

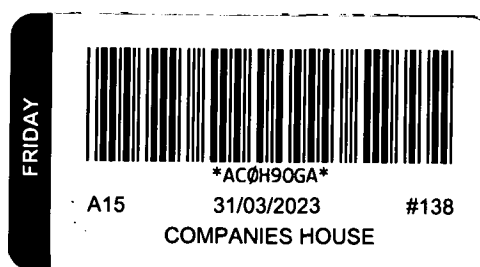
Sport Republic Holding Ltd.

Annual Report and Financial Statements

Period Ended

30 June 2022

Company Number 13789278



Sport Republic Holding Ltd.

Company information

Directors R Ankersen
H J Kraft
D Solak

Registered number 13789278

Registered office Arcadia House
Maritime Walk
Ocean Village
Southampton
SO14 3TL

Independent auditors BDO LLP
Arcadia House
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Sport Republic Holding Ltd.

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Sport Republic Holding Limited

Group Strategic Report for the Period Ended 30 June 2022

The principal activity of Sport Republic Holding Ltd. (the “Company” or the “Group”) is that of an investment company, which specialises in the investment in professional football clubs and sports technology companies.

Introduction

The company was incorporated on 8 December 2021.

On 22 December 2021, the Company indirectly acquired 80% of the share capital of St Mary’s Football Group Limited (“SMFG”), of which Southampton Football Club Limited (“SFC”) is a member. Therefore the results of the Group are from the 22 December 2021 to 30 June 2022.

Performance Review

Southampton Football Club Limited

During the 2021/22 season SFC’s men’s first team finished in 15th place (2020/21: 15th) in the Football Association Premier League (“FAPL”) and enjoyed a strong showing in the FA Cup, reaching the quarter final (2020/12: semi-final), losing to the eventual finalists for the second season in a row.

SFC’s women’s first team enjoyed another successful season, culminating in winning a league and cup double in season 2021/22, winning both the Women’s National League Cup and the Women’s National League, Southern Premier Division – losing only once all season – and ultimately gaining promotion to the FA Women’s Championship for season 2022/23.

Financial Overview

The Group reports a loss before interest and tax of £8.4m with net assets of £103.5m.

A summary of results is given below:

	£000
Turnover	89,401
Operating costs	(98,408)
Other operating income	93
Loss before player trading	(8,914)
Player trading	528
Loss on disposal of assets	(29)
Loss before interest and tax	(8,415)

Profit on player trading amounted to £0.5m, which comprised profit on disposal of players’ registrations of £2.3m offset by movements in foreign exchange of £0.8m and the amortisation of players’ registrations of £0.9m.

Intangible assets comprise both the capitalised value of each player’s registration (£14.2m) and goodwill (£82.4m) totalling £96.6m. Notes 3, 13 and 16 of these financial statements provide further information in respect of the fair value of these intangible assets at the Statement of Financial Position date.

The Group also made investments in sports technology businesses of £0.3m in the period.

Sport Republic Holding Limited

Group Strategic Report for the Period Ended 30 June 2022

Financial Overview (continued)

Key Performance Indicators

Due to the nature of the Group's activities, the directors consider the respective league, and position within that league, of each professional club within the Group at each season end as its principal key performance indicator.

In the period, SFC's men's team – the only professional club within the Group during the period – finished in 15th place (2020/21: 15th) in the FAPL.

As well as this, the directors consider further key performance indicators to be:

- the number of sports technology businesses in which the Group is invested (2021/22: 1 business)
- the total social media followers of each professional club within the Group (2021/22: SFC: 7.6m)

Infrastructure and People

The Group continues to invest in infrastructure and capital projects, with the key project undertaken being a new gym facility project at the Staplewood Campus training ground of SFC, with costs incurred on planning and design fees. The project is scheduled to complete before the end of the 2022/23 FAPL season.

The average number of employees during the year was 408 and increased compared to the prior year (385), with the increase largely attributed to the continued growth of the women's and girls programme within SFC.

The Group is delighted to continue to promote Saints Foundation, SFC's affiliated charity, and all its excellent work in the community. During the year the Group has continued to provide support and donations both in-kind and financially to support Saints Foundation's initiatives, which include work supporting numeracy and literacy in primary schools through to physical activity sessions for older people, and many activities in between. Overall, during the 2021/22 season, the charity engaged over 4,500 individuals aged between 5-98, for more than 78,000 hours across their 16 different projects.

Principal risks & uncertainties

Team performance risk

Given that the main activity of the Group is the investment in professional football clubs, a principal risk of the Group is associated with the performance of each of the men's first teams and the league in which they operate. The Group manages the impact of this through close control of its direct costs, relative to forecast income.

Liquidity risk

The Group reported a net debt position of £56.4m at the Statement of Financial Position date whilst gross debt totals £91.6m at the Statement of Financial Position date.

Credit risk

This relates primarily to trade debtors from commercial activities and player trading of the professional football clubs within the Group and the Group monitors this risk closely, with the aim of minimising it at all times.

Political & COVID-19 risk

Following the UK's decision to leave the EU, the Group considers the implications on the free movement of EU citizens to the UK and volatility in foreign exchange currencies as the factors having the greatest impact on the Group. The Group continues to monitor all implications of Brexit for the Group in both the short and long term.

At the time of writing the COVID-19 pandemic is not having a material impact on the Group's financial performance.

Sport Republic Holding Limited

Group Strategic Report for the Period Ended 30 June 2022

The directors have concluded, after reviewing the work performed and detailed above, that they can adopt the going concern basis in preparing these financial statements.



