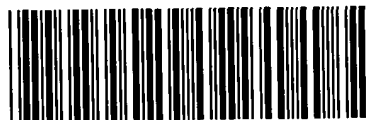


Company Registration No. 06027131 (England and Wales)

**SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 26 APRIL 2020**

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# **SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	AA Adegoke AP O Dick
<b>Secretary</b>	T J Piper
<b>Company number</b>	06027131
<b>Registered office</b>	Unit A Brook Park East Shirebrook Mansfield NG20 8RY
<b>Auditor</b>	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB

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# **SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED**

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# **SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED**

## **STRATEGIC REPORT**

### ***FOR THE PERIOD ENDED 26 APRIL 2020***

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The directors present the strategic report for the period ended 26 April 2020.

The Company acts as a purchasing and inventory holding company for the European based retail entities within the Frasers Group plc group of companies.

#### **Fair review of the business**

The loss for the financial period was €31,613k compared to restated profit of €3,240k in the prior period. The loss is driven by inventory provisions on increased stock holding and transfer pricing adjustments between the Company and the retailing entities across Europe, whereby the impact of one-off costs in the year and loss making stores in some of the retailing entities has resulted in losses for Sports Direct International Holdings Ltd under the transfer pricing model.

The EU retailing entities have been through rationalisation over the past 2 years to close or improve loss making and poor performing stores, meaning in future years it is expected to result in Sports Direct International Holdings Ltd generating income from the transfer pricing arrangements.

#### **Key performance indicators**

Given the nature of the business, the directors consider the level of gross inventory and the inventory provision to be the only key performance indicators of the Company. The directors closely monitor inventory levels to ensure there is appropriate supply for the trading businesses within the group and continually assess demand from customers across Europe to ensure the group has the right inventory at the right levels. As at the 26 April 2020, gross inventory was €137.9m (2019: €88.5m) with a provision of €25.2m (2019: €13.3m). The increase in provision is due was due to the increase in gross inventory and the increased risk of obsolescence caused by Covid-19.

#### **Principal risks and uncertainties**

##### **Liquidity & cashflow risk**

Funding and liquidity for the Company's operations are provided through group bank loans, overdrafts and shareholder's funds.

The Company's objective is to maintain sufficient funding and liquidity for its requirements, but the availability of adequate cash resources from bank facilities and achieving continuity of funding in the current financial climate could be a risk to the Company in future years.

Relationships with suppliers could break down if we are unable to pay them in line with our contractual obligations.

##### **Credit risk**

The Company's key suppliers also face credit risks and as such the Company regularly assesses the viability of its suppliers and ensures that there are plans to source from alternative businesses, should key suppliers fail. Rigorous procedures are in place to mitigate this credit risk. The Company has a credit policy in place and the exposure to risk is monitored on an on-going basis. Investment of cash surplus, borrowings and derivative investments are made through banks and companies which have credit ratings and investment criteria approved by the Board. The Company, as part of the wider Frasers Group refinanced its main credit facility in November 2017 and as part of the Group is operating comfortably within it. The credit facility is available until November 2022.

# **SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE PERIOD ENDED 26 APRIL 2020***

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### **Brexit**

On the 24th December 2020 the UK entered into a Trade and Cooperation Agreement with the EU which governs the conduct of trade between the two parties, following the end of the transition agreement that existed until 31st December 2020.

Operationally there has been minimal disruption from the change and we continue to operate business as usual.

We have instigated a Brexit response plan, which in particular includes a review of our supply chain, in order to mitigate the impact of increased VAT and duties, that are likely to apply to our business following the change. We consider that the process changes that we are in the course of instigating will all mean that there will be no material financial impact upon our business.

### **Coronavirus**

The consequences of the COVID-19 pandemic led to a shutdown of retail stores across Europe, and therefore operating results have been negatively impacted. Stores across Europe have since re-opened. There is a risk of further lockdowns across Europe which may cause an additional period of store closures.

Fraser's Group and its European subsidiaries were all affected by the COVID-19 crisis. However, the Group wherever possible has made use of Government support in the territories in which it operates, such as Government salary programs and tax payment deferrals. Along with careful cash management, working with its suppliers and reducing non business critical work these measures have helped to ensure the Group has sufficient funds to continue during the period of store closures.

Sports Direct International Holdings Ltd may be impacted by any of the European retailers negatively affected, to whom it sells stock and due to Transfer Pricing arrangements. With the measures taken above and the rationalisation in the European retail entities over the past 2 years, the impact will be minimal.

### **Future developments**

We aim to improve efficiencies in central operating processes and continue to strengthen our relationship with third party suppliers and to work closely with brand partners to deliver best in class visual merchandising.

# SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE PERIOD ENDED 26 APRIL 2020**

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### Section 172 Statement

FY20 is the first year that the Frasers Group plc Board (the ultimate parent company) is reporting on how it has applied s172 of the Companies Act 2006 to its discussions and decisions. Though this is the first year of reporting, the principles of s172 has been employed by the Frasers Group plc Board since the implementation of the Act.

