resolutions to allot shares up to an aggregate nominal value of £1,317,909 (representing, at that time, one third of the Company's issued share capital). It is intended to renew this authority at the Annual General Meeting in September 2011 in respect of shares with a nominal value of £1,337,243 (again, representing one third of the issued share capital as at 1 May 2011).

9 Directors' Report

The disapplication of pre-emption rights for cash issues of shares was approved at the Annual General Meeting in 2010 in respect of ordinary shares with a nominal value of £197,686, representing approximately 5% of the issued share capital. This disapplication will be renewed at the Annual General Meeting in September 2011 in respect of ordinary shares with a nominal value of £200,586 (again, representing approximately 5% of the issued share capital).

Other relevant disclosure requirements from the Takeover Directive are included elsewhere in the Directors' Report, the corporate governance statement, the Directors' Remuneration Report and the notes to the Group and Company financial statements.

There are no agreements in place between the Group and its employees or Directors for compensation for loss of office or employment that occur because of a takeover bid.

Share buy backs

At the Annual General Meeting in 2010, shareholders approved a resolution to grant the Directors authority to repurchase a maximum number of 7,907,455 ordinary shares (representing 10% of the Company's issued share capital) as shares become available. During the reporting year to 1 May 2011, there were no purchases by the Company of its own shares. It is intended to renew this authority from shareholders at the Annual General Meeting in September 2011 in respect of 8,023,459 ordinary shares (again, representing 10% of the issued share capital as at 1 May 2011). Further details are set out in the notice of the Annual General Meeting.

Going concern

The Group's business activities and growth strategy, together with factors likely to affect the future development, performance and position of the Group, are set out in the Chief Executive Officer's Review and Group Finance Director's Review in sections 4 to 5 on pages 6 to 21.

The Directors have reviewed current performance forecasts, together with supporting assumptions or qualifications as necessary, that have been prepared in accordance with going concern and liquidity risk guidance for directors of UK companies 2009 published by the Financial Reporting Council in 2009. They have a reasonable expectation that the Company and the Group have adequate resources to continue their operations for the foreseeable future. For this reason, they have continued to adopt the going concern basis in preparing the financial statements.

Creditor payment policy

The Group's policy, in relation to all of its suppliers, is to agree terms of payment when negotiating the terms of a transaction and to abide by those terms, provided that the Group is satisfied that the supplier has provided the goods and services in accordance with the agreed terms and conditions. At the year-end, the Group had creditor days of 93 (2010: 85 days). The Company has nil creditor days (2010: nil) as the Company is not a trading entity.

Donations

There was a charitable donation during the year to 1 May 2011 of £25,000 (2010: £nil). There were no political donations.

Related party transactions

Other than in respect of arrangements set out in note 16.6 to the financial statements and in relation to the employment of Directors, details of which are provided in the Directors' Remuneration Report in section 12 on pages 48 to 53, there is no material indebtedness owed to, or by the Company, or the Group, to any employee or any other person or entity considered to be a related party.

Employee practices

The success of the Group is a direct result of the knowledge, skills, drive, passion and enthusiasm of its people. From its earliest days, the culture of the Group has been to create and maintain an environment where individuals can flourish in order to fulfil their potential.

9 Directors' Report

We have introduced a Long Term Incentive Plan for certain executives as a way of encouraging involvement and association with the long term success of the Group. At the Annual General Meeting, we will be seeking shareholder approval for the introduction of a Save As You Earn (SAYE) scheme to give employees the chance to buy shares in the Company at a discounted value.

During the year, a whistleblowing policy was developed so that employees are able to raise concerns without fear of reprisal.

Equality and diversity are fundamental values supported by SuperGroup. The Group has an equal opportunities policy and takes its responsibilities under that policy very seriously. In addition, the Company and the Group give full and fair consideration to applications for employment by disabled people. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that the appropriate training is arranged as necessary. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

The Group strives to keep employees closely informed about matters of importance to them, whether financial or business, through an open culture of trust and two-way communication. This is complemented by a mix of informal briefings and electronic media, and will be enhanced by the introduction of a Group intranet later this year.

Health and safety

The Group is committed to providing a safe place for employees to work and customers to shop.

Group policies are reviewed on an on-going basis to ensure that those regarding training, risk assessments, safe systems of working and accident management are appropriate. As part of this process, a full Group audit programme has been introduced to ensure that health, safety, environmental and security risks are stringently assessed and that robust control measures are in place to limit these risks. A summary of the achievements in this area is contained in section 7 on pages 25 to 27 under Operating Responsibly.

Disclosure of information to auditors

Each Director who held office on the date of approval of this Directors' Report confirms that, so far as he or she is aware, there is no relevant audit information of which the Group's auditors are unaware. Furthermore, each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of the Group's information.

Auditors

The Directors will put a resolution before the Annual General Meeting to reappoint PricewaterhouseCoopers LLP as auditors for the ensuing year.

Annual General Meeting

The Annual General Meeting of the Company will be held at The Cheltenham Ladies' College, Bayshill Road, Cheltenham, Gloucestershire, GL50 3EP on 22 September 2011 commencing at 11.30am. The Notice of this year's Annual General Meeting is included in the separate circular to shareholders. This Notice is available to view under the 'Investor Centre' section of the Company's website www.supergroup.co.uk.

By order of the Board

Wendy Edwards

Company Secretary
4 August 2011

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Registered Number: 07063562