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HJ Kraft

Director

Date: 30.03.2023

Sport Republic Holding Limited

Section 172 Statement for the Period Ended 30 June 2022

Section 172 of the Companies Act 2006 requires directors to take into consideration the interests of stakeholders and other matters in their decision making. The directors continue to have regard to the interests of the Group's employees and other stakeholders, the impact of its activities on the community, the environment and the Group's reputation for good business conduct, when making decisions. In this context, acting in good faith and fairly, the directors consider what is most likely to promote the success of the Group for its members in the long term. We explain in these financial statements, and below, how the Board engages with stakeholders.

- Relations with key stakeholders such as employees, shareholders, customers, the local community and suppliers are considered in more detail in the Strategic Report and Directors' Report, specifically within the "Employee Involvement" and "Infrastructure & People" sections.
- The directors are fully aware of their responsibilities to promote the success of the Group in accordance with section 172 of the Companies Act 2006 and this is promoted at every Board meeting. As required, the Managing Director, the Finance Director and the Company Secretary will provide further support to the Board to help ensure that sufficient consideration is given to issues relating to the matters set out in s172(1)(a)-(f).
- The Board regularly reviews the Group's principal stakeholders and how it engages with them. This is achieved through information provided by senior management, in particular within monthly departmental board papers, and also by direct engagement with stakeholders themselves.
- The Board has enhanced its methods of engagement with the workforce and Board updates are provided to all employees at regular intervals. Since the pandemic there have been regular virtual meetings and question and answer sessions during which the Board has provided business and strategic updates to all employees.
- We aim to work responsibly with our stakeholders, including suppliers. The Board has recently reviewed its anti-corruption and anti-bribery, equal opportunities and whistleblowing policies and regular training is undertaken on such matters.

The key Board decisions made in the period are set out below:

Significant events/decisions	Key s172 matter(s) affected	Actions and impact
The indirect acquisition of 80% of the share capital of SMFG from Lander Sports (UK) International Investment Co., Ltd on 22 December 2021.	Employees, customers, suppliers, shareholders	<ul style="list-style-type: none"> • The Company undertook an extensive due diligence exercise ahead of taking the decision to invest in SMFG and becoming majority shareholder. • On 4th January 2022 the Group publicly announced the change of ownership to employees, customers and suppliers. • Where necessary, certain suppliers had been informed in advance where contractual agreements required change of control notification. • Within SFC, an online staff meeting was held to give the opportunity for information to be shared and allow for questions. • A press release was shared externally via media outlets and SFC's website and social media channels.

Sport Republic Holding Limited

Section 172 Statement (continued) for the Period Ended 30 June 2022

Significant events/decisions	Key s172 matter(s) affected	Actions and impact
The SFC women's & girls first team players and staff moving from part-time to full time status in anticipation of promotion to the FA Women's Championship (note the decision was taken to go full-time in season 2022/23 regardless of whether promotion was achieved).	Employees, customers	<ul style="list-style-type: none"> Relevant players and staff were notified of the decision before the end of the 2021/22 season to give those already in full time employment elsewhere time to consider whether to join the Club on a full-time basis. Staplewood Campus site planning and scheduling was undertaken to ensure the addition of another full-time squad of players and staff could be accommodated.
SFC's women's and girls first team playing all home matches at St Mary's Stadium.	Employees, customers, suppliers	<ul style="list-style-type: none"> Upon achieving promotion to the FA Women's Championship, a pitch utilisation exercise was undertaken to assess the impact on pitch quality at St Mary's Stadium if a minimum of 11 women's and girls first team matches were played there. SFC then informed players, employees and fans of the decision and entered into a period of planning to ensure the match day experience from a safety and entertainment perspective could be delivered.
Design and planning of a new men's and women's first team gym at SFC's Staplewood Campus.	Employees, suppliers	<ul style="list-style-type: none"> An SFC employee working group assessed the long-term viability of the existing men's and women's first team gym. A third-party design company were engaged to provided alternative solutions. Planning permission was obtained from New Forest District Council for a new standalone building within available space at the Staplewood Campus site. A tender process for suppliers to carry out the construction process was undertaken.
Minority investment in Sportlight Technology Limited	Shareholders, employees	<ul style="list-style-type: none"> Shareholder and director consultation took place in accordance with regulatory requirements. Negotiations were undertaken with the target company before a subscription amount and price was agreed upon, and relevant contracts drawn up accordingly.

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Directors' Report (continued) for the Period Ended 30 June 2022

The directors present their report and the financial statements for the period 8 December 2021 to 30 June 2022.

Results and dividends

The loss for the period, after taxation, amounted to £13.7m, of which £11.0m was attributable to the owners, and £2.7m was attributable to the non-controlling interest.

No dividend is proposed for the period under review.

Employment of Disabled Persons

The Group ensures that all full and part time employees, and job applicants (actual or potential), are treated fairly in accordance with Group policies and values. Selection for employment, promotion, training or any other benefit is assessed objectively against the requirements for each job role, taking account of any reasonable adjustments that may be required for those with disabilities.

Employee Involvement

The Group holds regular senior management, operational management and department meetings to ensure a flow of information across all levels. Alongside this are a number of company-wide communication channels, most notably twice year all-staff meetings and our intranet, Team Talk Live. Company Handbooks, Performance and Development Reviews and strategic email communication supplement these.

The Group continues to put in place measures directly aimed at promoting the health and wellbeing of employees, including the continuation and promotion of an Employee Assistance programme. A series of measures have been introduced to support staff with the increasing costs of living across winter 2022/23.

Finally, the Group continues to encourage all staff members to present their suggestions and views at all levels on the Group's performance, encouraging creativity for improvement through feedback forums.