S172 states: A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a. the likely consequences of any decision in the long term,
- b. the interests of the company's employees,
- c. the need to foster the company's business relationships with suppliers, customers and others,
- d. the impact of the company's operations on the community and the environment,
- e. the desirability of the company maintaining a reputation for high standards of business conduct, and
- f. the need to act fairly as between members of the company.

Generally known as the s172 Director's Duty, the most well-known duty of s172 is to "promote the success of the company for the benefit of its members as a whole", whilst having regard to various other stakeholder interests. The duty imposed by s172 emphasises that Sports Direct International Holdings board must consider the wider impact of its decisions, rather than just the financial and strategic elements. The Sports Direct International Holdings board should create a culture whereby the long-term consequences of their actions and the long-term success of the company are given due consideration. These pages, and references in the Strategic Report, show how we have applied the duties to our decision making within the year.

The Frasers Group plc board, the parent company, takes care to consider the interests of all stakeholders when deciding on courses of action, but it also recognises that the result will not always be a positive one for all stakeholder groups. The directors of Sports Direct International Holdings place reliance on the Board of the Group to ensure all necessary duties are adhered to. The Group Board also take into consideration the strategy, purpose, values and culture of the business when making these decisions, decisions which directly relate to the Company.

During the year, the Board has made decisions based on Board papers, presentations from senior executives, discussions with external bodies, and reports. Stakeholders can vary depending on the decision being debated, and there may not always be a defined list. The Frasers Group plc Board's aim is to regularly review our stakeholders to ensure that they are given the appropriate consideration at all times. When the Frasers Group plc Board considers instating long term incentive plans (LTIP), the board is considerate of the group's strategy, the economic climate, its shareholders and its employees and is working hard to find a targeted and fair all employee LTIP for proposal to its shareholders.

The Frasers Group plc Board has engaged with stakeholder groups during the year via general meetings, meetings with investors, letters in response to particular issues raised, formal announcements, the Whistleblowing Hotline and 'Your Company, Your Voice' in respect of employee stakeholder groups, and at the Annual General Meeting. The Group was amongst the first to have an employee appointed to the Fraser Group plc Board as the Workforce Director, establishing a direct and regular link with the mood of the organisation, feedback on any issues as well as inputting an employee perspective to all Frasers Group plc Board decisions. As you will read from her report, Cally Price (the current Workforce Director) has made a huge contribution to employee engagement throughout her tenure. The Group's engagement with stakeholder and the contribution of Cally Price have a direct impact on the Company as well as the Group's other subsidiaries.

Periodic engagement with all stakeholder groups is supplemented by frequent engagement with the Group's senior executives, including the directors of the Company. The Board scrutinises information provided by them on stakeholder engagement which it discusses with the executive team. The Fraser Group plc Board also satisfies its responsibilities in other ways such as reviewing risks, succession planning and agreeing strategy. The scrutiny and review of information as well as risk, succession and strategic planning is performed on behalf of the Company by the Frasers Group plc board including the input of the Company's directors.

## **SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

#### **FOR THE PERIOD ENDED 26 APRIL 2020**

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Most importantly, the Board is focused on the long-term sustainability of the Company. This has been a major focus for a number of years, particularly in light of the pressure on the high street as a result of the struggling retail market. The added impacts of the Covid-19 pandemic has meant the long-term sustainability of the Company has been brought closer into the spotlight, with a number of retailers closing their doors on a permanent basis, and many more downsizing.

During the Covid-19 pandemic the Group took extraordinary measures to support the business including requesting that senior levels of staff had their salaries temporarily capped at £40,000. The cap was applied to all Group companies including the Company. Requesting that a large number of the workforce took a salary reduction was not a decision that was reached easily by the Fraser Group plc Board, although it was overwhelmed by the support shown by the workforce and the sacrifices they made for the greater good of the Company. As the position became more stable, the Fraser Group plc Board was able to establish that the Group was in a good position, and that the salary reductions would not need to be actioned. However, the Frasers Group plc Board recognises the mood of the public and politicians with regard to Government support during the pandemic and therefore did determine that, the Group's Chief Financial Officer, Head of Commercial and the Non-Executive Directors all remained on reduced salaries during the first lockdown period.

On all occasions the Frasers Group plc Board makes decisions based on the papers presented to them, assessing the risks and benefits, applying their knowledge experience and seeking advice from other parties as required. The Frasers Group plc Board seeks to make fair, balanced and independent decisions for the benefit of all aspects of the Company.

#### **Decision making areas and principle decisions/steps in the period**

##### **The likely consequences of any decision in the long run**

The Board has been mindful that any decisions that it makes now may have possible consequences in the long term. During the year our free cash flow of Frasers Group plc remained strong. This is important as it is an indicator of the cash that is available for investment in line with the elevation strategy and to manage future risks and commitments applicable to the Company. Further information on free cash flow can be located in the Group's annual report.

The Board has continued to invest in new and existing stores across the period in line with its elevation strategy. The long term impact of this investment is to enhance the customer experience within stores, strengthening the brand and to improve the position of the Company in its relative market.

