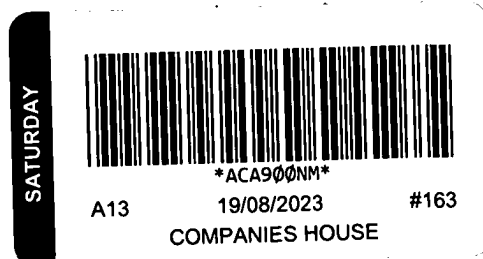


Decathlon UK Limited

Registered number: 03140144

Annual report and Financial Statements for the year ended
31 December 2022





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Company Information

Directors

Eric Mazillier
Alberto Bottan

Company secretary

Peter Bednarski

Company number

03140144

Registered office

Head Office
9 Maritime Street
London
United Kingdom
SE16 7FU

Independent auditor

Mazars LLP
30 Old Bailey
London
EC4M 7AU



Strategic report for the year ended 31 December 2022

The Directors presented their Strategic Report for Decathlon UK Limited (the 'Company') for the year ended 31 December 2022.

Company structure

The Company is part of a wider group, controlled by Decathlon SE, a company incorporated in France. Decathlon SE is a 100% privately-owned company present in 59 countries, with an annual turnover of €15.4 billion in 2022. A large retailer of sporting goods with around 1,751 stores worldwide, Decathlon SE was founded in 1976, with the first UK store opening in 1999. In Decathlon, we follow one philosophy: *"Move people through the wonder of sports. We love doing sport, we love interacting with people, we love innovating."*

Within the United Kingdom, the Company deals with the retail business of the Group including logistics, warehousing and administrative function of all 48 stores in 2022. Sportstock Limited, sister company, deals with the real estate business which deals with the purchase, sale and letting of properties to the Company or third-party entities.

Business review

In the year 2022, the revenue of the Company increased by 6% or £17,083k compared to the terminal growth of 25.4% in 2021. Though total revenue increased in 2022, there was a revenue decline in the online business due to the customers' shopping behaviour that favoured online purchase and closure of stores during the pandemic lockdown periods which normalised in the current period. Our digital share, which went up to almost 40% in 2021, is now down to 30% due to shifts in consumer spending pattern from online to retail stores after two years of disruption related to Covid19 which drove back a strong traffic in the retail stores.

The Company's balance sheet position has a net liabilities amounting to £17,266k (2021: £11,495k).

To reinforce our omnichannel business, we implemented the following strategies:

1. For retail business, large investments in four new stores in flagship locations in the UK and important investments in existing stores to boost efficiency through new tools and to sharpen their image through global relookings.
2. For online business, recruiting skilled profiles and keeping investing in our digital solutions.
3. For logistics, launching the extension of our warehouse and starting the mechanisation project.

The above actions contributed on the overall loss before tax that the Company has incurred during the year amounting to £9,402k (2021: loss £4,670k).

This high level of investments is justified by the potential of the market, which remains strategically important for the Decathlon group.



Strategic Report for the year ended 31 December 2022 (continued)

Key performance indicators

The Company's key financial performance and other indicators during the year were as follows:

	2022	2021	Change
Turnover Growth (exc VAT)	+6.0%	+25.4%	-19.4%
Turnover Progression for online (exc VAT)	-22.6%	+28.5%	-51.1%
Gross Margin ratio : Gross margin / Turnover without VAT	41.2%	39.6%	+1.6%
Investments	£16.5m	£7.9m	£8.6m
Customers	8.76m	8.01m	0.75m
Teammates (Employees - end of year)	1,614	1,655	-41
Number of stores (Incl. warehouse)	49	49	0
Number of new stores	4	6	-2
Pleasure at work	88%	86%	+2%

Turnover Growth has increased by 6% (2021: +25.4%). Our retail sales increased by +25% with few store openings in 2022 (Middlebrook, Livingstone, Liverpool and York). We also started operating as a Marketplace and we accelerated on the B2B channel sales. We also boosted sales via new projects launched in 2022, such as Sales to Others (partners such as ASDA, Next, Argos, Ebay, etc.) and second Life project. Due to Covid19 restrictions being lifted and the virus becoming endemic, we had strong digital deceleration from 2021 to 2022. This was in line with the broader market and customer shifting back to pre-Covid shopping behaviours, channel choice, and product categories purchased.

In 2022, we invested £16.5m in our stores, warehouse, staff and online activities. The main addition in 2022 was an investment of £7.4m relating to the automation of the warehouse and a further £4.5m linked to building costs for the opening of four new stores in Middlebrook, Livingstone, Liverpool and York. There was £2.4m invested in fixtures, office and IT equipment linked to the new store openings and the replacement of aged IT equipment and £2.2m in the improvements to existing stores. £1.7m was disposed of in building assets linked to the closure of four stores in Chelmsford, Bolton, Dunstable and High Wycombe and £1.2m was disposed of in fixtures and IT equipment related to the closures and the aged IT assets.

The margin in 2022 has slightly improved versus 2021. During the year, different action plans have been put in place to stabilise our margin. The global increase of costs in raw materials, staff costs, transport costs etc impacted strongly all the retail industry and Decathlon as well. The slight improvement in margin can be attributed to the favourable exchange rate during the year and from purchasing more products directly from production centres.



Strategic Report for the year ended 31 December 2022 (continued)

Key performance indicators (continued)

We continued to implement our strategies regarding improvement of quality of performance management and also training for our newcomers during the year. This helped us to improve our internal staff survey results, in particular for all the questions related to our human fundamentals with respect to Missions and Values. Our strong focus on development of better accessibility to product training helped us to increase the staff proudness of our products. The number of staff at the end of year has slightly decreased since last year with 1,614 in 2022 and 1,655 in 2021.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. Risks are formally reviewed by the Board and appropriate processes are put in place to monitor and mitigate them.