Directors

The directors who served during the period were:

R Ankersen (appointed 8 December 2021)
HJ Kraft (appointed 8 December 2021)
D Solak (appointed 22 December 2021)

Future developments

No significant change in the principal activities of the Group is expected in the foreseeable future.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Sport Republic Holding Limited

Directors' Report (continued) for the Period Ended 30 June 2022

Streamlined Energy & Carbon Reporting

The Group has worked throughout the period to provide an up-to-date picture of its carbon footprint and to assess performance over the past few years. The data collection involved taking energy invoices, supplier statements, fuel card data and mileage sheets to calculate, quantify and validate the greenhouse gas emissions disclosure for the period-ended 30 June 2022, in line with the methodology set out in the Greenhouse Gas Protocol Corporate Standard and the Energy Managers Association.

The total tonnes of CO₂ emitted by the Group during the period was 790.13, which equates to 8.84 tonnes of CO₂ emitted per £m of turnover generated. Tonnes of emissions per £m of turnover has been selected as the most relevant intensity ratio as it is believed that this will provide the most consistent comparative over a period of time. The Group's total energy consumption for the period was 6.447m kWh and the methodology used to calculate this energy consumption figure was the same as has been outlined above for calculating the Group's greenhouse gas emissions.

In order to improve the Group's carbon footprint during the period SFC engaged with external consultants to help create and implement a comprehensive energy and environmental policy, which sets sustained and achievable targets to reduce their carbon emissions year on year. SFC also continued to install LED lighting across its sites as well as planting approximately 1,000 trees and water refill points were also implemented at St Mary's Stadium and the Staplewood Campus. Lastly, a research project with the University of Southampton was carried out in order to quantify the carbon footprint of player travel in order to help reduce emissions.

Post Statement of Financial Position events

A full description of the events after the Statement of Financial Position date is stated in note 32.

Auditors

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

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



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HJ Kraft

Director

Date: 30.03.2023

Sport Republic Holding Ltd.

Directors' Responsibilities Statement for the Period Ended 30 June 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group financial statements 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 Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Sport Republic Holding Ltd.

Independent Auditor's Report to the members of Sport Republic Holding Ltd.

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2022 and of the Group's loss for the period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Sport Republic Holding Ltd. ("the Parent Company") and its subsidiaries ("the Group") for the period ended 30 June 2022 which comprise Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent 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.

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 Group or Parent 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 Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial

Sport Republic Holding Ltd.

Independent Auditor's Report to the members of Sport Republic Holding Ltd. (continued)

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.

Other Companies Act 2006 reporting

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 period 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.

In the light of the knowledge and understanding of the Group and the Parent 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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, 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 Group's and the Parent 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 Group or the Parent 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.

Sport Republic Holding Ltd.

Independent Auditor's Report to the members of Sport Republic Holding Ltd. (continued)

Extent to which the audit was capable of detecting irregularities, including fraud

Based on our understanding of the Group and the Parent Company, we considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management incentives and opportunities for fraudulent manipulation of the financial statements including management override, and considered that the principal risk was related to the posting of inappropriate journal entries to improve the result before tax for the year.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

Procedures performed by the group audit team included:

- Discussions with management regarding known or suspected instances of non-compliance with laws and regulations;
- Obtaining an understanding of controls designed to prevent and detect irregularities, including specific consideration of controls and accounting policies relating to significant accounting estimates;
- Obtaining an understanding of the significant laws and regulations impacting the group, including data protection laws and regulations around FCA compliance and financial fair play;
- Communicating relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- Reviewing minutes of meetings of those charged with governance to identify any instances of non-compliance with laws and regulations;
- Assessing journals entries as part of our planned audit approach, with a particular focus on journal entries to key financial statement areas such as revenue and cash and journals raised after the year end; and
- Consideration of significant management judgements, particularly in respect of the carrying value of intangible fixed assets and deferred tax assets.

There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Steve Le Bas

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Stephen Le Bas (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Southampton, UK

30 March 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Sport Republic Holding Ltd.

Consolidated Statement of Comprehensive Income for the Period Ended 30 June 2022

	Note	Operations excluding player trading £000	Player trading* £000	Total £000
Turnover	4	89,401	-	89,401
Cost of sales		(75,303)	(945)	(76,248)
Gross profit/(loss)		14,098	(945)	13,153
Administrative expenses		(23,105)	(825)	(23,930)
Other operating income	5	93	-	93
Operating (loss)	6	(8,914)	(1,770)	(10,684)
(Loss) on disposal of assets		(29)	-	(29)
Profit on disposal of players		-	2,298	2,298
(Loss)/profit on ordinary activities before interest		(8,943)	528	(8,415)
Interest receivable and similar income	10	666	-	666
Interest payable and similar charges	11	(5,675)	-	(5,675)
(Loss)/profit on ordinary activities before taxation		(13,952)	528	(13,424)
Tax on (loss)	12	(286)	-	(286)
(Loss)/profit and total comprehensive loss for the period		(14,238)	528	(13,710)
Total comprehensive (loss) attributable to:				
Attributable to owners				(10,968)
Non-controlling interest				(2,742)

**Player trading represents the amortisation, loan fees payable, exceptional impairment, foreign exchange on player purchases and the profit or loss on disposal of player registrations.*

The notes on pages 22 to 42 form part of these financial statements.

Sport Republic Holding Ltd.