##### **The interests of the Company's employees**

Our relationship with our employee's is paramount. The ongoing engagement by the Group with We Are Wiser is focussed on establishing a strong and empowered culture throughout the Group with outcomes showing that the Company offers a wealth of opportunities for hard working members of staff. The Group's appointment of Cally Price, the Non-Executive Workforce Director for Frasers Group plc, is evidence of how we want to focus on our employees to provide them with the best possible working environment across all subsidiaries, including the Company.

As highlighted above, the Group's Board agreed that senior management and the Board should take a pay cut during the pandemic lockdown whilst ensuring that all staff including those on furlough would receive 100% salary. The Board recognised that there were challenging times ahead for the Company and other entities of Frasers Group plc and that it was important to protect jobs and ensure colleague welfare during lockdown period.

# **SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE PERIOD ENDED 26 APRIL 2020**

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#### **The need to foster the Company's business relationship with suppliers, customers and others**

In all instances we aim to create and maintain open and transparent business relationships. We are currently investing in our customer service technology in order to respond to customers more quickly and effectively. We work with suppliers to ensure that relationships remain fortuitous for both parties, and to ensure that modern slavery and trafficking are not present in the supply chain. We work closely with regulators such as HMRC.

The Board worked closely and transparently with its suppliers and banks during the Covid-19 pandemic to ensure that the Company remains in the best possible financial situation. The Board discussed the position with suppliers to try to reduce or defer orders/projects during the difficult times, and has spoken to banking partners to ensure that cash is available should it be required.

#### **The impact of the Company's operations on the community and the environment**

We recognise that we are in an excellent position to assist the community and we hope to have a positive impact by assisting them through training, employment and the use of our facilities. During the year there has been focus on sustainability throughout the Group, including creating clothing from recycled materials, packaging from recycled paper and working with suppliers to minimise packaging waste where possible. Simple changes such as ensuring that containers are full to capacity not only to save the Group money but also reduce carbon emissions.

At an operational level Frasers Group plc has made many changes throughout the year to ensure that the community and environment are impacted in a positive manner. These changes include introducing using recycled paper whenever possible, implementing voice picking and fitting the majority of our stores with smart meters. The Executives are leading the steps being taken, and the directors of the Company as a whole are supportive of this.

#### **The desirability of the Company maintaining a reputation for high standards of business conduct**

At all times we endeavour to adhere to strict Corporate Governance standards. Our recent appointment of a Group Head of Internal Audit and Risk Management will help us drive our standards and delivery continuous improvement.

Through Frasers Group plc's Non-Executive Workforce Director we are ensuring that the Company staff are listened to and responded to by somebody who fully understands their situation.

#### **The need to act fairly between members of the Company**

The Company is a wholly owned subsidiary of Frasers Group plc. All members of Frasers Group plc hold ordinary shares which attach the same rights and benefits. We ensure that all shareholders have opportunity to express their concerns with the Board throughout the year and endeavour to respond when appropriate. The AGM allows an opportunity for shareholders to ask question and to discuss issues in more depth.

The Board is aware that various shareholders had requested an investor day for Frasers Group plc. The Board committed to give this due consideration, and this will be explored further within any continued limitations imposed by Covid-19.

#### **Customers**

The Company aims to produce and deliver an unrivalled range and quality of products across different customer value propositions to appeal to a broad range of customers.

During FY20 and going forward we are investing in customer service software to ensure that customer experiences can be recorded, highlighting where our strengths and weaknesses lay. The Group websites continually undergo redevelopment with a customer focus in mind, making products easier to locate and providing customers with a smoother checkout experience.

# **SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE PERIOD ENDED 26 APRIL 2020**

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The way that our stores are set up shows a deep customer focus. We tailor our offerings to the local market and as a result of customer feedback we are expanding our offering into select categories in accordance with what sells well in particular geographic locations. Mystery shops take place regularly to assess our customer service skills, providing customers with the optimum in-store experience.

Recent history has seen the Company invest more in third party brands, which has been in response to customer demand. This has shifted the focus from internal to third party brands and exemplifies how customer feedback is heard and responded to accordingly.

Our customer service team works on three key principles:

- Investment in technology
- Ensuring that we have the right people, and;
- Gaining insight into why we are being contacted

Through these key principles, the team continually try to improve the customer experience, and we review our customer service performance by creating a weekly 'heartbeat report', as well as monthly 'customer satisfaction report'. FY20 has seen increased demand from the Board to review elements of the customer service function, and newly created customer service targets will be reported to them during FY21 and onwards.

The elevation of the Group includes elevating our customer service team, and during FY20 we have embraced apprenticeships in customer service. The programme lasts for 15 months and following successful completion the apprentices receive a formal qualification and the opportunity of permanent employment within the Group. Our customer services management team receive internal training to coach, support and develop our staff.

The year has seen a further step away from traditional customer service channels, with the increased usage of Facebook Chat and Webchat. Our websites have seen a refresh via our updated help centre to enable customers to find answers quickly to the most frequently asked questions.

We recognise that customers are vital to our success and due to this we intend to continue to invest heavily in customer services during FY21 and onwards.

### **Suppliers**

We aim to forge strong, transparent relationships with all of our suppliers. This enables us to provide customers with excellent products at affordable prices allowing customers to continue to receive the level of quality that they have come to expect.