The key business risks affecting the company are set out below:

Competition

The Company operates in a highly competitive market particularly around price. We also observe the arrival of new digitally specialised competitors in the market, who are able to establish rather quickly a good brand image and a strong market penetration by sport. To mitigate these risks, stores are encouraged to monitor competitors' developments, strategies, pricing, merchandising and ranges to ensure that the Decathlon offering and pricing compares favourably.

Foreign exchange

Foreign exchange risk arises from the movements in exchange rates having an adverse impact on the Statement of Comprehensive Income. To mitigate against the volatility of fluctuating exchange rates, the Company enters into forward contracts, purchasing euros at pre-arranged rates. During 2022, contracted rates were in line with the previous year. The average rate achieved in 2022 was €1: £0.86 compared to £0.81 in 2021 and \$1: £0.78 compared to £0.72 in 2021.

As at 31 December 2022, there were three open euro contracts with an outstanding value of €4.6m, €40.4m and €83m, and there were four open USD contracts \$825k, \$600k, \$900k and \$6.5m. These contracts were signed with Group Treasury for the purpose of covering our amounts payable and receivable needs in foreign currency, such as all Euro transactions.

Environmental and Social matters

At Decathlon, we have a strong focus on sustainability and we are proud that 100% of our electricity consumption is from renewable sources, 100% of the cotton in our products is sustainably sourced, 0% of our waste in 2022 ended up in landfills with 90% of our waste being recycled. During 2022, we also held 14 flagship events across the country for World Clean Up Day, which saw over 300 volunteers take part helping to collect over 350 bags of litter.

The company also organises sports for the local communities within many of its stores and works actively with sport organisations to provide equipment and/or instructors. In 2022, its Canada Water Community Fund helped 20 kids per week for 40 weeks to practise Tennis and spent £10k to furnish the sport equipment to a local community gym. Through our Decathlon Activity Platform, we were able to provide 7,136 hours of sport, thanks to strong partnerships with local coaches.

Through our Teammates Engagement program, the company supported 6,042 hours of sport practices, involving more than 800 teammates all over the UK. Thanks to our International Foundation, we supported 400 homeless people to practise football in Liverpool. And within our social campaign in partnership with RedJanuary, we raised £10k to support sport lessons with Sport in Mind.

During 2022, the company also fundraised more than £200k which was double-matched by our payment provider Adyen for a £400k donation to the Ukraine Appeal of the UNHCR.



Strategic Report for the year ended 31 December 2022 (continued)

Modern slavery

The Company's modern slavery statement, published in accordance with the Modern Slavery Act 2015, sets out the steps taken by Decathlon to prevent modern slavery and human trafficking in its supply chain. More details can be found at <https://www.decathlon.co.uk/modern-slavery-act.html>.

Anti-corruption and bribery

The Company has policies in place with regards to supplier relationships in order to maintain good ethical practice.

Labour

The competition for talents and labour has never been so intense. The staff turnover for 2022 was 69.42% (2021: 59.44%). This increase of staff turnover is explained by the UK labour market in 2022 which was extremely challenging due to high levels of unemployment and increased cost of living.

Statement by the Directors on performance of their statutory duties in accordance with s172(i) of the Companies Act 2006

Long term decision making

The Directors understand the business and the evolving environment in which we operate, including the challenges of navigating through business and digital transformation. Based on Decathlon's purpose to sustainably make the pleasure and benefits of sports accessible to the many, the strategy set by the Board is intended to strengthen our position as a Sports Retailer.

In 2022, to help achieve all strategic ambitions, the Board refreshed our strategy to further focus on the delivery of our products both digital and physical, so customers are well informed about the vast variety of all of our new products, as well as awareness of the options of our second-hand items and related services - for all sportspeople, from beginners to experts.

Decathlon aims to create a trusted brand in conjunction with relevant & innovative product brands via all our partners who share our purpose. During the year, Decathlon worked on developing its own Marketplace, where customers can find a wider range of products proposed by other brands, focused on accelerating sales through the Sales to Others channel with some well-established partners and launched the circular economy with second life.

A decision was made to strongly invest in our logistics operations by extending the Northampton Warehouse, with the aim to fully mechanise it by mid-2023. Decathlon also prioritised the reinforcement of teams, such as digital, to boost the transformation of the business model, and supply/imports, to cope with the changes and impacts of Brexit.

Employees

The Directors believe that Decathlon employees are core to our business and vital in the delivery of our ambitions. The success of our business depends on motivating our employees. We have demonstrated this by investing in training and developing our teammates, offering a flexible working environment and digital training as well as offering teammates the opportunity to do sport together regularly through access to gym and sports equipment for free. We also invested in our staff through salary increases, with store and warehouse staff receiving additional pay rises.



Strategic Report for the year ended 31 December 2022 (continued)

Business relationships with suppliers, customers and others

Delivering our strategy requires strong business relationships with suppliers, customers, governments, and other stakeholders, built on integrity and the aim to honour every business contract. The business continuously assesses the priorities related to customers and those with whom we do business and has taken measures to prevent modern slavery in its business and supply chain. The Board engages with the businesses on these topics, for example, within the context of business strategy updates and investment proposals.

Community and environment

Decathlon UK aims to contribute to the wellbeing of the communities where it operates. The Company also supports a range of charitable and community initiatives through donations and by taking part in projects. Decathlon is proud that 100% of the energy consumed by stores and warehouses within the UK comes from renewable sources. We have organised several sustainability events throughout the year.

Business conduct

Decathlon UK aims to meet the world's growing need for more sustainable solutions to conduct our business which are economically, environmentally and socially responsible. The Board periodically reviews and approves clear frameworks, such as Decathlon's general principles, Decathlon's Code of Conduct, specific Ethics & Compliance manuals, and its Modern Slavery Statements, to ensure that its high standards are maintained both within Decathlon businesses and the business relationships we maintain. This, complemented by the ways the Board is informed and monitors compliance with relevant governance standards, help assure its decisions are taken and that Decathlon acts in ways that promote high standards of business conduct.

Members of the Company

After weighing up all relevant factors, the Directors consider which course of action best enables delivery of our strategy through the long-term, taking into consideration the impact on stakeholders. In doing so, our Directors act fairly as between the Company's members.