Registered number: 13789278

Consolidated Statement of Financial Position as at 30 June 2022

	Note	2022 £000	2022 £000
Fixed assets			
Intangible assets	13		96,595
Tangible assets	14		115,683
Investments	15		250
			<hr/>
			212,528
Current assets			
Debtors: amounts falling due within one year	17	15,346	
Debtors: amounts falling due after more than one year	17	27,768	
Cash at bank and in hand		35,199	
		<hr/>	
		78,313	
Creditors: amounts falling due within one year	18	(72,591)	
		<hr/>	
Net current assets			5,722
Total assets less current liabilities			<hr/>
			218,250
Creditors: amounts falling due after more than one year	19		(109,032)
Provisions for liabilities			
Other provisions	22		(5,688)
			<hr/>
Net assets			103,530
			<hr/>
Capital and reserves			
Share capital	24		1
Share premium	25		115,499
Profit and loss account	25		(10,968)
			<hr/>
Equity attributable to the owner of the parent Company			104,532
			<hr/>
Non-controlling interest			(1,002)
			<hr/>
			103,530
			<hr/>

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



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HJ Kraft

Director

Date: 30.03.2023

The notes on pages 22 to 42 form part of these financial statements.

Sport Republic Holding Ltd.

Registered number: 13789278

Company Statement of Financial Position as at 30 June 2022

	Note	2022 £000	2022 £000
Fixed assets			
Investments	15		100,850
Current assets			
Debtors	17	1,276	
Cash at bank and in hand		13,683	
		<u>14,959</u>	
Creditors: amounts falling due within one year	18	(794)	
Net current assets			<u>14,165</u>
Net assets			<u>115,015</u>
Capital and reserves			
Share capital	24		1
Capital contribution reserve	25		115,499
Profit and loss account	25		(485)
Equity attributable to the owner of the parent Company			<u>115,015</u>

The Company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not prepared its own Statement of Comprehensive Income in these financial statements. The result for the period after tax of the parent Company was a loss of £485,000.

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



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HJ Kraft
Director

Date: 30.03.2023

The notes on pages 22 to 42 form part of these financial statements.

Sport Republic Holding Ltd.

Consolidated Statement of Changes in Equity for the Period Ended 30 June 2022

	Share capital	Share premium	Retained losses	Non – controlling interest	Total
	£000	£000	£000	£000	£000
On incorporation	-	-	-	-	-
Shares issued in period	1	115,499	-	1,740	117,240
Comprehensive loss for the period					
Loss for the period	-	-	(10,968)	(2,742)	(13,710)
At 30 June 2022	1	115,499	(10,968)	(1,002)	103,530

The notes on pages 22 to 42 form part of these financial statements.

Sport Republic Holding Ltd.

Company Statement of Changes in Equity for the Period Ended 30 June 2022

	Share capital £000	Share premium £000	Retained losses £000	Total £000
On incorporation	-	-	-	-
Shares issued in period	1	115,499	-	115,500
Comprehensive loss for the period				
Loss for the period	-	-	(485)	(485)
At 30 June 2022	1	115,499	(485)	115,015

The notes on pages 22 to 42 form part of these financial statements.

Sport Republic Holding Ltd.

Consolidated Statement of Cash Flows for the Period Ended 30 June 2022

	£000
Cash flows from operating activities	
Loss for the financial period	(13,710)
Adjustments for:	
Depreciation amortisation and impairment	16,399
Loss on disposal of tangible assets	28
Net interest payable	5,009
Taxation	286
Decrease in stock	4
Decrease in debtors	15,331
(Decrease) in creditors	(30,809)
Increase in provisions	937
Profit on sale of players	(2,298)
Net cash used in operating activities	(8,823)
Cash flows from investing activities	
Purchase of tangible fixed assets	(1,163)
Purchase of intangible fixed assets	(4,336)
Acquisition of subsidiary (net of cash)	(64,274)
Proceeds from sale of intangible fixed assets	1,854
Purchase of fixed asset investments	(250)
Interest receivable	194
Net cash used in investing activities	(67,975)
Cash flows from financing activities	
Issue of share capital	115,500
Interest paid	(4,129)
Repayment of finance leases	(73)
Net cash generated from financing activities	111,298
Net increase in cash and cash equivalents	35,199
Cash and cash equivalents at the beginning of period	-
Cash and cash equivalents at the end of period	35,199
Cash and cash equivalents at the end of period comprise:	
Cash at bank and in hand	35,199

The notes on pages 22 to 42 form part of these financial statements.

Sport Republic Holding Ltd.

Notes to the Financial Statements for the Period Ended 30 June 2022

1 General information

Sport Republic Holding Ltd. is a private company limited by shares incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the Company's operations and its principal activity is disclosed in the Group Strategic report.

2 Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Group and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained.

2.3 Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

2.4 Going concern

In assessing the appropriateness of the going concern assumption, the directors have produced a detailed cash flow forecast for the wider Group, which extends for the period of 12 months from the approval of the financial statements. In addition to the scenario in which Premier League status is retained, the forecast includes a scenario in which the men's first team are relegated from the Premier League at the end of the 2022/23 Premier League season.

In both scenarios, there is a funding requirement from the Group's shareholders to enable the Group to continue to meet its obligations as they fall due for a period of not less than 12 months from the approval of these financial statements. Such funding is expected to be in the form of equity and, further to the equity injection of £61m since the Statement of Financial Position date (see note 32), the shareholders have indicated their willingness and intention to continue to provide financial support to the Group. In addition, the directors consider that the market value of the first team squad is in excess of its carrying value in the financial statements, with player transfers remaining a source of liquidity if required.

Sport Republic Holding Ltd.

Notes to the Financial Statements for the Period Ended 30 June 2022

2 Accounting policies (continued)

2.4 Going concern (continued)

The directors have concluded, after reviewing the work performed and detailed above, that they can adopt the going concern basis in preparing these financial statements.

