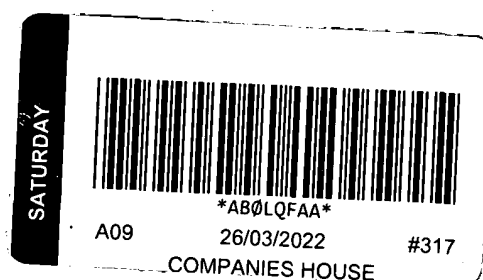


Company Registration No. 06027131 (England and Wales)

SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 APRIL 2021



SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

COMPANY INFORMATION

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

SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

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SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 25 APRIL 2021

The directors present the strategic report for the the 52 week period ended 25 April 2021 (2020: 52 weeks 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 €10,725k compared to a loss of €31,613k in the prior period. The reduction in the loss is driven by one-off costs such as inventory provisions on increased stock holding recognised in the prior period, and also 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 3 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 25 April 2021, gross inventory was €151,800k (2020: €137,900k) with a provision of €27,000k (2020: €25,200k). 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 post period end on 30 November 2021. The group continues to operating comfortably within the facility and the credit facility is available until November 2024.

SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 25 APRIL 2021

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 and 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 mean that there will be no financial impact on our business.

Further analysis is presented in the Frasers Group plc Annual Report for FY21.

Coronavirus

Throughout the Covid-19 pandemic, our highest priority has been to protect the health, safety and wellbeing of our colleagues. This reflects both our duty to keep our people safe and the business imperative: if we are not safe, we cannot trade.

Our response has been based on a number of key principles, in particular:

- following Government guidelines and exceeding them in certain aspects;
- completing thorough risk assessments and regularly updating them; and
- communicating effectively, so our people understand what we are doing and their part in keeping themselves and their colleagues safe.

The standards we have developed have been shared and followed across the Group, except where local legislation mandates a different approach.

The Group's senior management have been closely involved in our response, ensuring the safety of our people is put first and that sufficient resources and equipment are available. We have also been supported by an independent health and safety consultant, who is helping us to drive continuous improvement, including in relation to our response to Covid-19.

A detailed summary of the impacts of the coronavirus pandemic on our business is included in the Frasers Group plc Annual report for FY21.

Future developments

During FY21, we have continued to see the progress of the elevation strategy with additional new flagship stores opening.

The elevation of our multi-channel retail proposition remains a key strategic objective. To this end, we are improving the customer experience at every step of the journey. We aim to deliver an unrivalled range, availability and quality of products – both third party brands and Group branded products.

The elevation strategy continues to enhance and improve our stores and all our digital operations, our product offering and our marketing channels. This is vital to strengthen our relationships with our key third party brand partners, to deliver benefits for consumers and to drive the Company's long-term profitability.

SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 25 APRIL 2021

Corporate governance statement

Sports Direct International Holdings Limited is a wholly owned subsidiary of Frasers Group plc and is a fully integrated subsidiary. Whilst the Company itself does not comply with the requirements of the UK Corporate Governance Code it relies upon the governance arrangements put in place by the Frasers Group plc Board. For example, the Company does not have any appointed non-executive director, so it relies on the Group non-executive directors to have oversight of the Company.

The below assessment is therefore an assessment of the Group's activities for the period in respect of compliance with the UK Corporate Governance Code and not that of Sports Direct International Holdings Limited.

The Frasers Group plc Board considers it complied with the majority of the principles and provisions of the 2018 UK Corporate Governance Code for the period ended 25 April 2021. All references to Board in the remainder of the Strategic Report relate to the Frasers Group plc Board rather than the Board of Sports Direct International Holdings Limited.

The following paragraph sets out the provisions which have not been fully complied with during FY21.

Corporate governance provision requirements, non-compliances and resolutions

Remuneration schemes should promote long-term shareholdings by Executive Directors that support alignment with long-term shareholder interests. Share awards granted for this purpose should be released for sale on a phased basis and be subject to a total vesting and holding period of five years or more. The Frasers Group plc Remuneration Committee should develop a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares. At present, the Group does not have an LTIP share scheme for the Executive Directors. An executive share scheme will be put to shareholders at the Annual General Meeting in respect of Chris Wootton.