This report was approved by the board and signed on its behalf by:

Alberto Bottan

Handwritten signature of Alberto Bottan in black ink.

Date

23-06-23 | 7:26 PM CEST



Directors' Report for the year ended 31 December 2022

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2022.

Matters covered in the Strategic Report

As permitted by paragraph 1A of Schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 2 to 6. These matters relate to the review and analysis of the business, development and financial performance, future prospects and principal risks and uncertainties.

Principal Activities

Decathlon UK Limited operates in the UK a chain of stores and a website involved in the retail of sportswear, sporting and outdoor equipment.

Dividends

The Directors do not recommend the payment of a dividend in respect of the current financial year (2021: nil).

Directors

The Directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were as follows:

Eric Mazillier

Alberto Botton

Employees

The Company's policy is to communicate with employees on matters likely to affect employees' interests. Information concerning the economic performance of the Company is given to store managers, department managers and staff during meetings and through an internal management accounting system.

The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. So far as is practicable, employees who become disabled during the course of their employment, continue in employment with the company. It is Company policy to provide all employees who are disabled persons with the same opportunities for training, career development and promotion that are available to other employees, bearing in mind any limitations relating to aptitude and ability.

We offer our staff the opportunity to take part in sport activities, as part of team or individual meetings. The number of employees remained quite stable, 2022: 1,614 (2021: 1,655), since the four store openings were compensated by four store closures.

Events after the reporting period

There were no significant events after the reporting period.

Streamlined Energy and Carbon Report

Methodology

The reporting period is the most recent financial year 01/01/2022 to 31/12/2022. This report has been compiled in line with the March 2019 BEIS 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance', and the EMA methodology for SECR Reporting. All measured emissions from activities which the organisation has financial control over are included as required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, unless otherwise stated in the exclusions statement.



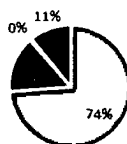
Directors' Report for the year ended 31 December 2022 (continued)

Streamlined Energy and Carbon Report (continued)

The carbon figures have been calculated using the BEIS 2022 carbon conversion factors for all fuels, other than the market based electricity which has been taken from Total Energies and Power NI as the UK suppliers.

Scope	Description	Emission Source		tCO2e			
				2019	2020	2021	2022
Scope 1	Combustion of fuel on site and transportation	On site: Natural Gas, F-Gas	Location Based	915	918	545	549
		Transport: Vehicle fuel	Market Based	915	918	545	549
Scope 2	Purchased Energy	Electricity	Location Based	2,102	1,573	1,551	1,551
			Market Based	85	42	23	0
Scope 3	Indirect Emissions	N/A	Location Based	0	0	0	0
			Market Based	0	0	0	0
Total			Location Based	3,017	2,491	2,096	2,100
			Market Based	1,000	960	568	549
Intensity Ratio	tCO2e / m2	Electricity, Natural Gas, Vehicle Fuel	Location Based	0.0207	0.0210	0.0014	0.0164
			Market Based	0.0069	0.0081	0.0004	0.0043
Energy Usage	Total kWh consumed			11,846,474	9,531,158	9,132,464	9,751,818

Emissions detail by fuel type Location based method



- Electricity
- Natural Gas
- Unknown Vehicle Fuel
- F-Gas



Directors' Report for the year ended 31 December 2022 (continued)

Year on Year Emission Changes

- Decathlon UK Ltd's location based emissions increased from 2,096tCO₂e in 2021 to 2,100tCO₂e in 2022. This was an emissions increase of 0.2%. Compared to the base year of 2019, this is an emissions reduction of 30%.
- Scope 1 emissions increased from 545tCO₂e in 2021 to 549tCO₂e in 2022, an emissions increase of 0.7%.
- Natural gas consumption decreased from 1,786,330kWh in 2021 to 1,687,420kWh in 2022, resulting in an emissions decrease of 19tCO₂e associated with natural gas consumption.
- The emissions associated with scope 1 transport (petrol and diesel) increased to 11tCO₂e in 2022, a 1tCO₂e increase over the previous year.
- Scope 2 electricity consumption increased from 7,303,558kWh in 2021 to 8,020,888kWh in 2022. However, scope 2 location based emissions remained at 1,551tCO₂e. This was due to a reduction in the UK's location based emissions factor for electricity.
- Market based emissions decreased from 569tCO₂e in 2021 to 549tCO₂e in 2022. Compared to the base year of 2019, this is an emissions reduction of 45%.
- Following a full reporting year on fully renewable electricity across all covered sites, Decathlon UK Ltd have achieved 0tCO₂e emissions associated with market based electricity in 2022, a reduction compared to 23tCO₂e in 2021.

Energy Efficient Actions Taken

- Decathlon UK Ltd moved two sites, Southampton and Stockport, away from natural gas and onto fully renewable electric systems during their reporting year.

Statement of Exclusions

- Scope 3 Electricity and Natural Gas consumption at Decathlon's concession sites within Tesco, and ASDA stores has been excluded as no accurate consumption data was available.

Going Concern

The Company is a subsidiary undertaking of the Decathlon SE Group which is financially strong despite the recent COVID-19 crisis. The Company has access to considerable financial resources through the Decathlon SE Group. Decathlon SE has provided a letter of support to the Company and as a consequence, the Directors believe that the Company is well placed to manage its business successfully. After enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts. The Company made a loss during the year of £8,886k and was in a net liability position of £17,266k at the year end. In the last two years, the Company made a loss due to investments made in new stores, operations, digital and staff. The Company's planned future investment is a mark of Decathlon's commitment to the UK, which is seen by the group as strategically important to its future growth.

Ukraine and Russia conflict

The Directors have carried out an assessment of the potential impact on the business of the ongoing Russia and Ukraine war, including the impact of sanctions, economic and financial uncertainties and concluded that there is not expected to be a major impact on the Decathlon UK business aside from the consequent increase in energy costs that impact our operating costs. These energy costs, but not only, have contributed to a sharp increase in inflation impacting our customers' purchasing power resulting in a global reduction in the volume of sales in the retail sector.



