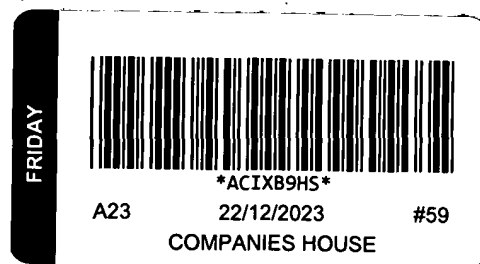


Company Registration No. 03406347 (England and Wales)

SPORTSDIRECT.COM RETAIL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 APRIL 2023



SPORTSDIRECT.COM RETAIL LIMITED

COMPANY INFORMATION

Directors	S M Nevitt D M Meenan
Company number	03406347
Registered office	Unit A Brook Park East Shirebrook NG20 8RY
Auditor	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB
Business address	Unit A Brook Park East Shirebrook NG20 8RY

SPORTSDIRECT.COM RETAIL LIMITED

CONTENTS

	Page
Strategic report	1 - 15
Directors' report	16 - 18
Directors' responsibilities statement	19
Independent auditor's report	20 - 23
Income statement	24
Statement of comprehensive income	25
Statement of financial position	26
Statement of changes in equity	27
Notes to the financial statements	28 - 62

SPORTSDIRECT.COM RETAIL LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 30 APRIL 2023

The directors present their strategic report for the 53 week period ended 30 April 2023 (2022: 52 weeks ended 24 April 2022).

Fair review of the business

The Company has shown a strong performance in the period largely due to increased sales volume and the comparative period being partially impacted by restrictions as a result of Covid-19.

Key performance indicators

The directors consider turnover, gross profit margins and underlying earnings before interest, tax, depreciation and amortisation and the impact of realised foreign exchange movements and impairments (underlying EBITDA) to be the key performance indicators for the Company. Underlying EBITDA is calculated by adding back the depreciation and impairment charge of £82,097k (2022: £72,239k) and the loss on foreign currency translation of £7,473k (2022: £5,097k loss) to the operating profit figure of £429,254k (2022: profit of £276,637k).

- The Company turnover increased from £2,877,067k to £3,126,311k due to increased volume of sales and increased total retail sales space.
- Gross margin rates in the Company decreased from 35.7% to 35.1% in the period largely due to increasing cost pressures and macroeconomic factors.
- The Company's underlying EBITDA has increased from £353,973k to £518,824k largely due to increased sales volume and a decrease in legal provisions, offset increasing cost pressures and releases of intercompany provisions.
- The Company's net assets increased from £1,577,942k to £1,775,138k in the year largely due to the investment in capital expenditure.
- The Company's net debt (defined as cash and cash equivalents less bank loans and overdrafts) has decreased from £592,468k to £557,881k largely due to cash generated from profits in the year.

Included in underlying EBITDA is an impairment credit relating to intergroup debt of £84,854k (FY22: £42,675k) and a release of legal provisions of £106,417k (FY22: increase in provision of £3,619k).

Non financial KPIs

The directors also monitor the performance of the Company through non financial KPIs, being the number of sports retail stores and employee turnover.

Employee turnover decreased in the year from 25% to 23%.

As of 30 April 2023, we operated 472 stores in Great Britain (FY22: 473 stores), a total retail sales space of circa 6.3m sq ft (FY22: circa 6.0m sq ft).

SPORTSDIRECT.COM RETAIL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2023

Principal risks and uncertainties

As the Company is an integral part of Frasers Group ('Group', 'We' and 'Board' references used on the following pages in the Strategic Report are references to the Frasers Group as a whole), the principal risks and uncertainties and the controls and mitigations disclosed are relevant to the Company.