Our suppliers have to be willing to sign up to the Frasers Group plc Ethics/Supply Policy. Which maintains a relationship of trust and enables us to oversee their actions by visiting them on a random interval basis. This policy also covers activity within the Company. Our suppliers have a vested interest in improving the efficiency of the supply chain, as well as limiting any negative environmental impact, by ensuring that packaging is kept to a minimum and is created from mainly recyclable materials. We encourage the use of environmentally friendly materials whenever possible as it allows the Company to work towards our environmental aims, as well as benefitting the world around us. We highlight to suppliers that use of well thought out environmentally conscious materials can lead to cost savings, which is an advantage to both our suppliers and to the Company.

### **Regulators**

The Group makes every endeavour to comply with regulations and guidelines set by regulators. We regularly liaise with HMRC, the FRC and the FCA in an open and transparent manner. Regular communication with tax bodies across the globe has been achieved by the finance team and the Board in an attempt to maintain good relationships.

During the Covid-19 outbreak, Group Board members liaised with the Government on a number of occasions to clarify the position regarding store closures.

## **SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

***FOR THE PERIOD ENDED 26 APRIL 2020***

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The Group Audit Committee acts independently in overseeing the Group's financial reporting processes, including for the preparation of consolidated accounts and compliance with relevant regulations. This oversight also applies to the production of the entity accounts of the Company. The Committee oversees the Group's system of risk management and internal control as delegated by the Board. Such systems are applied across all subsidiaries of the Group, including the Company.

The Company retains a good relationship with our brand partners to ensure that we are meeting the standards that they set for the sale of their items. Our brand ambassador programme helps our staff understand brands in more detail in order that they are confident about what they are selling and giving customers the best buying experience.

#### **Financial lenders**

Alongside attending all board meetings, the CFO of Frasers Group plc is always available to inform the board of any updates in relation to financial lenders. This includes, where required, information specific to the Company. Working with the assistance of the finance team, the CFO also ensures that the Group and the Company work within the terms and conditions agreed to in credit facility agreements. The CFO regularly liaises with the Chair of the Remuneration Committee and the Chair of the Audit Committee to discuss the financial performance of the Group.

During the Covid-19 pandemic, the Board discussed the availability of funds in the revolving credit facility and cash flow forecasts. This uncertain time also led to Board discussions regarding other financing methods including the Covid Commercial Finance Facility.

Our finance team have met with lenders during the year to discuss the views of each party and try to reach an outcome which benefits both parties. There was particular focus on this during the commencement of the Covid-19 pandemic in the UK, as management held regular conference calls with financial lenders.

#### **Shareholders**

Frasers Group plc is a publicly traded company and is the ultimate parent company of the Company.

The Group aims to ensure that shareholders have a profitable company which provides long-term profits and sustainable growth.

The Board makes independent decisions when considering key acquisitions in line with group strategy, assessing the opinions and recommendations of key executives, and using their own experiences to ensure that shareholder value is maintained.

Shareholder engagement is welcomed at all times, and the Board have met with a number of shareholders throughout the year.

The views of shareholders are valued by the Board and help guide us towards particular decisions and outcomes. The Board ensures that they are available to partake in shareholder discussions at the half-year and full-year results, at which large shareholders are invited to attend. During the Annual General Meeting the Board is happy to discuss matters related to the meeting and make themselves available afterwards to discuss other business queries. Following each results presentation, the Board receive feedback from the Group's corporate broker, gauging shareholder reaction.

The opinions of shareholders are closely monitored through analyst and broker reports as well as at meetings and on calls. All correspondence that is received from major investors is circulated to the Board upon receipt and added to meeting agenda if deemed necessary.

## SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

### STRATEGIC REPORT (CONTINUED)

**FOR THE PERIOD ENDED 26 APRIL 2020**

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Shareholders are given due consideration when the Board makes key decisions such as the Group dividend policy, remuneration policy and commencement and/or continuation of share buybacks.

Further information on shareholder engagement can be located in the Group annual report.

#### **Community and Environment**

We aim to minimise any detrimental impact that we may have on our immediate communities as well as wider ranging areas. The Company listens to the voice of the community and hopes to repay their goodwill through a selection of methods. In our Shirebrook headquarters we allow the NG20 Working Group use of auditorium, free of charge. We also hold career days where local residents can attend and look into available roles.

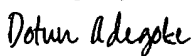
88% of the waste from our Group Shirebrook Distribution Centre is currently recycled, and our bags for life contain 70% recycled materials, which we aim to increase to 85% during FY21. The introduction of 'voice picking' has reduced the amount of paper usage by 17 million sheets, saving 2,000 trees on average per year, and we are currently in the process of changing to card activated printers which we hope will encourage more responsible printing. Our office paper is also 100% recycled.

The intergration of our automated forecast ordering system helps keep the number of containers that we ship to a minimum. Working with our factories and third party brands has allowed us to optimise our container space, which has contributed towards reduced transport impact on average of 4,102 tonnes of carbon annually since FY14.

100% of our electricity for our stores outside of Shirebrook is from renewable sources. Shirebrook receives it's supply from the local independent power station which supports the National Grid during its transition to a greener network.