Directors' Report for the year ended 31 December 2022 (continued)

Disclosure of Information to Auditor

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:

Alberto Bottan

Alberto Bottan

Date

23-06-23 | 7:26 PM CEST



Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements for the year ended 31 December 2022

The Directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including Finance Reporting Standard 101 'Reduced Disclosure Framework'). 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 these 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; and
- 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.

The financial statements on pages 17 to 41 were approved by the Board of Directors on 23 June 2023 and signed on its behalf by:

Alberto Bottan
Date

Alberto Bottan

23-06-23 | 7:26 PM CEST



Independent auditor's report to the members of Decathlon UK Limited

Opinion

We have audited the financial statements of Decathlon UK Limited (the 'Company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity and Notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (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 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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.

Conclusions relating to going concern

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 audit procedures to evaluate the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the Directors' going concern assessment;
- Evaluating the Directors' method to assess the Company's ability to continue as a going concern;
- Reviewing the Directors' going concern assessment, which incorporated severe but plausible scenarios;
- Evaluating the key assumptions used and judgements applied by the Directors in forming their conclusions on going concern; and
- Reviewing the appropriateness of the Directors' disclosures in the financial statements.



Independent auditor's report to the members of Decathlon UK Limited (continued)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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 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.



Independent auditor's report to the members of Decathlon UK Limited (continued)

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 11, 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation and non-compliance with implementation of government support schemes relating to COVID-19.



Independent auditor's report to the members of Decathlon UK Limited (continued)

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to provision against receivables, right of use assets, impairments, inventories and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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



Independent auditor's report to the members of Decathlon UK Limited (continued)

Use of the audit 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.

Richard Karmel (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

30 Old Bailey

London

EC4M 7AU

Richard Karmel

Date: 23 June 2023



Statement of Comprehensive Income for the year ended 31 December 2022

		2022	2021
	Note	£'000	£'000
Turnover	3	300,155	283,072
Cost of sales		(176,489)	(171,024)
Gross profit		123,666	112,048
Administrative expenses		(130,152)	(109,415)
Operating (Loss)/ Profit	4	(6,486)	2,633
Impairment of right of use assets	17	(275)	(5,931)
Interest payable and similar charges	6	(2,641)	(1,372)
Loss on ordinary activities before taxation		(9,402)	(4,670)
Tax on loss on ordinary activities	7	516	-
Total loss for the year		(8,886)	(4,670)
Other comprehensive income /(loss) for the year		3,928	(1,471)
Other comprehensive income in relation to deferred tax	7	(813)	298
Total comprehensive loss for the year		(5,771)	(5,843)

All amounts relate to continuing activities.

The notes on pages 21 - 41 form part of the financial statements



Statement of Financial Position as at 31 December 2022

Registered number: 03140144

		2022	2021
	Note	£'000	£'000
Non-current assets			
Tangible assets	8	39,578	31,083
Intangible assets	9	1,630	1,771
Right-of-use assets related to leases	17	91,046	53,824
Guarantee deposits		27	33
		132,281	86,711
Current assets			
Stock	10	54,356	47,449
Debtors	11	8,056	5,112
Hedging Asset	15	2,314	-
Deferred Tax Asset	7	-	298
Cash and cash equivalents		4,737	2,227
		69,463	55,086
Current liabilities			
Creditors: amounts falling due within one year	12	(110,641)	(77,446)
Hedging liability	15	-	(2,571)
Short-term lease liabilities	17	(16,317)	(16,363)
Total current liabilities		(126,958)	(96,380)
Net current liabilities		(57,495)	(41,294)
Total assets less current liabilities		74,786	45,417
Non-current liabilities			
Provisions for liabilities	13	(17)	(30)
Long-term lease liabilities	17	(92,035)	(56,882)
Non-current liabilities		(92,052)	(56,912)
Net liabilities		(17,266)	(11,495)



Statement of Financial Position as at 31 December 2022 (continued)

Registered number: 03140144

		2022	2021
	Note	£'000	£'000
Capital and reserves			
Called up equity share capital	14	45,100	45,100
Retained earnings		(64,215)	(55,329)
Cash flow hedge reserve		1,849	(1,266)
Total shareholders' deficit		(17,266)	(11,495)

The notes on pages 21 - 41 form part of the financial statements

These financial statements were approved by the board of directors and were signed on its behalf by:

Alberto Bottan

Date:

Alberto Bottan

23-06-23 | 7:26 PM CEST



Statement of Changes in Equity as at 31 December 2022

	Share Capital	Retained Earnings	Cash Flow Hedging Reserve	Total
	£'000	£'000	£'000	£'000
At 1 January 2021	45,100	(50,659)	(93)	(5,652)
Loss for the year	-	(4,670)	-	(4,670)
Other comprehensive income	-	-	(1,471)	(1,471)
OCI in relation to deferred tax	-	-	298	298
Total comprehensive income / (loss)	-	(4,670)	(1,173)	(5,843)
At 31 December 2021	45,100	(55,329)	(1,266)	(11,495)
Loss for the year after tax	-	(8,886)	-	(8,886)
Other comprehensive loss	-	-	3,928	3,928
OCI in relation to deferred tax	-	-	(813)	(813)
Total comprehensive loss	-	(8,886)	3,115	(5,771)
At 31 December 2022	45,100	(64,215)	1,849	(17,266)



Notes to the financial statements for the year ended 31 December 2022

1. General Information

Decathlon UK Limited is a Company incorporated in the United Kingdom under the Companies Act 2006. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 - 6. The address of the Company's registered office is set out on page 1.

The Company is a wholly-owned subsidiary of Decathlon SE, a company incorporated in France, which is also the ultimate parent company.

The group accounts of Decathlon SE have been filed at the registry of the commercial court of Lille Metropole and are available to the public on www.infogreffe.fr or www.societe.com.