Risks	Scenario	Control and Mitigations
Strategy	We fail to deliver our strategy efficiently, effectively and on a timely basis, or we adopt the wrong strategy, which impacts our long-term growth, performance and ambition.	<ul style="list-style-type: none"> -The Board and senior management set and agree the Group strategy and undertake both regular and detailed annual reviews. -Our Group is diverse in terms of geography and product and executive management is able to respond to strategic opportunities and challenges with agility, to maximise achievement of our strategic ambitions. -We continue to evaluate strategic brand acquisitions, to provide product and choice in line with our brand strategy and add attractive locations to the store estate. Opportunities are managed through our M&A tracker and appropriate due diligence is carried out either internally or via third party firms. -Effective management of our property portfolio supports our elevated direction. All property transactions are analysed and signed off by the CFO. -We monitor our performance, markets and competition on an ongoing basis. -Our strong financial controls, reporting and analysis help to optimise resource allocations, maximise profits and cash flow and support efficient and effective strategic delivery. -We perform ongoing research for insights into consumer trends, with the assistance of third parties providing structure to the process. -Ongoing internal and external communication of our strategic direction supports understanding, engagement and effective delivery.
Third-Party Brand Relationships, Key Suppliers and Supply Chain Management	We fail to manage and leverage our supplier and brand partner relationships successfully, to secure the right products for our business at the right price, time and quality, and to meet or exceed our customers' expectations. Failure to mitigate these risks might impact our elevation targets, performance and long-term growth.	<ul style="list-style-type: none"> -We have continued the successful rollout of our Electronic Data Interface (EDI) supplier portal across the majority of our suppliers. This has enabled us to build closer business relationships by providing an efficient and effective supplier on-boarding process, leading to improvements for both parties of account management and supply chain controls. -The Group has a policy of forging close long-term commercial relationships which are underpinned by our commitment to product, elevation and customer excellence. -The elevation strategy builds stronger relationships with key brand partners, this continues to be an ongoing priority. -We have continued to expand our dedicated relationship partners, procurement and commercial teams support truly integrated supplier engagement. -The Group utilises two leading supply chain companies to procure much of its own-brand products. A Group-owned supply chain entity further diversifies risk. -Strong stock level oversight and positive commercial relationships allow us to manage effective supply chain logistics and product availability. -Suppliers sign-up to the Group's Supplier Manual, in addition to revising our Supplier Code of Practice during the year, which enables us to monitor and benchmark supplier performance. -Strong service level agreements are in place, which help to support an effective supply chain network. -Our own-brand investment targets consumer trends and complements third-party brands, supporting consumer choice. -We have continued to build our influencer partnerships and brand collaborations to provide opportunities for own-brand growth.

SPORTSDIRECT.COM RETAIL LIMITED**STRATEGIC REPORT (CONTINUED)****FOR THE PERIOD ENDED 30 APRIL 2023**

Risks	Scenario	Control and Mitigations
Global Macro-economic Conditions, Events (Pandemic) or Political Factors	Failure to anticipate, evaluate or appropriately respond to external events, or broader global/ macroeconomic conditions, events (e.g. pandemic) or political factors, may risk the achievement of our performance targets, impact our strategic direction or longer-term viability, or result in lost opportunities for growth.	<ul style="list-style-type: none"> -We ensure ongoing Financial and Commercial evaluation of economic and political change, with senior management oversight and Board reporting relating to supply chain and inflationary cost pressures. -The executive-led Compliance & Risk Group holds emerging risks discussions, with oversight reporting to the Audit Committee. -Immediate on-line closure of sanctioned countries for deliveries or trade through our web platforms were actioned during the current conflict. -We monitor UK-EU trade relationship developments and the implementation of the Trade and Co-operation Agreement via discussions at weekly leadership meetings. -Our focus on transport logistics, documentation requirements, and the flow of goods supports product availability, utilising third party formal processes.
Treasury, Liquidity and Credit Risks	Failure to appropriately manage our funding and liquidity positions and secure access to funding markets might impact our plans for growth, the ability to manage our trading requirements, meet longer-term liabilities and the ongoing viability of our business.	<ul style="list-style-type: none"> -Our Board reporting on debt, covenants, funding and cash flow positions includes stress testing and extensive business risk scenario analysis. -The Group Treasury function manages liquidity, interest rates and foreign exchange risks. -The Group treasury policy, with Board oversight, outlines delegated authorities for operation, monitoring and reporting. -We have increased our revolving credit facility to £1,052.5m post period end, £1,002.5m of which is available until November 2025 with the possibility to extend the term for a further year. We are working to increase this further to £1.2bn. -Ongoing monitoring and reporting of going concern and viability are part of our standard suite of internal and external reporting. -Our hedging strategy is reviewed and approved annually as part of our treasury governance, with hedging activity reported to Board. -Investments of surplus cash, borrowings and derivative investments are made under pre-approved investment criteria, and monitored closely on a monthly basis. -We use forward foreign currency contracts to hedge against highly probable foreign currency trading transactions. -We conduct regular monitoring of customer and counter-party credit risks. -We have hedged our interest rates which has mitigated the increases seen in the last 12 months, this remains in place until 2026. -Rigorous processes are in place with regards to our credit account customers, including the use of external credit reference agencies and applying set risk criteria before acceptance, these procedures are regularly reviewed and updated. -Robust processes monitoring our debtor book and credit customers payment behaviours and credit take-up levels are in place. -The Board and Audit Committee receive regular updates throughout the year regarding customer credit business.