Stakeholder Engagement

The Company has a number of stakeholders to consider and we use a variety of methods to ensure that we capture their views and use them to shape our decisions. Stakeholder engagement is important to our performance, and we take on board both commendation and constructive criticism. However, whilst we are mindful of each stakeholder group, we have to balance their views against other competing factors and recognise that the result may not be positive for all stakeholder groups. During the year, the Board has made decisions based on Board papers, presentations from senior executives and discussions with and reports from external consultants.

The Board

There were no Board changes during the year. The Board's stability has enabled the Company to confidently meet the challenges of, and navigate successfully through, these unprecedented times.

The Board decided to renew the appointment of our workforce Director, Cally Price, for a further few years, subject to AGM election until October 2024. Cally has had a huge impact on the Board and successfully acts as a conduit between the workforce and Directors. She brings new insights and perspective to the Board and plays a key role in helping colleagues understand the challenges and opportunities facing the business. She has continued to work tirelessly in briefing the workforce on developments during the Covid-19 pandemic. David Daly will be continuing in his role of Chair for a further term of three years, following its renewal by the Board in July 2020.

Business Model

The Group's business model remains consistent in providing customers with the world's best brands. This requires us to have the right product, in the right place, at the right time and at the right price. In ensuring the sustainability of this we have applied the multi-channel elevation strategy in elevating not only our stores and brands, but also the customer experience. Governance plays a key role in the business model and the delivery of strategy as the Board defines expectations and verifies performance towards the delivery of strategic aims and objectives.

SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 25 APRIL 2021

Division of Responsibilities

Detail of the division of responsibilities of the Board can be found in the Group accounts of Frasers Group plc.

Board Performance

On an annual basis the Non-executive Directors, led by Richard Bottomley, review the performance of the Chair, taking into account the views of the Executive Directors. The outcome of the review is relayed to the Chair, with *constructive comments to improve future performance*. During the period, the Chair reviewed the performance of all Non-executive Directors, to ensure their performance remains effective and that they are committed to and capable of performing the role. The Chair has discussed with each Non-executive Director how they can improve their knowledge, behaviour and skills, in order to be better equipped for the role. The performance of the Executive Directors was also reviewed by the Chair and the Non-executive Directors and performance objectives set.

An external review by Belinda Hudson Limited was also carried out during the year.

A number of informal meetings also took place throughout the year between various Non-executive Directors and the Chair without the Executive Directors present.

Employees

Employee engagement statement

It is the Company policy to treat all our people with dignity and respect. Sports Direct International Holdings Limited staff work together across all areas of the business and other businesses within the Frasers Group. Frasers Group plc is proud that it is one of the first public companies in the UK to make an elected Workers' Representative a Board member and the benefits of having a Worker's Representative on the Board of the Group feed directly into the staff engagement of Sports Direct International Holdings Limited.

Remuneration and rewards

Our policy is to foster a reward-based culture that enables our staff to share in the success of the wider Frasers Group. It is company policy to pay above the statutory National Minimum Wage, including rates that are above the statutory National Living Wage for those over 25 years of age in the UK. We offer bonus schemes and incentives depending on the role and the fascia, and colleagues receive discounts across all fascias.

The Fearless 1000 incentive scheme aligns the interests of our people and our shareholders. Colleagues can be awarded points for their performance by leaders across the Group, including for living our values. The scheme runs for four years and if a £10 share price target is reached for 30 consecutive days, it will result in an award of shares or a cash equivalent to the top 1000 people, with the top ten receiving an award equivalent to £1m at a share price of £10 on vesting. The scheme also includes a cash reward for all other colleagues outside of the top 1000 people based on their length of service with the Group.

We have also introduced the Frasers Champions recognition scheme, which allows people to nominate colleagues for an award for demonstrating our values. The strongest nominations each month are championed across the business and receive an additional month's pay.