2.5 Turnover

Turnover represents the total amount receivable from the principal activities of the Group, excluding transfer fees receivable, and is stated net of value added tax. The fixed element of broadcasting turnover is recognised as games are performed over the length of the football season, whilst facility fees for live coverage or highlights are recognised as and when the point of broadcast occurs. Merit payments are accounted for once known at the end of the season to which they relate and accrued if not received by the end of the financial year. Match day turnover and those elements of commercial activities relating to matches are recognised when related matches are played; turnover from advance ticket sales is deferred accordingly. Other commercial turnover is recognised on a receivable basis once the contracted events have taken place.

2.6 Intangible assets

Player registrations

The element of each player's transfer fee which relates to their registration is capitalised as an intangible asset and amortised over the period of their contract including any agreed extensions, subject to any provision for impairment. Where there are deferred payment terms and no interest is charged, the future cash flows are discounted to their present value at the date of the transactions using the prevailing market rate for such instruments. Contingent fees payable, which are dependent upon factors such as the number of first team appearances and international debuts being made, are capitalised in the year when it is considered probable that the conditions of the transfer agreement will be satisfied.

The Group does not consider it to be possible to determine value in use of an individual player in isolation as that player cannot generate cash flows on their own. As such, the Group considers the smallest cash-generating unit to contain all of the first team players, the stadium and the training facilities.

However, management may consider that an individual player is highly unlikely to play for the first team again, either due to serious injury or other circumstances outside the Club's control, and therefore will not contribute to the future cash flows earned by the cash generating unit. In these instances, the Group compares the carrying value of the asset to its recoverable amount. To the extent that the carrying value exceeds the recoverable amount, the asset is impaired and the impairment loss is recognised in the Statement of Comprehensive Income.

Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. If a reliable estimate cannot be made, the useful life of goodwill is presumed to be 10 years. Goodwill is being amortised to 'administrative expenses' over 4 years.

Sport Republic Holding Ltd.

Notes to the Financial Statements for the Period Ended 30 June 2022

2 Accounting policies (continued)

2.7 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives are as follows:

Motor vehicles	- between 4 and 5 years
Fixtures, fittings and equipment	- between 4 and 10 years
Stadium and other freehold buildings	- between 3 and 50 years

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the Statement of Comprehensive Income.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Sport Republic Holding Ltd.

Notes to the Financial Statements for the Period Ended 30 June 2022

2 Accounting policies (continued)

2.11 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.12 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities, for example trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, in particular transfer fees payable and receivable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, for example the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.13 Creditors

Short term creditors, due in less than one year, are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Sport Republic Holding Ltd.

Notes to the Financial Statements for the Period Ended 30 June 2022

2 Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The Group's functional and presentational currency is pound sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At the Statement of Financial Position date foreign currency monetary items are translated using the closing rate.

2.15 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the Statement of Comprehensive Income over the shorter of estimated useful economic life and the period of the lease.

Lease payments of assets financed are analysed between capital and interest components so that the interest element of the payment is charged to the Statement of Comprehensive Income over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital element reduces the amount payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

2.17 Pensions

The Group is one of a number of employers in a shared defined benefit scheme for playing staff. The Group's share of the scheme's liabilities is notified by the scheme and included in accruals.

Contributions payable by the Group to employees' (including executive directors of companies within the Group) personal pension schemes are charged to the Statement of Comprehensive Income in the period to which they relate. The schemes are defined contribution schemes, the assets of which are held separately from the Group.

2.18 Government grants

Grants are accounted under the accruals model as permitted by FRS 102.

Grants of a turnover nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

Sport Republic Holding Ltd.

Notes to the Financial Statements for the Period Ended 30 June 2022

2 Accounting policies (continued)

2.19 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.20 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the period that the Group becomes aware of the obligation. Provisions are measured as the best estimate of the expenditure required to settle the obligation at the Statement of Financial Position date, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.22 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

Sport Republic Holding Ltd.

Notes to the Financial Statements for the Period Ended 30 June 2022

3 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following key judgements and estimates:

- determined which players are included within the first team squad for cash generating unit purposes. The assessment is based on whether players are considered to be within the first team squad and available for selection as at the Statement of Financial Position date. Factors taken into consideration are whether the player has sustained any long term, career threatening injury or is highly unlikely to play for the first team again and is held only for sale;
- where players are considered to be outside of the first team squad for cash generating unit purposes, determined the net realisable value of the player registration. This is based on an agreed selling price in the event that the player has been transferred subsequent to the Statement of Financial Position date or, if there has been no such transfer, the best estimate of the disposal proceeds (less associated costs) based on recent player transactions;
- if a player is considered to be outside of the first team squad and highly unlikely to play for the first team again, management determined whether the contract is onerous and any associated provision required as a result of obligations at the Statement of Financial Position date. Such onerous contract provisions are estimated based on the unavoidable cost (least net cost) of exiting the contract (see note 22);
- determined whether contingent liabilities exist in relation to contingent transfer fees payable (see note 22);
- assessed whether it is probable that the conditions will be met based on experience and the circumstances of the player concerned;
- determined the useful economic life of the acquired goodwill, which is considered to be four years. This is on the basis that the majority of the goodwill is deemed to relate to the first team squad, as a reliable estimate of player registration fair values could not be made in most cases, which limited the value attributed to player registration intangible assets on acquisition. Four years represents an approximation of average contract time remaining at the point of acquisition; and
- recognised a deferred tax asset based on an expectation of sufficient future profits (see note 23).

Sport Republic Holding Ltd.