2 Accounting policies

2.1 Basis of accounting

The financial statements of Decathlon UK Limited have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The recognition, measurement and disclosure requirements (except for certain disclosure exemptions detailed below) of International Financial Reporting Standards as adopted by the UK (UK-adopted IFRSs) have been applied to these financial statements and, where necessary, amendments have been made in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008/410 ('Regulations'). FRS101 "Reduced Disclosure Framework" has been deemed a suitable framework as Decathlon UK is a member of a group where Decathlon SE prepares publicly available financial statements.

The Company's financial statements are presented in Sterling, which is the Company's functional currency, and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The financial statements have been prepared on the historical cost basis. The principal accounting policies set out below have been consistently applied to all periods presented.

Going concern

The going concern basis for accounting has been adopted and considered appropriate, significant liabilities are owed to group undertakings, guarantees have been provided over those liabilities by group parties.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they have continued to adopt the going concern basis of accounting in preparing the financial statements. The Company made a loss during the year of £8,886k and is in a net liability position of £17,266k at year end. The directors have prepared a cash flow projection to cover a period no less than 12 months from the date of signing the accounts and concludes that the Company will be able to meet its liabilities as they fall due for the foreseeable future, and that it is appropriate to prepare the financial statements under the going concern basis of preparation.



Notes to the financial statements for the year ended 31 December 2022 (continued)

2 Accounting policies (continued)

2.1 Basis of accounting (continued)

Management has assessed the viability over a period greater than 12 months. During the assessment, Management has considered the Company's position through the cash flow forecast, economic analyses that detail monthly actual-trajectory performance and initiatives that involve cost savings. All these analyses have included the prevailing uncertainty on the high street trading environment. The impact of the war in Ukraine has seen a sharp rise in costs, including those that are energy related and as a result of global inflation. Management concluded that these assumptions are appropriate. Additionally, Decathlon SE, the parent company providing financial backing, continues to do so in order for Decathlon UK to continue to meet its financial obligations as they fall due. Management also performed a reverse stress test using worst-case scenarios. Management believes that the results of this sensitivity analysis is appropriate in supporting the Going Concern presumption. Decathlon SE receives regular updates on the steps taken and success of initiatives by management to secure liquidity for the likely duration of the crisis and recovery period afterwards.

Disclosure exemptions applied

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS101 paragraph 8:

- (i) The requirement of IFRS 7 'Financial Instruments : Disclosures' relating to the disclosure of financial instruments and the nature and extent of risks arising from such instruments;
- (ii) The requirement of IFRS 13 'Fair Value Measurement' paragraphs 91 to 99 relating to the fair value measurement disclosures of financial assets and financial liabilities that are measured at fair value, such as the available for sale investments and derivative financial instruments;
- (iii) The applicable requirements of IAS 36 'Impairment of Assets' relating to the disclosures of estimates used to measure recoverable amounts;
- (iv) The applicable requirements of IAS 1 'Presentation of Financial Statements' relating to the disclosure of comparative information in respect of the number of shares outstanding at the beginning and end of the year (IAS 1.79a, iv), the reconciliation of the carrying amount of property, plant and equipment (IAS 16.73e) and the reconciliation of the carrying amount of intangible assets (IAS 18.118e).
- (v) The requirement of IAS 1 'Presentation of Financial Statements' paragraphs 134 to 136 relating to the disclosure of capital management policies and objectives;
- (vi) The requirements of IAS 7 'Statement of Cash Flows' and IAS 1 'Presentation of Financial Statements' paragraph 10(d), 111 relating to the presentation of a Cash Flow Statement;
- (vii) The requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31 relating to the disclosure of standards, amendments and interpretations in issue but not yet effective; and



Notes to the financial statements for the year ended 31 December 2022 (continued)

2.1 Basis of accounting (continued)

- (viii) The requirements of IAS 24 'Related Party Disclosures' paragraph 17 relating to the disclosure of key management personnel compensation and relating to the disclosure of related party transactions entered into between the company and other wholly- owned subsidiaries of the group; and
- (ix) The requirements of the second sentence of paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with customers' relating to the disclosure of revenue recognition.

For the disclosure exemptions listed in points i to iii, the equivalent disclosures are included in the consolidated financial statements of Decathlon SE, into which the company is consolidated.

Standards, amendments and interpretations adopted in the current financial year ended 31 December 2022

The adoption of the following mentioned standards, amendments and interpretations in the current year have not had a material impact on the Company's financial statements.

	Effective date-periods beginning on or after
IAS 16 Property, Plant and Equipment (Amendment): Proceeds Before Intended Use	1 January 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets: (Amendment): Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
IFRS 3 Business Combinations (Amendment): Reference to the Conceptual Framework	1 January 2022
Annual Improvements to IFRSs (2018 – 2020 cycle)	1 January 2022

Standards, amendments and interpretations in issue but not yet effective

The adoption of the following mentioned standards, amendments and interpretations in future years are not expected to have a material impact on the Company's financial statements.

	Effective date-periods beginning on or after
IFRS 17 Insurance Contracts and Amendments to IFRS 17	1 January 2023
IFRS 17 Insurance Contracts (Amendment): Initial Application of IFRS 17 and IFRS 9 – Comparative Information	1 January 2023
IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (Amendment): Disclosure of Accounting Policies	1 January 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment): Definition of Accounting Estimates	1 January 2023
IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023



Notes to the financial statements for the year ended 31 December 2022 (continued)

2.1 Basis of accounting (continued)

Turnover

As per IFRS 15, turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts and returns. Sales are recognised at the point of sale and are recognised in the Statement of Comprehensive Income. Revenue from gift cards and vouchers is recognised when they are redeemed against a transaction. The origin and destination of turnover is the same and is wholly in the United Kingdom.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset in equal annual instalments over its expected useful life, as follows:

Leasehold improvements	6.67 – 30 years
Plant and machinery	4 – 6 years
Fixtures and fittings	6.67 – 20 years
Computer equipment	1 – 3 years
Office equipment	4 – 8 years

Assets in the course of construction are not depreciated. On completion the assets are transferred into the relevant category and depreciated accordingly.