In addition, the introduction of Fearless Focus performance reviews will support the move to a more structured and robust performance-related pay review process.

The Board continues to work towards developing long-term incentive schemes that align the interests of our people and shareholders.

SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 25 APRIL 2021

Workers' representative

The Frasers Group Workers' Representative is Cally Price, a Manager at our Cardiff Bay store. The Workers' Representative has a unique insight in to the Group and will speak on behalf of the Group's workforce at all scheduled meetings of the Board in order to facilitate a healthy and constructive dialogue. Due to the success of the Worker's Representative Board role the Group has decided to extend the tenure of Cally Price for a further few years and thus she will be proposed for re-election at the 2021 AGM.

Staff engagement

In addition to the Workers Representative, the Company also routinely has an ongoing dialogue with staff via an initiative called 'Your Company, Your Voice.' This is a system whereby staff are able to raise any issues of their choosing via a number of different routes, both physical and digital. This feedback is passed to senior management and the Workers' Representative for review and appropriate action.

Casual workers

We strive to ensure our arrangements for casual staff are fair and equitable. All casual workers are paid the same rates as full-time employees in the same role. We promote stability in working hours, while our casual workers also benefit from the flexibility to decline shifts at any time. This flexibility also benefits the Group, enabling us to adjust staffing levels to cope with peak times and quieter periods.

Casual workers are also included in the Fearless 1000 bonus scheme.

Wellbeing service

Colleague wellbeing is always a focus for the Group and has become even more important during the Covid-19 pandemic. We continue to partner with Retail Trust, which provides all Frasers Group colleagues with access to free and confidential wellbeing support. Retail Trust offers advice, financial assistance, face-to-face and telephone counselling, cognitive behavioural therapy, non-repayable grants, career development support, legal guidance and on-site critical incident support. The helpline is available 24 hours a day, seven days a week.

To ensure our people know what support is available through Retail Trust, the Group has elevated communications during the Covid-19 pandemic. This has included webinars and education sessions for managers, so they are aware of what is available, as well as social media messaging and other communications for colleagues. This has resulted in a noticeable uplift in use of the Retail Trust service.

Training and development

Ensuring our teams have the knowledge they need to perform at the highest level is paramount to the continued success of the business. While we have had to adapt our approach to learning and development during the Covid-19 pandemic, we are looking forward to resuming regular in-person training where possible, as part of a blended approach. Our Shirebrook training centre is state of the art and is supported by our brand partners, Nike, Puma and Adidas who have their own environments in the campus. The facilities offer an unrivalled training environment, which alongside the Shirebrook store, give colleagues the perfect mix of classroom and on-the-job training. Further details of our staff training programmes are contained in the Workers' Representative Report of the Frasers Group plc Annual Report.

Shareholders

Frasers Group plc is a publicly traded company and is the parent company of Sports Direct International Holdings Limited.

The Frasers Group plc Annual General Meeting provides an opportunity for all shareholders to engage with the Board and submit questions. Due to the Covid-19 pandemic, the 2020 AGM was a closed meeting. However, shareholders were invited to submit questions prior to the meeting. All resolutions were passed at the meeting and no resolutions received an against vote of 20% or more.

SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 25 APRIL 2021

The views of major shareholders are shared amongst the Board when received and we respond as necessary. The Board ensures that it is available for questions at the half year and full year results presentations, to which major shareholders are invited. Shareholders' opinions are closely monitored through analyst and broker reporting and all correspondence received from major investors is circulated to the relevant committee chair or the Board as appropriate.

Customers

We strive to continually improve customer engagement and satisfaction. The Customer Service function has continued with its elevation phase, to support customers by offering innovative, easy to use technology and creating a culture of highly engaged colleagues. A new contact management solution has been deployed, improving customer communication channels, allowing customers to self-service and improving the level and speed of response provided by the Customer Service teams. This work continues, as we offer more contact channels to enable customers to reach out to one of our customer care team, helping to resolve enquiries faster than ever before.