Further information on the wider Group environmental matters can be located in the Group annual report as well as information on our corporate citizen efforts, including assisting the NHS.

On behalf of the board

DocuSigned by:  


.....18008E72E906410.....

AA Adegoke

Director 19 May 2021

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# **SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE PERIOD ENDED 26 APRIL 2020**

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The directors present their financial statements for the period ended 26 April 2020.

#### **Principal activities**

The principal activity of the Company continued to be the purchasing and inventory holding for the European retail entities within the Frasers Group plc group of companies.

#### **Directors**

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

A A Adegoke

A P O Dick

#### **Results and dividends**

The results for the period are set out on page 15.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Going concern**

The Company is part of the wider Frasers Group and is considered a key subsidiary within the Group. While the Company has a net current liability position of €28,373,000, it has access to financial resources via a Group Revolving Credit Facility (RCF). The board of the parent company, Frasers Group plc, have undertaken to support the Company for a period of at least 12 months from the date of approval of these financial statements. Frasers Group plc, as a controlling party, has also confirmed that it, and its subsidiary companies, do not intend to demand repayment of amounts due to group undertakings of €160,683,000 for at least 12 months from the date of approval of these financial statements.

The directors believe that the Company is well placed to manage its business risks successfully despite the continued uncertain economic outlook.

Management of both the Company and Frasers Group plc have assessed the level of trading to date since the impact of Covid-19 and has forecast and projected a conservative base case and also a number of further conservative scenarios taking into account potential future lockdowns, likely Government support, foreign exchange exposure and potential cost saving initiatives. These forecasts and projections show that Frasers Group plc and the Company will be able to operate within the level of the current facility and its covenant requirements (being interest cover and net debt to EBITDA ratios). Management of both the Company and Frasers Group plc also have a number of mitigating actions which could be taken if required such as putting on hold discretionary spend, liquidating certain assets and drawing down the Revolving Credit Facility.

Having reviewed the Company's performance and having made suitable enquiries, the directors are confident that the Company, with support from the Group, has adequate resources to remain in operational existence for at least 12 months from the date of approval of these financial statements. Trading would need to fall significantly below levels observed during the pandemic to require mitigating actions and on this basis, the directors continue to adopt the going concern basis for the preparation of the Annual Report and Financial Statements.

#### **Environmental Reporting**

The Company is a wholly owned subsidiary of Frasers Group plc and is a fully integrated subsidiary. Disclosures relating to Environmental reporting can be found in the Frasers Group plc annual report.

## SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

### DIRECTORS' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 26 APRIL 2020**

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#### **Qualifying third party indemnity provisions**

Frasers Group PLC has granted the directors of the Company with Qualifying Third Party Indemnity provisions within the meaning given to the term by Sections 234 and 235 of the Companies Act 2006. This is in respect of liabilities to which they may become liable in their capacity as director of the Company and of any company within the Group. Such indemnities were in force throughout the financial year and will remain in force.

#### **Link to Strategic report**

The following which would normally be present in the director's report has instead been considered in the strategic report due to its significance and relevance to the underlying strategy of the Company:

- Financial risk management policies and objectives
- Future developments
- Statements regarding the fostering of relationships with suppliers, customers and others

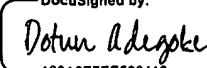
#### **Auditor**

RSM UK Audit LLP were appointed as auditor to the Company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the board

DocuSigned by:  
  
.....100A0E7EES00410..  
AA Adegoke  
Director

19 May 2021

Date: .....

# **SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE PERIOD ENDED 26 APRIL 2020***

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing 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.

# **SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED**

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#### **Opinion**

We have audited the financial statements of Sports Direct International Holdings Limited (the 'Company') for the period ended 26 April 2020 which comprise the statement of comprehensive income, the statement of financial position, the 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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 26 April 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **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. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

## **SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement as 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 these financial statements.

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

## **SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED**

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#### **Use of our report**

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

RSM UK Audit LLP

**Rachel Fleming (Senior Statutory Auditor)**  
for and on behalf of RSM UK Audit LLP, Statutory Auditor

20 May 2021

#### **Chartered Accountants**

25 Farringdon Street  
London  
EC4A 4AB

**SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED****STATEMENT OF COMPREHENSIVE INCOME****FOR THE PERIOD ENDED 26 APRIL 2020**

		period ended 26 April 2020	Period ended 28 April 2019 as restated
	Notes	€000's	€000's
<b>Revenue</b>	<b>3</b>	162,180	39,800
Cost of sales		(180,382)	(45,697)
<b>Gross loss</b>		(18,202)	(5,897)
Distribution costs		(21)	(53)
Administrative expenses		(1,465)	(139)
Other operating (expenses)/income	<b>6</b>	(11,497)	10,089
<b>Operating (loss)/profit</b>	<b>4</b>	(31,185)	4,000
Finance costs	<b>7</b>	(428)	-
<b>(Loss)/profit before taxation</b>		(31,613)	4,000
Tax on (loss)/profit	<b>8</b>	-	(760)
<b>(Loss)/profit for the financial period</b>		(31,613)	3,240
<b>Total comprehensive income for the period</b>		(31,613)	3,240

The statement of total comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 18 - 29 form part of these financial statements.

## SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

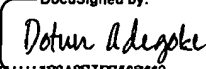
## STATEMENT OF FINANCIAL POSITION

AS AT 26 APRIL 2020

		2020		2019 as restated	
	Notes	€000's	€000's	€000's	€000's
<b>Non-current assets</b>					
Investments	9		1		-
<b>Current assets</b>					
Inventories	11	112,655		75,248	
Trade and other receivables	12	56,866		40,836	
Cash and cash equivalents		7,272		14,000	
		176,793		130,084	
<b>Current liabilities</b>					
Trade and other payables	13	(205,167)		(126,844)	
<b>Net current (liabilities)/assets</b>			(28,374)		3,240
<b>Total assets less current liabilities</b>			(28,373)		3,240
<b>Net (liabilities)/assets</b>			(28,373)		3,240
<b>Equity</b>					
Called up share capital	14		-		-
Retained earnings	15		(28,373)		3,240
<b>Total equity</b>			(28,373)		3,240

19 May 2021

The financial statements were approved by the board of directors and authorised for issue on .....  
and are signed on its behalf by:

DocuSigned by:  
  
 .....180A8E7EE508410...  
 A A Adegoke  
 Director

Company Registration No. 06027131

The notes on pages 18 - 29 form part of these financial statements.

**SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED****STATEMENT OF CHANGES IN EQUITY****FOR THE PERIOD ENDED 26 APRIL 2020**

	<b>Called up share capital</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>as restated</b>		
	<b>€000's</b>	<b>€000's</b>	<b>€000's</b>
<b>As restated for the period ended 28 April 2019:</b>			
<b>Balance at 1 May 2018</b>	-	-	-
<b>Period ended 28 April 2019:</b>			
Loss and total comprehensive income for the period (as previously reported)	-	(14,546)	(14,546)
Prior period adjustment	note 17 -	17,786	17,786
<b>Balance at 28 April 2019 (as restated)</b>	-	3,240	3,240
<b>Period ended 26 April 2020:</b>			
Loss and total comprehensive income for the period	-	(31,613)	(31,613)
<b>Balance at 26 April 2020</b>	-	(28,373)	(28,373)

# **SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 26 APRIL 2020**

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### **1 Accounting policies**

#### **Company information**

Sports Direct International Holdings Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit A, Brook Park East, Shirebrook, Mansfield, NG20 8RY.

The prior period has been restated to correct the omission of other operating income from a group company that was recognised elsewhere in the group, see note 16.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in euros, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest €000's.

The financial statements are for a period of 52 weeks ended 26 April 2020 (2019: 52 weeks ended 28 April 2019).

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by FRS 102 the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, share-based payments, presentation of a cash flow statement, the aggregate remuneration of key management personnel and related party transactions with other wholly-owned members of the group.

Where required, equivalent disclosures are given in the group accounts of Frasers Group plc and the Company is consolidated in those group accounts.

# SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 26 APRIL 2020

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#### 1 Accounting policies

(Continued)

##### 1.2 Going concern

The Company is part of the wider Frasers Group and is considered a key subsidiary within the Group. While the Company has a net current liability position of €28,373,000, it has access to financial resources via a Group Revolving Credit Facility (RCF). The board of the parent company, Frasers Group plc, have undertaken to support the Company for a period of at least 12 months from the date of approval of these financial statements. Frasers Group plc, as a controlling party, has also confirmed that it, and its subsidiary companies, do not intend to demand repayment of amounts due to group undertakings of €160,683,000 for at least 12 months from the date of approval of these financial statements.

The directors believe that the Company is well placed to manage its business risks successfully despite the continued uncertain economic outlook.

Management of both the Company and Frasers Group plc have assessed the level of trading to date since the impact of Covid-19 and has forecast and projected a conservative base case and also a number of further conservative scenarios taking into account potential future lockdowns, likely Government support, foreign exchange exposure and potential cost saving initiatives. These forecasts and projections show that Frasers Group plc and the Company will be able to operate within the level of the current facility and its covenant requirements (being interest cover and net debt to EBITDA ratios). Management of both the Company and Frasers Group plc also have a number of mitigating actions which could be taken if required such as putting on hold discretionary spend, liquidating certain assets and drawing down the Revolving Credit Facility.

Having reviewed the Company's performance and having made suitable enquiries, the directors are confident that the Company, with support from the Group, has adequate resources to remain in operational existence for at least 12 months from the date of approval of these financial statements. Trading would need to fall significantly below levels observed during the pandemic to require mitigating actions and on this basis, the directors continue to adopt the going concern basis for the preparation of the Annual Report and Financial Statements.

##### 1.3 Revenue

Revenue represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

In the case of goods sold through retail stores, revenue is recognised when goods are sold to the customer, less provision for returns. Accumulated experience is used to estimate and provide for such returns at the time of the sale. Retail sales are usually in cash, by debit card or by credit card.

##### 1.4 Non-current investments

Investments in subsidiaries are accounted for at cost less provision for impairment.

An assessment is made at each reporting date of whether there are indications that the Company's investment in subsidiaries or associates may be impaired or that an impairment loss previously recognised has fully or partially reversed.