SPORTSDIRECT.COM RETAIL LIMITED**STRATEGIC REPORT (CONTINUED)****FOR THE PERIOD ENDED 30 APRIL 2023**

Risks	Scenario	Control and Mitigations
Customer	Failure to anticipate and respond to customer needs or changes in consumer trends and spending, or to drive and deliver customer service excellence, may impact our growth, value, reputation and strategic ambition.	<ul style="list-style-type: none"> -Conducting ongoing monitoring of customer insights and competitor and market trends. -Reviewing and updating our customer policies periodically enables us to respond to and drive our customer led strategy. -Continued investment in our customer service offering, systems and communication enables us to understand and improve our customer experience, working across all channels including social media. -Continued development and investment in our online offering in line with customer demand. -Ongoing enhancement of our ESG agendas supports our strategy, in line with our customer focus. -Introduction of Frasers Plus to the Group, allowing Customers to select a regulated credit option to enable our Customers to have further payment options and control on how they spend and repay with an integrated loyalty point scheme.
Governance, Legal and Regulatory Compliance	An action or incident may occur which results in a legal or regulatory breach and which impacts our business financially, commercially or reputationally and/or may result in litigation.	<ul style="list-style-type: none"> -Our experienced and qualified in-house legal team provides core services and advice as well as oversight of new and emerging legislative and regulatory requirements. -External advisors provide additional services and training in specialist areas, as required by the business and legal team. -Key legislative and regulatory compliance risk areas are prioritised (including but not limited to), FCA regulation, GDPR/Data protection, Health and Safety, IP Rights, Listing Rules and Trading Standards as an ongoing priority. -Our Code of Conduct supports our ethics, behaviours and culture, and our regulatory policies include, for example, Anti-Bribery & Corruption, Corporate Gifts & Hospitality and Conflicts of Interest. -We have an ongoing programme of continuous review looking at changes to legislation, best practice, and ensuring compliance with the corporate governance landscape. -We review the approach and content of mandatory induction, policies and ongoing training across relevant areas, for all colleagues. -The Legal team is a key contributor and advisor to the Compliance & Risk Group. -The Legal team provides bespoke training to individual departments, tailored for each area where there are key risks as well as providing training across the group utilising the e-learning platform. -The Frasers Group Intranet includes a Legal section providing FAQ's on relevant topics which is accessible to all employees.
Technology Capability and Infrastructure Renewal	Failure to maximise the use of our existing technology or to renew our infrastructure in a timely and effective way may affect our ability to keep up with the pace of change and deliver our strategic ambition.	<ul style="list-style-type: none"> -Ongoing development of a Group technology strategy aligned to the business strategy. -Forward programme of infrastructure renewal to operate our business efficiently and support our ability to compete. -Target and accelerate decommissioning of infrastructure, integrating into our business where possible, which has been procured as part of acquisitions. -Investments in our online trading capabilities, warehouse, management systems and in-store technology enhance the end-to-end customer experience. -Experienced Technology team, supported by ongoing skills training, helps us to keep abreast of emerging technologies and customer-leading insights. -Development of ongoing cycle of internal training programmes to support effective use of existing and new technologies across our businesses, as they are introduced. -Strengthening our information security capability has enhanced our transformation programme, our strategic technology delivery and the robustness of our second-line oversight.