We are committed to listening to our customers and have recently engaged an independent external partner to help us understand and act upon customers' feedback. We have improved our reporting, resulting in process changes and helping us increase our external Customer Satisfaction (CSAT) score. The Board approved measures for store reopening following the Covid-19 pandemic to ensure the safety of customers and colleagues. The Board also approved a 50% discount for customers employed by the NHS in recognition of their work during the pandemic.

Through our digital elevation strategy we are investing to elevate our customer proposition. This investment will build on our core digital foundations and includes initiatives to improve the online customer experience by carefully targeted investment in platforms that support customer service, engagement and date. We are also investing in digital marketing to drive sales growth.

Suppliers

We aim to forge strong and transparent relationships with all of our suppliers, to enable us to provide customers with excellent products and to meet the standards that our brand partners set for their products. The Elevation No Limits strategy targets stronger relationships with key brand partners and this continues to be a priority.

Dedicated relationship and procurement and commercial teams support truly integrated supplier engagement. Electronic Data Interface (EDI) capability also improves our process efficiency through the commercial cycle and enhances supplier engagement, through a dedicated supplier portal.

Regulators

The Group makes every endeavour to comply with its legal and regulatory obligations. We regularly liaise with HMRC, the FRC and the FCA in an open and transparent manner. The Finance team and the Board have established regular communications with tax authorities internationally.

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

Lenders

Alongside attending all Board meetings, the CFO is always available to inform the Board of any updates in relation to financial lenders. With the assistance of the Finance team, the CFO ensures that the Group and Company complies with the terms and conditions in its credit facility agreements. The CFO regularly liaises with the Chair of the Remuneration Committee and the Chair of the Audit Committee, to discuss the Group's financial performance.

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

SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 25 APRIL 2021

Our Finance team has engaged with our lenders during the year. There was a particular focus during the early period of the Covid-19 pandemic in the UK, as management held regular conference calls with lenders to stay engaged and informed.

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 hope to repay their goodwill through a selection of methods. In our Shirebrook headquarters we allow the NG20 Working Group use of our auditorium free of charge. We also hold careers days where local residents can attend and look into available roles.

We are proud of the successes we have had with our sustainability agenda to date. For instance the majority of our waste from our Shirebrook delivery centre is recycled and we are targeting zero waste to landfill from Shirebrook in the next few years. Excluding acquisitions during the year, our stores are operating on 100% renewable power and we are targeting a reduction of 10% power usage in our stores over the next few years. Sustainability will continue to play a key role in our future processes and procedures led by our Sustainability Steering Group which is executive sponsored by our Chief Financial Officer.

The integration 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 of an 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 its 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.

Section 172 Statement

The Directors confirm that, during FY21 they consider they have acted in good faith, and in the way that would be most likely to promote the success of the Group for the benefit of its members as a whole having regard to the shareholders and matters set out in s172(1)(a)-(f) of the Companies Act 2006.

This statement sets out the matters considered under each subsection of s172(1)(a)-(f) and provides cross references to where further information can be found in the Annual Report. Details of some key decisions taken have also been provided.

Decision making areas and principle decisions/steps in the period

The likely consequences of any decision in the long term

The Directors are mindful that any decisions they make now can have possible long-term consequences. The Directors take into consideration the strategy, purpose, values and culture when making decisions. During the year the Directors have made deductions based on Board papers, presentations from senior executives, information documents, and discussions with external advisors.

During the year the Frasers Group plc Board commissioned a report on the culture of the Group. The outcome from this was three key principles, set out below, which will enhance the Group's journey in enabling colleagues to implement the elevation strategy long-term.

- Think without limits and take the team with you;
- Own it and back yourself;
- Don't hesitate and act with purpose.

SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 25 APRIL 2021

The interests of the Company's employees

Details of initiatives and engagement with our colleagues is set out in the Corporate Governance Statement above.

As highlighted above, during the year the Group introduced the Fearless 1000 Bonus scheme which was approved by shareholders at the 2020 AGM and the Frasers Group Elevation Programme to attract the best talent to the Group.

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

Details of the Company's business relationships with suppliers, customers, regulators and lenders are set out in the Corporate Governance section above.