If such indications exist, the Company estimates the recoverable amount of the asset. Shortfalls between the carrying value of the investment and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairment losses are recognised in profit or loss.

# SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 26 APRIL 2020

---

### 1 Accounting policies

(Continued)

#### 1.5 Inventories

Inventory is valued at lower of cost and estimated selling price less costs to complete and sell. Cost includes the purchase price of the manufactured products, materials and transport costs. Cost is calculated using weighted average cost. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### 1.6 Cash and cash equivalents

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

#### 1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

##### **Recognition and measurement of financial instruments**

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

##### **Classification of financial instruments**

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

##### **Financial assets and liabilities at amortised cost**

Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and impairment losses.

Where the arrangement with a debtor constitutes as a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost using the effective interest method. The effective interest rate is the market rate used to determine initial measurement adjusted to amortise directly attributable transaction costs.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

# SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 26 APRIL 2020

---

#### 1 Accounting policies

(Continued)

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

Where the arrangement with a creditor constitutes as a financial transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost, being transaction price less any amounts settled and the cumulative amortisation (using the effective interest method) of any difference between the amount of initial recognition and the maturity amount. The effective interest rate is the rate that discounts estimated future cash payments to the carrying amount of the financial liability.

#### ***Borrowings***

Borrowings are initially recognised at the transaction price, including transaction costs (unless the arrangement constitutes, in effect, a financing transaction, in which case it is initially recognised at the present value of future payments discounted at a market rate for a similar debt instrument) and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of effective interest method and is included in interest payable and other similar expenses.

#### ***Derecognition of financial assets and liabilities***

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some (but not substantially all) risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

#### 1.8 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 statement of total comprehensive income 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 reporting end date.

#### ***Deferred tax***

Deferred taxation is provided in full in respect of taxation deferred by temporary differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted. Deferred tax assets are recognised to the extent that future taxable profits will be available against which temporary differences can be utilised. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the statement of financial position date.

# **SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 26 APRIL 2020**

---

### **1 Accounting policies**

**(Continued)**

Current and deferred tax, other than the tax effects of distributions to owners, is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income.

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

#### **1.9 Foreign exchange**

Transactions in currencies other than Euro's are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the statement of total comprehensive income for the period.

### **2 Judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 26 APRIL 2020

## 2 Judgements and key sources of estimation uncertainty

(Continued)

### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### *Provision for obsolete, slow moving or defective stock*

The Directors have applied their knowledge and experience of the retail industry in determining the level and rates of provisioning required in calculating the appropriate inventory carrying values. Specific estimates and judgements applied in relation to assessing the level of inventory provisions required are considered in relation to the following areas:

- a. Continuity inventory
- b. Seasonal inventory lines - specifically seasons that have now finished
- c. Third party versus owned brand inventory
- d. Ageing of inventory
- e. Sports retail or Premium lifestyle
- f. Local economic conditions
- g. Divisional specific factors
- h. Increased cost of inventory and lower margins with devaluation of the Pound
- i. Over-stock and out of season inventory as a result of Covid-19

Provision estimates are forward looking and are formed using a combination of factors including historic experience, managements knowledge of the industry, group discounting, sales pricing protocols and the overall assessment made by management of the risks in relation to inventory.

Management use a number of internally generated reports to monitor and continually re-assess the adequacy and accuracy of the inventory provision. The additional cost of repricing inventory and handling charges in relation to relocating inventory (tunnelling) are considered in arriving at the appropriate percentage provision. The testing performed to check the assumptions applied remain valid by management produces a range of outcomes and the provision is set within this range.

Key assumptions used to create the estimates are:

- Discounting - Based on historical experience and managements anticipated future discounting including the impact of Covid-19
- Tunnelling - Cost of handling stock for reworking, repacking and repricing
- Repricing - Labour cost associated with repricing units of stock
- Shrinkage - Stock lost through damage and theft

## 3 Revenue

The total turnover of the Company for the period has been derived from its principal activity relating to the purchasing and inventory holding company for the European based retail entities.

	2020	2019
	€000's	€000's
<b>Revenue analysed by geographical market</b>		
EU (excl. UK)	162,180	39,800

**SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 26 APRIL 2020****4 Operating (loss)/profit**

	<b>2020</b>	<b>2019</b>
	<b>€000's</b>	<b>€000's</b>
Operating (loss)/profit for the period is stated after charging/(crediting):		
Exchange losses/(gains)	387	(232)
Fees payable to the Company's auditor for the audit of the Company's financial statements	150	-
Impairment of inventories recognised or reversed	10,228	4,419
	<u>          </u>	<u>          </u>

**SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 26 APRIL 2020****5 Staff Costs**

	<b>2020</b> <b>€000's</b>	<b>2019</b> <b>€000's</b>
Wages and salaries	103	159
	<u>          </u>	<u>          </u>

The Company has no employees and staff costs are recharged by a fellow group company.

Directors are not remunerated in respect of any services provided to the company.

Directors are employed and remunerated through other group companies.

