

Dear fellow shareholders,

We have requisitioned this General Meeting on 2 April 2019 to seek your support to appoint myself and Peter Williams, as an independent candidate, as directors of Superdry Plc.

Superdry's share price has had a catastrophic decline over the past 12 months, driven by the company's dismal financial performance, reflecting a failed strategy. The company is in such a weakened state that it has floundered on one season's collection, but the real issues facing the business are far more fundamental, strategically and operationally.

James Holder and I co-founded Superdry. It has been a huge part of our lives, and we are enormously proud of its successes over the years. Collectively, we own 28.5% of Superdry's equity, so the financial implications of the current decline are extremely important to us, as they are to all shareholders.

### **Mistaken Strategy; Dismal Financial Performance**

I was on the Board and Brand Director until March 2018. The reason for my departure stems from my fundamental disagreement with the strategy adopted in Q4 2017 (the "Global Digital Brand Strategy"). I was increasingly marginalised, and largely cut out of the creative and design process from July 2017, some nine months before my departure.

- Since January 2018, the strategy pursued by the current management team has destroyed c.£1.2bn of shareholder value. From January 2018 to February 2019 the Company's market capitalisation fell over 70% from c £1,614m to £425m.
- Superdry identifies 18 peer group companies in its 2018 Remuneration Committee Report - Superdry's share price has performed worse than all of them.
- Superdry issued two profit warnings at the end of last year within six weeks of each other, resulting in a 49.0% fall in underlying profit before income tax at the half year.
- The Q3 results highlighted the weak underlying trading performance. Not only did group revenue decline, but unlike most fashion brands, Superdry failed to grow their online sales, which actually moved into negative territory for the first time.
- Analyst consensus forecasts for Q4 and FY 2019 are equally disappointing, with the EBIT margin falling to below 7%.
- Superdry has now fallen out of the FTSE 250 index, a damning indictment of its recent poor performance.

## **Loss of Brand Identity**

The most successful fashion companies and brands are driven, nurtured and grown by relentlessly creative and entrepreneurial founders, who understand and can anticipate evolving trends and rapidly-developing consumer tastes.

Superdry must return to its design-led roots. Peter Williams and I offer the Board critical, deep fashion, retail and brand experience, and will be supported by James Holder's visionary creative ability through his Design Lab consultancy. Peter, as an independent director, adds his extensive and successful retail experience, having served on 12 PLC boards.

Our aim is to restore Superdry to a high margin business, with strong brand recognition and a loyal customer base, to put a halt to constant discounting (48 out of 52 weeks) and to re-invigorate the e-commerce business, providing vision for this channel of opportunity.

## **Low Employee Morale; Loss of Creative Talent**

Over the past 12 months, a number of highly successful executives and key members of the design team have left. The CEO received FY 2018 pay of £3.2 million. Meanwhile, he recently announced a raft of significant job cuts in a drive to save £20m of costs.

## **Sole Objective; To Revive Superdry**

The General Meeting has been requisitioned in the hope and with the firm intention that we can work constructively with the current Board to restore the company back to growth and rebuild profitability. Our interests as major shareholders are fully aligned with yours, while the Board and the management team as a group own less than 0.25%. I would like to see sustainable growth and value-creation which would benefit all stakeholders with a long-term interest in this business. To this end, if Peter and I are elected to the Board, I will commit to not selling my shares for at least two years.

My vision of how this can be achieved is in more detail at [www.savesuperdry.com](http://www.savesuperdry.com). Superdry has gone from £100m (11.5% margin) of underlying EBIT in the year ending April 2018 to £60m (6.9% margin), according to consensus forecasts, for the year ending April 2019. Our objective is to help return the company to profitable revenue growth, restore double-digit EBIT margins and rebuild profitability, which we believe is achievable within a 2-3 year timeframe. It is a clear and differentiated strategy which will deliver strong shareholder returns over both short and long term horizons without exposing shareholders to excessive risks.

## **Why We Requisitioned the General Meeting**

Requesting a General Meeting has not been a decision we took lightly. It is the result of many months of trying privately to engage constructively and consensually with

the current Board to revive the company. Our proposals were rebuffed. The Board members have now stated that they will all resign if we are successful at the General Meeting. This compromises their independence and puts into question whether they are working for the best interests of all shareholders.

### **Vote in Favour of Both Resolutions**

I understand the brand. I created it with James Holder, and we achieved sustained and profitable organic growth over many years, and can do so again. We have the future prosperity of Superdry, its employees, the brand and its customers at heart.

We are encouraged by support from shareholders and independent analysts. If you agree with us that the Board would benefit from being bolstered by extensive and proven fashion and retail experience, then please vote in favour of my and Peter's election at the forthcoming General Meeting.

My detailed views on what needs to be done can be found online at [www.savesuperdry.com](http://www.savesuperdry.com) along with biographical information about the candidates.

Let's turn this business back around and restore the Superdry brand to its former glory! Thank you for your support.

Sincerely,

Julian Dunkerton