The Directors have worked closely with suppliers and banks during the Covid-19 pandemic to ensure that the Group and Company remains in the best possible financial situation. The Elevation No Limits strategy targets stronger relationships with key brand partners, and this continues to be a priority. Enhancements were made to the retail websites to enhance customer experience, due to the higher demand for online purchases during the Covid-19 pandemic.

The impact of the company's operations on the community and the environment

Details of the Company's initiatives undertaken in respect of sustainability and the community are included in the Corporate Governance section above.

During the year 50% discounts were offered to NHS staff working in our local communities to recognise their contribution in the Covid-19 pandemic. A network of sustainability champions has been set up across the business together with a steering group which sets the strategy and monitors progress. The Board has also adopted an Environmental Policy during the year.

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. An external Board evaluation was carried out during the year covering all aspects of Board and committee performance. Recommendations will be reviewed and appropriate action plans put in place. The Non-executive Workforce Director is another method by which we are implementing good corporate governance. Cally Price brings colleague queries and concerns directly to the boardroom for action by the Board.

Although an external review is only required once every three years, the Board has decided to undertake yearly external reviews. External advisors have been appointed to review the Group's policies and ensure they reflect best practice.

The need to act fairly between members of the company

Sports Direct International Holdings Limited 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 all shareholders to attend and ask questions of the Board. Following the lifting of Covid-19 restrictions we intend to revert to an in-person AGM this year. This will allow shareholders to meet face-to-face with Directors.

The re-commencement of the share buyback programme has benefited all shareholders by increasing the percentage ownership held by each investor by reducing the total number of outstanding shares.

On behalf of the board

DocuSigned by:
AA Adegoke
180A8E7EE506410...
Director
23 March 2022

SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 25 APRIL 2021

The directors present their annual report and financial statements for the period ended 25 April 2021.

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:

AA Adegoke
A P O Dick

Results and dividends

The results for the period are set out on page 16.

No ordinary dividends were paid (2020: £nil). 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 €39,099k and net liabilities of €39,098k, it has access to financial resources via a Group banking facility. On 30 November 2021 Frasers Group refinanced its existing borrowings and entered into a combined term loan and revolving credit facility of £930.0 m for a period of 3 years, with the possibility to extend this by a further 2 years. The board of 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 €201,678k 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 even more conservative scenarios taking into account assumptions impacting gross profit margins, consumer shift from physical stores to web, impact of direct to consumer, foreign exchange exposure and increases to direct costs. 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, realising certain assets and paying down the banking 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 which is a period of at least 12 months from the date of approval of these statements.

Environmental Reporting

The Company has applied the exemption given in Companies Act Sch7.15 (20A) not to present disclosures in its individual accounts due to its inclusion in the Group report of Frasers Group Plc, which is prepared in accordance with the carbon and energy reporting requirements in UK legislation.

SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 25 APRIL 2021

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:

- Principle risks and uncertainties
- Financial risk management policies and objectives
- Future developments
- Corporate Governance statement
- Employee Engagement statement
- Statements regarding the fostering of relationships with suppliers, customers and others

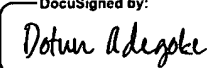
Auditor

In accordance with the Company's articles, a resolution proposing that RSM UK LLP be reappointed as auditor of the Company 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:

.....180A8E7EE900410...
AA Adegoke
Director

23 March 2022

Date:

SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 25 APRIL 2021

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

Opinion

We have audited the financial statements of Sports Direct International Holdings Limited (the 'Company') for the period ended 25 April 2021 which comprise the income statement, 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 25 April 2021 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

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.

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 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 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.

SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

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.

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

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

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

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

SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

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

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax legislation.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation competition and anti-bribery laws, data protection, environmental and health and safety regulations.

We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included:

- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with the provisions of relevant laws and regulations described as having a direct effect on the financial statements
- enquiring of management, the Group Audit Committee and in-house legal counsel concerning actual and potential litigation and claims
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and correspondence with HMRC and other regulators

The audit engagement team identified the following areas where the financial statements were most susceptible to material misstatement due to fraud:

- management override of controls

Audit procedures performed included but were not limited to:

- testing the appropriateness of journal entries and other adjustments based on risk criteria and comparing the identified entries to supporting documentation
- assessing whether the judgements made in making accounting estimates were indicative of potential bias
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business

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

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.