**6 Other operating (expenses)/income**

Other operating (expenses)/income includes income totalling €8,427k (2019: €19,354k) and expenses totalling €19,924k (2019: €9,265k).

**7 Finance costs**

	<b>2020</b> <b>€000's</b>	<b>2019</b> <b>€000's</b>
Interest on bank overdrafts and loans	66	-
Interest payable to group undertakings	362	-
	<u>          </u>	<u>          </u>
	428	-
	<u>          </u>	<u>          </u>

**8 Taxation**

	<b>2020</b> <b>€000's</b>	<b>2019</b> <b>€000's</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	760
	<u>          </u>	<u>          </u>

# SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 26 APRIL 2020

#### 8 Taxation

(Continued)

The actual charge for the period can be reconciled to the expected (credit)/charge for the period based on the profit or loss and the standard rate of tax as follows:

	2020 €000's	2019 as restated €000's
(Loss)/profit before taxation	(31,613)	4,000
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(6,006)	760
Group relief	6,006	-
Taxation charge for the period	-	760

In accordance with the Finance Act 2020 (which was substantively enacted on 22 July 2020), the previous legislation which reduced the main rate of corporation tax from 19% to 17% with effect from 1 April 2020 was repealed, thereby maintaining the current rate of corporation tax at 19%, which has been the rate in force since 1 April 2017.

#### 9 Fixed asset investments

	Notes	2020 €000's	2019 €000's
Investments in subsidiaries	10	1	-

#### Movements in non-current investments

	Shares in group undertakings €000's
<b>Cost or valuation</b>	
At 29 April 2019	-
Additions	1
At 26 April 2020	1
<b>Carrying amount</b>	
At 26 April 2020	1
At 28 April 2019	-

During the period the Company acquired the entire share capital of SportsDirect.com Malta Limited for €1,200. See note 9.

# SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 26 APRIL 2020

#### 10 Subsidiaries

Details of the Company's subsidiaries at 26 April 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
SportsDirect.com Malta Ltd	Level 1, LM Complex, Brewery Street, Mriehel, Malta	Retail	Ordinary	100.00	-
Sports World International Limited	Unit A Brook Park East, Shirebrook, NG20 8RY	Dormant	Ordinary	100.00	-

#### 11 Inventories

	2020 €000's	2019 €000's
Finished goods and goods for resale	112,655	75,248

The directors have reviewed the opening and closing provisions against inventory and have concluded that these are fairly stated. The Company revised its estimates and assumptions for calculating inventory provisions at 26 April 2020. Overall provisions have increased from €13.3m in FY19 to €25.2m as at 26 April 2020.

#### 12 Trade and other receivables

	2020 €000's	2019 €000's
<b>Amounts falling due within one year:</b>		
Trade receivables	2,210	-
Amounts owed by group undertakings	39,507	39,109
Other receivables	8,061	1,437
Prepayments and accrued income	7,088	290
	56,866	40,836

#### 13 Trade and other payables

	2020 €000's	2019 as restated €000's
Trade payables	3,102	9,551
Amounts owed to group undertakings	160,683	91,405
Accruals and deferred income	41,382	25,888
	205,167	126,844

**SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 26 APRIL 2020****14 Share capital**

	2020 €000's	2019 €000's
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1 Ordinary shares of €1 each	-	-
	<u>          </u>	<u>          </u>

The Company's ordinary share, which carries no right to fixed income, carries the right to one vote at general meetings of the Company.

**Retained Earnings**

Retained Earnings represents accumulated comprehensive income for the current period and prior periods.

**16 Ultimate controlling party**

The ultimate controlling party is M J W Ashley, by virtue of his 100% ownership of MASH Holdings Limited, the ultimate parent company. MASH Holdings Limited indirectly holds the majority of shares in Frasers Group PLC, (the immediate parent company).

Frasers Group PLC is the smallest company and MASH Holdings is the largest company to consolidate these accounts. Both Frasers Group PLC and MASH Holdings Limited are companies registered in England and Wales. A copy of the group accounts can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

**17 Prior period adjustment****Reconciliation of changes to net assets**

	28 April 2019 €000's
<b>Adjustments to prior period</b>	
Amounts due to group undertakings	17,786
	<u>          </u>
Total adjustments	17,786
Equity as previously reported	(14,546)
	<u>          </u>
Equity as restated	<u>3,240</u>

**SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 26 APRIL 2020****17 Prior period adjustment****(Continued)****Reconciliation of changes in (loss)/profit.**

	<b>28 April 2019 €000's</b>
<b>Adjustments to prior period</b>	
Other operating (expenses)/income	18,546
Tax on Profit/(Loss)	(760)
	<hr/>
Total adjustments	17,786
Loss as previously reported	(14,546)
	<hr/>
Profit as restated	<u>3,240</u>

**Notes to reconciliation****Transfer pricing adjustment**

Upon review of transfer pricing agreements to which the company is party, the directors identified the amounts reported in the prior period financial statements omitted income totalling €17,786k for the period between 1 January and 28 April 2019. The amount identified was incorrectly recognised by a fellow group undertaking. As such, a prior period adjustment has been processed to reflect additional other operating income and a decrease in amounts owed to group undertakings totalling €17,786k.