Assets that are subject to depreciation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Intangible assets

Intangible assets are carried at cost less accumulated amortisation and any impairment losses.

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. Amortisation of Brand and Trademarks is calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives of 10 years.

The carrying amounts of the entity's non-financial assets are reviewed at each reporting date or changes in circumstances indicate that the carrying value of any assets may be impaired. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised in the income statement when the asset's carrying value exceeds its recoverable amount in accordance with IAS36. Its recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.



Notes to the financial statements for the year ended 31 December 2022 (continued)

2.1 Basis of accounting (continued)

Leases

As a lessee, the Company leases many assets including property and motor vehicles.

For any new contracts entered on or after 30 December 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as any contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- The Company has the right to direct the use of the identified asset throughout the period of use.

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. Lease liabilities are initially measured at the present value of lease payments that are due over the lease term, discounted using the company's incremental borrowing rate. This is the rate that we would have to pay for a loan of a similar term, and with similar security, to obtain an asset of similar value. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the asset or the end of the lease term.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date. It also applies the low-value assets recognition exemption to leases of assets including IT equipment and small items of office furniture. Instead of recognising the right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. On the balance sheet, right-of-use assets and lease liabilities have been disclosed separately.

Stock

Stock is stated at the lower of cost and net realisable value where the costs are those incurred in bringing each product to its present location and condition.

Finished goods and goods for resale are valued at purchase cost on a first-in, first-out basis, plus associated transport costs.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

A provision for slow moving or obsolete stock is based upon the directors' view of the recoverable value of the individual items included within the stock based on ageing and usage reports.



Notes to the financial statements for the year ended 31 December 2022 (continued)

2.1 Basis of accounting (continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. As the company has been loss making, no such corporate tax liability has arisen in the current year.

Deferred taxation

Deferred taxation arises when items are recognised for tax purposes in periods that differ from the periods in which they are recognised for accounting purposes. Deferred taxation is recognised as a liability or asset if transactions have occurred at the Statement of Financial Position date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in the future.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

A net deferred tax asset is recognised as recoverable and therefore only recognised when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange prevailing at the end of the financial year or at the forward contract rate where applicable. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction or at the forward contract rate where applicable. All foreign exchange differences are taken to the Statement of Comprehensive Income in the year in which they arise.

Pension costs

The Company makes contributions to a group personal pension plan. It is a group stakeholder plan. Contributions are charged to the Statement of Comprehensive Income as they become payable in accordance with the rules of the scheme. The company provides no other post-retirement benefits.

Financial instruments

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument. The financial instruments are netted/presented separately as financial assets and liabilities.

Financial assets

The Company classifies its financial assets as trade and other receivables. Classification of financial assets depends on the purpose for which the financial assets are required. The Company determines the classification of its financial assets at initial recognition.



Notes to the financial statements for the year ended 31 December 2022 (continued)

2.1 Basis of accounting (continued)

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and subsequently measured at amortised cost. A provision is established when there is objective evidence that the company will not be able to collect all amounts due. The amount of any provision is recognised in the Statement of Total Comprehensive Income.

Cash and cash equivalents

Cash and cash equivalents are recognised as financial assets. They comprise cash held by the company and short term bank deposits with an original maturity date of three months or less.

Financial liabilities

The Company classifies its financial liabilities as trade and other payables. Classification of financial liabilities depends on the purpose for which the financial liabilities are required. The company determines the classification of its financial liabilities at initial recognition.

Trade payables

Trade payables are initially recognised as financial liabilities measured at fair value, and subsequent to initial recognition measured at amortised cost.

Derivative Financial instruments

The Company enters into financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Fair value is the quoted market price in the case of listed instruments, or is determined using calculation and valuation models based on market data (yield curves, exchange rates, etc.) in other cases.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Company uses hedging instruments to limit the impact on the income statement of fluctuations in exchange rates. The Company's policy on the use of financial instruments is described below.

No embedded derivatives within the meaning of IFRS 9 have been identified within the Company.

Hedge accounting

The Company designates certain hedging instruments, which include derivatives as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing quarterly basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.



Notes to the financial statements for the year ended 31 December 2022 (continued)

2.1 Basis of accounting (continued)

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in the future cash flows from a hedged item or a future transaction.

Where a financial instrument is used to hedge the exposure to variability in the cash flows from a firm commitment or a forecast transaction, the change in the fair value of the portion of the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income. The change in fair value of the portion of the hedge regarded as ineffective is recognised immediately in the statement of total comprehensive income.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires, is sold, terminated, exercised or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income at that time is accumulated in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

2.2 Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts.

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 7.

2.3 Accounting estimates and uncertainties

Impairment

Impairments are estimated and based on forecasts which take into account current and future trends. The recoverable value of an asset is defined as the net sale price or its value in use, whichever is higher. The net sale price is the amount that can be obtained from the sale of an asset in a transaction performed under normal market conditions, less the costs of disposal. The value in use is the present value of future cash flows expected to be derived from an asset. The discount rate used in the recoverable amounts assessment is 9.2%.

The after-tax cash flow is estimated over a 5-year period, with a terminal value that is discounted to infinity. The assumption that cash flows continue into perpetuity is a source of significant estimation uncertainty. A future change to the assumption of trading into perpetuity for any Cash-Generating Unit (CGU) would result in a reassessment of useful economic lives and residual value and could give rise to a significant impairment of property, plant and equipment and intangibles, particularly where the store carrying value exceeds fair value less cost to sell.

The recoverable value of a fixed asset is tested if there is any indication of impairment. The internal impairment index is based on a 'value creation' metric of adjusted EBITDA.



Notes to the financial statements for the year ended 31 December 2022 (continued)

2.3 Accounting estimates and uncertainties (continued)

Impairment (continued)

For this test, the fixed assets are grouped into cash-generating units (CGUs). A CGU is defined as the smallest identifiable group of assets generating cash inflows that are largely independent of cash inflows generated by other assets or groups of assets. The CGU that has been adopted is the individual site (store). An impairment is recognised for a store older than 24 months when the book value of a site exceeds its recoverable value.