Rachel Fleming

Rachel Fleming (Senior Statutory Auditor)
for and on behalf of RSM UK Audit LLP , Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

24 March 2022
Date

SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

INCOME STATEMENT

FOR THE PERIOD ENDED 25 APRIL 2021

	Notes	Period ended 25 April 2021 €000's	Period ended 26 April 2020 €000's
Revenue	3	155,632	162,180
Cost of sales		(163,110)	(180,382)
Gross loss		(7,478)	(18,202)
Distribution costs		(103)	(21)
Administrative expenses		6,108	(1,465)
Other operating expenses	6	(9,231)	(11,497)
Operating loss	4	(10,704)	(31,185)
Finance costs	7	(21)	(428)
Loss before taxation		(10,725)	(31,613)
Tax on loss	8	-	-
Loss for the financial period		(10,725)	(31,613)
Total comprehensive income for the period		(10,725)	(31,613)

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

The notes on pages 20 - 29 form part of these financial statements.

SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

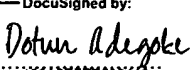
FOR THE PERIOD ENDED 25 APRIL 2021

	Period ended 25 April 2021 €000's	Period ended 26 April 2020 €000's
Loss for the period	(10,725)	(31,613)
Other comprehensive income	-	-
Total comprehensive income for the period	<u>(10,725)</u>	<u>(31,613)</u>

SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 25 APRIL 2021**

	Notes	2021 €000's	2020 €000's
Non-current assets			
Investments	9	1	1
Current assets			
Inventories	11	124,795	112,655
Trade and other receivables	12	81,444	56,866
Cash and cash equivalents		9,567	7,272
		215,806	176,793
Current liabilities			
Trade and other payables	13	(254,905)	(205,167)
Net current liabilities		(39,099)	(28,374)
Total assets less current liabilities		(39,098)	(28,373)
Net liabilities		(39,098)	(28,373)
Equity			
Called up share capital	14	-	-
Retained earnings	15	(39,098)	(28,373)
Total equity		(39,098)	(28,373)

The financial statements were approved by the board of directors and authorised for issue on 23 March 2022 and are signed on its behalf by:

DocuSigned by:

 180ABE7EE506410...
 AA Adegoke
 Director

Company Registration No. 06027131

The notes on pages 20 - 29 form part of these financial statements.

SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 25 APRIL 2021

	Called up share capital €000's	Retained earnings €000's	Total €000's
Balance at 29 April 2019	-	3,240	3,240
Period ended 26 April 2020:			
Loss and total comprehensive income for the period	-	(31,613)	(31,613)
Balance at 26 April 2020	-	28,373	28,373
Period ended 25 April 2021:			
Loss and total comprehensive income for the period	-	(10,725)	(10,725)
Balance at 25 April 2021	-	39,098	39,098

SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 25 APRIL 2021

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.

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 25 April 2021 (2020: 52 weeks ended 26 April 2020).

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

Reduced disclosures

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, in which these financial statements are consolidated. The group accounts of Frasers Group plc are available to the public and can be obtained as set out in note 16.

SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 25 APRIL 2021

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 €39,099k and net liabilities of €39,098k, it has access to financial resources via a Group banking facility. On 30 November 2021 Frasers Group refinanced its existing borrowings and entered into a combined term loan and revolving credit facility of £930.0m for a period of 3 years, with the possibility to extend this by a further 2 years. The board of 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 €201,678k 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 even more conservative scenarios taking into account assumptions impacting gross profit margins, consumer shift from physical stores to web, impact of direct to consumer, foreign exchange exposure and increases to direct costs. 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, realising certain assets and paying down the banking 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 which is a period of at least 12 months from the date of approval of these 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 25 APRIL 2021

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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 25 APRIL 2021

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit and loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit and loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant 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.