Notes to the Financial Statements for the Period Ended 30 June 2022

4 Turnover £000

An analysis of turnover by class of business is as follows:

Broadcasting	68,754
Match day	10,805
Commercial	8,702
Other	1,140
	<hr/>
	89,401
	<hr/>

Materially all turnover arose within the United Kingdom.

5 Other operating income £000

Items included within other operating income are as follows:

Business interruption insurance claim	93
	<hr/>
	93
	<hr/>

6 Operating loss £000

The operating loss is stated after charging:

Depreciation of tangible fixed assets	2,941
Amortisation of intangible assets	945
Amortisation of goodwill	12,513
Inventories recognised as an expense	49
Other operating lease rentals	109
Foreign exchange losses	826
Defined contribution pension cost	29
	307
	<hr/>

The operating loss is stated after crediting:

Amortisation of grants	(47)
	<hr/>

Sport Republic Holding Ltd.

Notes to the Financial Statements for the Period Ended 30 June 2022

7 Auditor's remuneration	£000
Fees payable to the Group's auditor for the audit of the Group's annual accounts	7
Fees payable to the Group's auditor in respect of:	
The audit of the Company's subsidiaries	42
Taxation compliance services	9
Tax advisory	11
Interim accounts review	13
Other non-audit services	3

8 Employees	Group £000	Company £000
Group staff costs, including directors' remuneration, were as follows:		
Wages and salaries	55,822	630
Social security costs	8,257	93
Cost of defined contribution pension scheme	307	-
	64,386	723

The average monthly number of employees during the period was as follows:

	Group No.	Company No.
Administrative	130	3
Direct	278	-
	408	3

In addition the Group employs approximately 191 temporary staff on match days.

Sport Republic Holding Ltd.

Notes to the Financial Statements for the Period Ended 30 June 2022

9 Directors' remuneration

	£000
Directors' emoluments	624
	<u>624</u>

The total amount payable to the highest paid director within the Group in respect of emoluments was £478,000.

10 Interest receivable and similar income

	£000
Imputed interest on transfer fees receivable	472
Other interest receivable	133
Bank interest receivable	61
	<u>666</u>

11 Interest payable and similar charges

	£000
Bank loan interest payable	4,103
Imputed interest on transfer fees payable	1,546
Bank interest payable	7
Hire purchase interest payable	19
	<u>5,675</u>

Sport Republic Holding Ltd.

Notes to the Financial Statements for the Period Ended 30 June 2022

12 Taxation

Deferred tax	£000
Origination and reversal of timing differences	286
	<hr/>
Total deferred tax charge	286
	<hr/>
	<hr/>
Total tax charge	286
	<hr/>

Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	£000
Loss on ordinary activities before tax	(13,424)
	<hr/>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19%	(2,551)
Effects of:	
Expenses not deductible for tax purposes	2,916
Income not taxable for tax purposes	(9)
Effect of rate change	58
Deferred tax not recognised	40
Other movements	(168)
	<hr/>
Total tax charge for the period	286
	<hr/>

The Finance Act 2021 was substantively enacted in May 2021 and increased corporation tax rate from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

Sport Republic Holding Ltd.

Notes to the Financial Statements for the Period Ended 30 June 2022

13 Intangible assets

Group	Player registrations £000	Goodwill £000	Total £000
Cost			
At 8 December 2021	-	-	-
On acquisition	-	94,900	94,900
Additions	15,153	-	15,153
Disposals	(250)	-	(250)
	<hr/>	<hr/>	<hr/>
At 30 June 2022	14,903	94,900	109,803
	<hr/>	<hr/>	<hr/>
Amortisation			
At 8 December 2021	-	-	-
Charge for the period	945	12,513	13,458
On disposals	(250)	-	(250)
	<hr/>	<hr/>	<hr/>
At 30 June 2022	695	12,513	13,208
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 June 2022	14,208	82,387	96,595
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Sport Republic Holding Ltd.

Notes to the Financial Statements for the Period Ended 30 June 2022

14 Tangible fixed assets

Group	Freehold land and buildings £000	Motor vehicles £000	Fixtures and fittings £000	Assets in the course of construction £000	Stadium £000	Total £000
Cost or valuation						
At 8 December 2021	-	-	-	-	-	-
On acquisition	37,292	193	7,439	1,010	71,555	117,489
Additions	-	-	524	639	-	1,163
Disposals	-	-	(28)	-	-	(28)
Transfers	-	-	25	(25)	-	-
At 30 June 2022	37,292	193	7,960	1,624	71,555	118,624
Depreciation						
At 8 December 2021	-	-	-	-	-	-
Charge for the period	381	37	1,491	-	1,032	2,941
On disposals	-	-	-	-	-	-
At 30 June 2022	381	37	1,491	-	1,032	2,941
Net book value						
At 30 June 2022	36,911	156	6,469	1,624	70,523	115,683

The net book value of tangible fixed assets includes an amount of £728,000 in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the period was £34,000.

Sport Republic Holding Ltd.

Notes to the Financial Statements for the Period Ended 30 June 2022

15 Fixed asset investments

Subsidiary undertakings

Subsidiary companies which are either directly or indirectly held by the Company are as follows:

Name of company	Country of incorporation	Class of shares	Holding	Nature of business
¹ Sport Republic UK Ltd.	UK	Ordinary	100%	Trading
² St Mary's Football Group Limited*	UK	Ordinary	80%	Trading
² Southampton Football Club Limited*	UK	Ordinary	80%	Trading
² St Mary's Training Centre Limited*	UK	Ordinary	80%	Trading
² St Mary's Training Ground Limited*	UK	Ordinary	80%	Trading
² St Mary's Stadium Limited*	UK	Ordinary	80%	Dormant
² St Mary's Catering Limited*	UK	Ordinary	80%	Dormant
² St Mary's SPV Limited*	UK	Ordinary	80%	Dormant
² Southampton Girls and Women's Football Club Limited*	UK	Ordinary	80%	Non-trading

¹ The registered office of the above companies is Arcadia House, Maritime Walk, Ocean Village, Southampton, SO14 3TL.