Lease term determination:

In accordance with IFRS 16, the determination of the lease term involves judgment and estimation. The lease term is assessed based on the non-cancellable period of the lease and the exercise of any options to extend or terminate the lease. Management considers various factors such as the contractual terms, renewal options, economic incentives, and business requirements to determine the appropriate lease term. Any changes in the lease term assessment may result in adjustments to the recognition and measurement of lease liabilities and right-of-use assets.

Discount rate selection

The determination of the discount rate for lease liabilities requires an estimate and judgment. The discount rate used reflects the interest rate implicit in the lease if readily determinable. In cases where the interest rate implicit in the lease is not readily determinable, the incremental borrowing rate is used. The incremental borrowing rate is estimated based on the company's borrowing rate for a similar term, considering credit risk, collateral, and other relevant factors. Changes in the discount rate assumptions may impact the measurement of lease liabilities and subsequent lease expense recognition.

3 Turnover

The Company's activities consist of the retail of sportswear and sporting and outdoor equipment entirely within the United Kingdom with turnover for the year arising from this principal activity.

	2022	2021
	£'000	£'000
Retail Sales	213,024	170,395
Online Sales	84,447	111,061
Other sources	2,684	1,616
Total	300,155	283,072



Notes to the financial statements for the year ended 31 December 2022 (continued)

4 Operating (Loss) / Profit

Operating (loss) / profit is stated after charging/(crediting):

		2022	2021
	Note	£'000	£'000
Depreciation of tangible owned fixed assets	8	6,778	5,383
Amortisation of intangible owned fixed assets	9	403	333
Depreciation of right-of-use assets	17	23,582	15,171
Auditor's remuneration – audit		211	102
Auditor's remuneration – non audit services		94	19
Gain/(loss) on foreign exchange differences		21	(91)
Government grants		-	(1,740)
Impairment (gain)/loss	8	-	(229)

5 Wages and Salaries

	2022	2021
	£'000	£'000
Wages and salaries	41,613	33,789
Social security costs	2,910	2,333
Other pension costs (Note 16)	601	875
Staff Costs	45,124	36,997



Notes to the financial statements for the year ended 31 December 2022 (continued)

5 Wages and salaries (continued)

The number of persons (including executive directors) employed by the company during the year was:

By activity	2022	2021
	Number	Number
Selling and distribution	1,372	1,454
Administration	242	201
Total	1,614	1,655

	2022	2021
	£'000	£'000
Directors' emoluments	482	513
Directors' pensions	-	-
Highest paid director	290	265
Highest paid director pension	-	-

6 Interest payable and similar charges

	Note	2022	2021
		£'000	£'000
Group Loan interest		901	229
IFRS 16 lease related interest	17	1,740	1,143
Total Interest		2,641	1,372

The loan interest payable arises from a long-term loan with Decathlon SE for its current account balance and from guarantee fees with Decathlon SE.



Notes to the financial statements for the year ended 31 December 2022 (continued)

7 Tax on loss on ordinary activities

	2022	2021
	£'000	£'000
UK corporation tax on loss for the period at 19% (2021: 19%)	-	-
Deferred tax asset	(516)	(297)
Total tax credit for the period	(516)	(297)
Reconciliation of tax charge		
The tax charge is different to the standard 19% (2021: 19%) rate of corporation. The differences are explained below:		
Loss on ordinary activities before tax	<u>(9,402)</u>	<u>(4,670)</u>
Tax on loss on ordinary activities at standard corporation tax rate of 19% (2021: 19%)	(1,786)	(887)
Reconciling items:		
Expenses not deductible / Income not taxable	1,222	313
Group relief surrendered/(claimed) and not paid for	431	454
Tax rate changes	(124)	-
Amounts not recognised	(259)	120
Tax credit for the period	(516)	-

The policy the Company has adopted is to recognise the group relief between Decathlon UK and Sportstock, but the Company does not require the entity receiving the relief to make a payment.

The standard rate of UK corporation income tax was 19% for all periods presented. During the year, the UK Government substantively enacted an increase in the UK corporate income tax rate to 25% effective from 1 April 2023. Deferred tax balances have been adjusted to reflect the expected increase in Corporate tax rates.



Notes to the financial statements for the year ended 31 December 2022 (continued)

7 Tax on loss on ordinary activities (continued)

The deferred tax asset has arisen due to temporary timing differences in relation to the recognition of gains and losses on forward contracts entered into during the current financial year, and settled after year-end. The amounts have been presented on a net basis. The following is the analysis of the deferred tax balances for financial reporting purposes:

	£'000
Deferred tax asset at of 1 January 2022	(297)
Deferred tax credit to income statement for the period	(516)
Deferred tax charge in OCI for the period	813
Deferred tax asset as of 31 December 2022	-



Notes to the financial statements for the year ended 31 December 2022 (continued)

8 Tangible assets

	Leasehold Improvements	Plant & Machinery	Fixtures, fittings, computer and office equipment	Assets in the course of construct- ion	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2022 (restated*)	43,567	5,990	8,855	461	58,873
Additions	4,508	514	2,494	8,777	16,293
Disposals	(1,749)	(510)	(1,253)	-	(3,512)
At 31 December 2022	46,326	5,994	10,096	9,238	71,654
Accumulated depreciation					
At 1 January 2022	20,053	2,608	5,129	-	27,790
Charge for the year	4,465	628	1,685	-	6,778
Disposals	(1,037)	(344)	(1,111)	-	(2,492)
At 31 December 2022	23,481	2,892	5,703	-	32,076
Net book value					
At 31 December 2022	22,845	3,102	4,393	9,238	39,578
At 31 December 2021	23,514	3,382	3,726	461	31,083

Disposals were from the normal operations of the company. The assets in course of construction relate to assets for which the construction has not been completed.