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.

SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 25 APRIL 2021

1 Accounting policies

(Continued)

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 it is probable 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 reporting end date.

Charging of tax to OCI and P&L

Changes in current and deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are recorded in other comprehensive income or charged or credited directly to equity in which case the related tax is also charged to other comprehensive income or credited directly to equity.

Offsetting tax assets and liabilities

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

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 25 APRIL 2021

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. Ageing of inventory
- d. Local economic conditions
- e. Increased cost of inventory and lower margins
- f. 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 historical experience, management's 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.

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 and repacking
- 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.

	2021 €000's	2020 €000's
Revenue analysed by geographical market		
UK	18,912	-
EU	136,720	162,180
	<u>155,632</u>	<u>162,180</u>

SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 25 APRIL 2021

4 Operating loss

	2021 €000's	2020 €000's
Operating loss for the period is stated after charging/(crediting):		
Exchange (gains)/losses	(5,988)	387
Fees payable to the Company's auditor for the audit of the Company's financial statements	150	150
Impairment of inventories recognised or reversed	1,977	10,228
	<u> </u>	<u> </u>

5 Staff Costs

	2021 €000's	2020 €000's
Wages and salaries	-	103
	<u> </u>	<u> </u>

The Company has no employees and staff costs were recharged by a fellow group company prior to FY21; this ceased in FY21 as the process was superseded by the Transfer Pricing arrangement.

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

Other operating expenses includes income totalling €5,547k (2020: €8,427k) and expenses totalling €14,778k (2020: 19,924k).

7 Finance costs

	2021 €000's	2020 €000's
Interest on bank overdrafts and loans	21	66
Interest payable to group undertakings	-	362
	<u> </u>	<u> </u>
	21	428
	<u> </u>	<u> </u>

SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 25 APRIL 2021

8 Taxation

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

	2021 €000's	2020 €000's
Loss before taxation	(10,725)	(31,613)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(2,038)	(6,006)
Group relief	2,038	6,006
Taxation charge for the period	-	-

On 17 March 2020 the Finance Bill 2020 was substantively enacted which confirmed that the UK corporation tax rate would remain at 19%. The deferred tax recognised within these accounts has therefore been calculated at a rate of 19%.

In the Budget on 3 March 2021, the UK government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021. Deferred tax has been calculated at 19% which was the tax rate substantively enacted at the reporting date.

9 Fixed asset investments

	Notes	2021 €000's	2020 €000's
Investments in subsidiaries	10	1	1

Movements in non-current investments

	Shares in group undertakings €000's
Cost or valuation	
At 27 April 2020 & 25 April 2021	1
Carrying amount	
At 25 April 2021	1
At 26 April 2020	1

SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 25 APRIL 2021

10 Subsidiaries

Details of the Company's subsidiaries at 25 April 2021 are as follows:

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

11 Inventories

	2021 €000's	2020 €000's
Finished goods and goods for resale	124,795	112,655

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 25 April 2021. Overall provisions have increased from €25,200k in FY20 to €27,000k as at 25 April 2021.

12 Trade and other receivables

	2021 €000's	2020 €000's
Amounts falling due within one year:		
Trade receivables	7,436	2,210
Amounts owed by group undertakings	68,100	39,507
Other receivables	4,923	8,061
Prepayments and accrued income	985	7,088
	<u>81,444</u>	<u>56,866</u>

13 Trade and other payables

	2021 €000's	2020 €000's
Trade payables	4,626	3,102
Amounts owed to group undertakings	201,678	160,683
Other payables	2,883	-
Accruals and deferred income	45,718	41,382
	<u>254,905</u>	<u>205,167</u>

SPORTS DIRECT INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 25 APRIL 2021

14 Share capital

	2021 €000's	2020 €000's
Ordinary share capital		
Issued and fully paid		
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.

15 Retained Earnings

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

16 Related party transactions

Transactions with related parties

As permitted by FRS 102 the Company has taken advantage of the disclosure exemption available under that standard in relation to related party transactions with other wholly-owned members of the group.

17 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.