² The registered office of the above companies is St Mary's Stadium, Britannia Road, Southampton, SO14 5FP.

*The investments in these entities are held indirectly.

Company	Other investments £000	Group undertakings £000	Total £000
At 8 December 2021	-	-	-
Additions in the year	250	100,600	100,850
Net book value At 30 June 2022	250	100,600	100,850

Sport Republic Holding Ltd. subscribed for a minority interest in Sportlight Technology Limited in May 2022. The Group holds a 1.88% minority interest within this financial asset and purchased these shares for £250,000.

Sport Republic Holding Ltd.

Notes to the Financial Statements for the Period Ended 30 June 2022

16 Business combinations

Acquisition of St Mary's Football Group Limited

On 21 December 2021 the Group acquired 80% of St Mary's Football Group Limited, a United Kingdom Group company that owns Southampton Football Club Limited, a football club that participates in the FAPL.

The Group was purchased for £101.9m including directly attributable expenditure of £1.4m. The consideration was settled in cash.

In calculating the goodwill arising on acquisition, the fair value of net assets of St Mary's Football Group Limited have been assessed and adjustments from book value have been made where necessary.

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Fixed assets			
Tangible	43,597	73,892	117,489
Intangible	86,157	(86,157)	-
	<u>129,754</u>	<u>(12,265)</u>	<u>117,489</u>
Current assets			
Stock	4	-	4
Debtors	40,279	-	40,279
Cash at bank and in hand	37,585	-	37,585
Deferred tax	15,929	1,607	17,536
	<u>93,797</u>	<u>1,607</u>	<u>95,404</u>
Total assets	<u>223,551</u>	<u>(10,658)</u>	<u>212,893</u>
Creditors			
Due within one year	(93,259)	-	(93,259)
Due after more than one year	(106,184)	-	(106,184)
Other provisions	(4,751)	-	(4,751)
	<u>(204,194)</u>	<u>-</u>	<u>(204,194)</u>
Net assets	19,357	(10,658)	8,699
Non-controlling interest			(1,740)
Goodwill (note 13)			94,900
Total purchase consideration (including directly attributable expenses of £1,359,000)			<u>101,859</u>
Less: cash acquired			(37,585)
Cash outflow on acquisition			<u>64,274</u>

Sport Republic Holding Ltd.

Notes to the Financial Statements for the Period Ended 30 June 2022

16 Business combinations (continued)

The uplift in tangible fixed assets is reflective of a value obtained from a third party valuation of the assets at the date of acquisition, whilst the decrease in intangible assets reflects the fact that there was no recognised external valuation method for determining the value of the intangible asset base at the date of acquisition due to the volatility of the transfer market and the significant variations that can occur between the valuation of players from one season, or transfer window, to the next. Deferred tax has been recognised in relation to these adjustments and the useful economic life of goodwill has been estimated to be 4 years. Since the acquisition date SMFG has contributed £89.4m to Group turnover and £15.2m to the Group loss.

17 Debtors

	Group £000	Company £000
Due within one year:		
Trade debtors	3,872	-
Other debtors	2,884	-
Prepayments and accrued income	3,124	11
Corporation tax	449	-
Transfer fees receivable	4,841	-
VAT receivable	176	2
Amounts owed by group undertakings	-	1,263
	<u>15,346</u>	<u>1,276</u>
Due after more than one year:		
Transfer fees receivable	10,518	-
Deferred tax asset (note 23)	17,250	-
	<u>27,768</u>	<u>-</u>

18 Creditors: amounts falling due within one year

	Group £000	Company £000
Shareholder loan	1	-
Bank loan	12,640	-
Trade creditors	3,081	-
Amounts owed to group undertaking	-	743
Taxation and social security	5,146	-
Obligations under finance lease and hire purchase contracts	83	-
Transfer fees payable	24,906	-
Other creditors	678	-
Accruals and deferred income	26,056	51
	<u>72,591</u>	<u>794</u>

Obligations under finance leases and hire purchase contracts are secured upon the assets to which they relate.

Sport Republic Holding Ltd.

Notes to the Financial Statements for the Period Ended 30 June 2022

19 Creditors: amounts falling due after more than one year

	Group £000	Company £000
Bank loan	78,976	-
Obligations under finance lease and hire purchase contracts	566	-
Transfer fees payable	26,641	-
Accruals and deferred income	2,849	-
	<hr/>	<hr/>
	109,032	-
	<hr/>	<hr/>

Football Trust grants of £2.6m are classified as accruals and deferred income within creditors falling due after more than one year and £93,000 falling due within one year, being the amortisation that will be credited in the next accounting period.

20 Loans

Analysis of the maturity of loans is given below:

	Group 2022 £000
Amounts falling due within 1 year	
Bank loan	12,640
Shareholder loan	1
	<hr/>
	12,641
	<hr/>
Amounts falling due between 2-5 years	
Bank loan	78,976
	<hr/>

The bank loan of £79m is secured by a fixed and floating charge over certain assets within the Group.

Sport Republic Holding Ltd.

Notes to the Financial Statements for the Period Ended 30 June 2022

21 Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	£000
Within 1 year	83
Between 2 to 5 years	566
	<hr/>
	649
	<hr/>

Obligations under finance leases and hire purchase contracts are secured upon the assets to which they relate.