**The intangible asset, which represents the computer software, was reclassified as a separate line item in 2022.*



Notes to the financial statements for the year ended 31 December 2022 (continued)

9 Intangible assets

	£'000
Cost	
At 1 January 2022	2,271
Additions	261
Disposals	(12)
At 31 December 2022	2,520
Accumulated depreciation	
At 1 January 2021	499
Charge for the year	403
Disposals	(12)
At 31 December 2022	890
Net book value	
At 31 December 2022	1,630
At 31 December 2021	1,771



Notes to the financial statements for the year ended 31 December 2022 (continued)

10 Stock

	2022 £'000	2021 £'000
Finished goods and goods for resale	54,356	47,449

The write down of stocks to net realisable value amounted to £739k (2021: £345k) The write down was included in cost of sales.

11 Debtors

	Note	2022 £'000	2021 £'000
Amounts owed by group undertakings		2,657	1,283
Derivatives	15	2,315	-
Other debtors		3,144	2,640
Deferred tax asset		-	297
Prepayments and accrued income		2,255	1,190
		10,371	5,410

Amounts owed by group undertakings are unsecured and are repayable on demand.

12 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	9,648	3,610
Amounts owed to group undertakings	81,934	49,840
Taxation and social security	5,634	6,752
Accruals and deferred income	13,425	17,244
	110,641	77,446

Amounts owed to group undertakings are unsecured, interest free and repayable on demand. The Directors consider the carrying amount of trade creditors approximates to their fair value.



Notes to the financial statements for the year ended 31 December 2022 (continued)

13 Provisions for liabilities

	£'000
As at 1 January 2022	30
Provisions released during the year	(13)
As at 31 December 2022	17

14 Share Capital

	2022 £'000	2021 £'000
Authorised		
45,100,000 ordinary shares of £1 each	45,100	45,100
Allotted and fully paid		
45,100,000 ordinary shares of £1 each	45,100	45,100

15 Financial commitments

Forward contracts

As of 31 December 2022, there were two euro fair value contracts; one contract concerning the period January 2022 to June 2022 for €100 million with a remaining fair value of €4.6 million at year end and a second contract concerning the period July 2022 to December 2022 for €125m with a remaining fair value of €40.4m at year end.

These contracts were secured at a rate of 0.8609 for the first contract and a rate of 0.8492 for the second contract. (2021: average rate for June to August was 0.8767 and the average rate for September to December 2022 was 0.8647)

Further, there were also three usd fair value contracts one original contract concerning the period July 2022 to December 2022 for \$5.5 million a remaining fair value of \$825K at year end and two complementary contracts of \$600K and \$900K with a remaining fair value of \$1,500K at year end.



Notes to the financial statements for the year ended 31 December 2022 (continued)

15 Financial commitments (continued)

Forward contracts (continued)

These contracts were signed with Group Treasury for the purpose of covering our amounts payable and receivable needs in foreign currency, such as all transactions in Euros for the periods from June to December. The fair value impact of these contracts were booked in the Statement of Comprehensive Income.

There are two cash flow hedges with Decathlon SE. The Euro cash flow hedge has an outstanding amount totalling €83 million for the period January 2023 to June 2023, secured at a rate of: 0.8246. The second cash flow hedge concerning USD for the period January 2023 to February 2023 has a secured amount of \$6.5 million secured at a rate of 0.8492. These amounts are considered as a cash flow hedge and valued in consequence (MTM valuation) and booked in equities (OCI) an amount of £14k. (2021: 1 cash flow hedge with a value of €55 million with OCI valued £1.6 million). These amounts outstanding are to cover our amounts payable and receivable needs in foreign currency forecasted on those periods.

Resulting hedged assets/liability due to the forward contracts amounted to the following:

	2022 £'000	2021 £'000
Hedging Asset	2,315	-
Hedging Liability	-	2,571

16 Pension cost

The company makes contributions to a group personal pension plan.

The total contributions paid for the year amounted to £601k (2021: £875k). There were no outstanding or prepaid contributions at 31 December 2022 (2021: nil)



Notes to the financial statements for the year ended 31 December 2022 (continued)

17 Right of use assets and lease liabilities schedule

Movement of lease liabilities during the year		£'000
Short term lease liabilities as at 1/1/22		16,363
Long term lease liabilities as at 1/1/22		56,882
Total lease liabilities as at 1/1/22		73,245
Additions		46,381
Amended leases		6,267
Interest		1,740
Actual Payments:		(19,281)
Contractual payments	(17,981)	
Deferred payments	(1,300)	
Total lease liabilities as at 31/12/22		108,352
Short term lease liabilities as at 31/12/22		16,317
Long term lease liabilities as at 31/12/22		92,035
Total lease liabilities as at 31/12/22		108,352



Notes to the Financial Statements for the year ended 31 December 2022 (continued)

17 Right of use assets and lease liabilities schedule (continued)

Movement of right of use (RoU) assets during the year		Retail space
		£'000
Cost		
RoU assets as of 1/1/2022		106,181
Impact of changes in lease terms		15,721
Additions		45,357
At 31 December 2022		167,259
Accumulated depreciation		
On 1 January 2022		(52,356)
Charge for the year		(23,582)
Impairment		(275)
At 31 December 2022		(76,213)
Net right of use assets as at 31 December 2022		91,046
Net right of use assets as at 31 December 2021		53,824

Maturity analysis - contractual undiscounted cash flows

	2022	2021
Lease liabilities due:	£'000	£'000
Within one year	14,392	16,197
Within two to five years	50,752	44,748
After five years	61,514	18,170
	126,658	79,115



Notes to the Financial Statements for the year ended 31 December 2022 (continued)

18 Ultimate controlling party

The immediate and ultimate parent undertaking and controlling party is Decathlon SE, which is incorporated in France and is the largest group to consolidate these financial statements. A copy of the ultimate parent's financial statements can be obtained by writing to: 9 Maritime Street, London SE16 7FU, United Kingdom.

19 Post Balance Sheet Events

There are no significant events after the reporting period.