22 Provisions for liabilities

Group	Contingent transfer fees £000	Provision for other costs £000	Total £000
On acquisition	4,751	-	4,751
Arising in the year	3,332	493	3,825
Utilised in the year	(2,888)	-	(2,888)
	<hr/>	<hr/>	<hr/>
At 30 June 2022	5,195	493	5,688
	<hr/>	<hr/>	<hr/>

The provision for other costs in the period relates to the contractual wage obligations on players that have since left Southampton Football Club Limited, an indirectly, controlled subsidiary.

Sport Republic Holding Ltd.

Notes to the Financial Statements for the Period Ended 30 June 2022

23 Deferred taxation

Group	Deferred tax £000
On acquisition	17,536
Charged to the Statement of Comprehensive Income	(286)
	<hr/>
Deferred tax asset at 30 June 2022	17,250
	<hr/>

The deferred tax asset is made up as follows:

	£000
Unutilised losses	18,236
Short term timing differences	88
Accelerated capital allowances	1,101
Fair value adjustments	(2,175)
	<hr/>
	17,250
	<hr/>

The Company has no deferred taxation.

24 Share capital	£000
Allotted, called up and fully paid	
	-
2,000,000 A ordinary shares of £0.0001 each	
11,550,000 B ordinary shares of £0.0001 each	1
	<hr/>

On incorporation 2,000,000 £0.0001 ordinary shares were issued at par value.

On 22 December 2021 the ordinary shares were redesignated as A ordinary shares.

On the same day 11,550,000 £0.0001 B ordinary shares were issued at par value.

All shares rank pari passu.

25 Reserves

The Group and Company's capital and reserves are as follows:

Share capital

Called up share capital represents the nominal value of the shares issued.

Share premium

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Retained losses

Retained losses represent cumulative profits or losses, net of any dividends paid and other adjustments.

Sport Republic Holding Ltd.

Notes to the Financial Statements for the Period Ended 30 June 2022

26 Pensions

The Group participates in the Football League Pension and Life Assurance Scheme ('the Scheme'). The Scheme is a funded multi-employer defined benefit scheme, and as one of a number of participating employers, the Group is advised only of its share of the deficit in the Scheme. The last actuarial valuation carried out at 31 August 2021 highlighted that the Group's notional share of the deficit, rolled forward to 30 June 2022 based on the same assumptions, is £320,000.

As at 30 June 2022, the Group was paying total contributions of £114,000 per annum, increasing by 5% p.a., and based on the actuarial valuation assumptions detailed above, will be sufficient to pay off the deficit by 30 April 2025.

As at 30 June 2022, based on an appropriate discount rate of 3.34% per annum, the present value of the Group's outstanding contributions is £352,000. This amounts to £124,000 due within one year and £228,000 due after more than one year and is included within accruals and deferred income. The pension cost charged during the year relating to this deficit was £Nil.

27 Contingent liabilities

Excluding items already provided in the Statement of Financial Position, at 30 June 2022 the Group had a liability to pay up to £35.9m to other clubs in respect of players under contract, dependent upon a number of factors but principally first team appearances.

At 30 June 2022 the Group had contingent sums receivable from other clubs in respect of players sold. Due to the uncertainty of receipt of these contingent assets it is not practicable to disclose the amount likely to be received.

28 Capital commitments

At 30 June 2022 the Group had capital commitments as follows:

	£000
Contracted for but not provided in these financial statements	3,513

The Company had no capital commitments.

29 Commitments under operating leases

At 30 June 2022 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	£000
Not later than 1 year	196
Later than 1 year and not later than 5 years	102
Total	298

The Company had no operating lease commitments.

Sport Republic Holding Ltd.

Notes to the Financial Statements for the Period Ended 30 June 2022

30 Related party disclosures

During the period the Company provided services in the ordinary course of business to St Mary's Football Group, at a cost of £448,000. The Company owns 100% of Sport Republic UK Ltd, which itself owned 80% of St Mary's Football Group at the reporting date. During the period St Mary's Football Group also incurred expenses on behalf of the Company in the ordinary course of business at a cost of £743,000 and the amount owed by the Company to St Mary's Football Group at the reporting date was £743,000. These amounts all relate to trading balances.

Key management personnel include all directors and a number of senior managers across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation paid to key management personnel for services provided to the Group was £1,848,000.

31 Controlling party

The directors consider the ultimate controlling party to be Mr D Solak.

32 Post Statement of Financial Position events

Since the Statement of Financial Position date, Southampton Football Club Limited has entered into sale and purchase agreements for players with net transactions amounting to £100.5m payable.

Since the Statement of Financial Position date, 92,257 A ordinary shares have been issued at a premium of £425,000, 5,000,000 B ordinary shares have been issued at a premium of £50,000,000, 1,020,000 D ordinary shares have been issued at a premium of £10,200,000 and 780,578 M ordinary shares have been issued at a premium of £294,000.

In September 2022, the Group acquired 70% of Goztepe Sportif Yatirimlar Anonim Sirketi, a football club who plays in the Turkish Second League, for consideration of £4.3m.

33 Net debt reconciliation

	On acquisition £000	Cash flows £000	New finance leases £000	Other non-cash changes £000	30 June 2022 £000
Cash at bank and in hand	-	35,199	-	-	35,199
Obligations under finance lease and hire purchase contracts	(722)	73	-	-	(649)
Bank loan	(90,918)	-	-	(699)	(91,617)
Shareholder loan	(1)	-	-	-	(1)
Net cash	(91,641)	35,272	-	(699)	(57,068)

Other non-cash changes relate to movements on foreign exchange.