SPORTSDIRECT.COM RETAIL LIMITED**STRATEGIC REPORT (CONTINUED)****FOR THE PERIOD ENDED 30 APRIL 2023**

Risks	Scenario	Control and Mitigations
Cyber Risks, Data Loss and Data Privacy	A cyber-attack may result in data loss and/or denial of service, impacting our business financially through fines and penalties or lost trade, as well as our reputation and our ability to operate. Failure to adequately protect our processes and the data we hold may result in legal or regulatory breach, loss of trust and financial loss.	<ul style="list-style-type: none"> -Strategies and policies in place to support IT security posture are reviewed and enhanced on an annual basis. -We continue to work with our trusted stakeholders who provide core services which complements our in-house capabilities. Capability, delivery, security and savings are core drivers of our processes. -Protection tools, including encryption, and detection tools in place to support effective monitoring and reporting are assessed, ensuring they are fit for purpose and scalable. -We have enhanced our information security capabilities and strengthened our second-line monitoring to a 24/7 alerting service, using partners where applicable. -We perform annual external assessments against our environment to assess our cyber posture. We also perform penetration testing against any key projects or major changes to our infrastructure across Group. -Strengthening our data protection mandate, enhancing our policies and procedures and ongoing internal training help to mitigate data protection and privacy risks and support delivery of our change and transformation programme. -We have an ongoing programme of security and privacy monitoring across our Group, and invested in tooling to support with breach notifications should they occur. -Our in-house Legal team supports second-line monitoring and reporting of legislative compliance. -We make ongoing investments in data protection training and communications targeted to the business area (and local legislative equivalents in our overseas operations). -We routinely action and retain Data Protection Impact Assessments, and perform Records of Processing activities across all key functions across the Group.
Business Continuity Management and Incident Response	Failure to respond effectively or on a timely basis to operational or IT incidents or events might impact the Group financially through lost revenue or have a reputational impact based on our capability and communications.	<ul style="list-style-type: none"> -Our Business Continuity plans are fully documented and are scheduled for continual review, revision and testing as required. -Our governance structure supports agile incident response, with clear roles, responsibilities and reporting lines. -Annual external review and challenge of our processes supports our commitment to continuous improvement. -Ongoing training supports good practice and knowledge sharing for continuity. -Internal and external communications, marketing and PR capabilities are integral to our incident response plans. -Recovery prioritisation of IT systems and processes forms part of our business impact analysis review including a dedicated IT incident response manager working with both internal and external stakeholders with clear escalation and recovery protocols which are under continuous monitoring and review. -We have recovery time targets for both critical and normal service functions. -Critical recovery capabilities align to our appetite and controls supported by appropriate insurance cover.

SPORTSDIRECT.COM RETAIL LIMITED**STRATEGIC REPORT (CONTINUED)****FOR THE PERIOD ENDED 30 APRIL 2023**

Risks	Scenario	Control and Mitigations
Group Entities And Extended Enterprise	Failure to effectively monitor activities across our Group entities, partners and suppliers, who form part of our extended enterprise, may result in financial, reputational or legal compliance issues.	<ul style="list-style-type: none"> - Transparency across our Group and extended enterprise and its changes is an ongoing priority. It is subject to regular review and discussion and forms part of our risk management framework and reporting. - Oversight roles and responsibilities across our Group structure support risk-based functional monitoring and assurance. - We maintain strength in our supply chain management and supplier and partner relationships. - Risk and controls reporting across the Group is subject to continuous improvement, including self-assessment processes for confirmation of compliance with key policies, controls and other Group requirements. - The Group Internal Audit team is developing third-line monitoring to support the broader internal controls framework across the Group. - Weekly leadership calls are in place with international finance teams and an annual review of all subsidiaries has been established to review financials, provide supports, streamline operations, and drive improvements.
People, Talent Management And Succession	Failure to attract, retain or develop talent across our business and implement effective succession planning might impact our ability to achieve business and strategic objectives and the efficiency of our growth transformation.	<ul style="list-style-type: none"> - Continued development of strong trainee management and apprenticeship programmes supports our future talent pipeline. - We recruit externally to fill capability gaps necessary for our growth and transformation. - We prioritise internal development and promotion wherever possible and actively encourage cross-functional experience. - Our "fearless focus" appraisal system provides expectations for performance and opportunities for development and broader succession planning. - A six pillar People Framework is in place supporting performance and talent recognition across the group. - An internal recruitment mandate operates, with improvements in onboarding and applicant tracking. - We have revisited our core principles and a colleague value proposition which share the Group's values and ambitions for our people, with an elevated and re-energised website to attract talent. - We have a recognition and bonus structure in place, recognising and rewarding those who adopt and demonstrate the Group's core principles. - The Workers' Representative is a Board Director who supports communication channels and gives our people a voice at the highest level in our business. - We have a strong strategy for diversity and inclusion and people support. - We have made significant investment into learning and development, supporting internal progression and overall organisational capability. - We launched our first engagement survey to provide insights and drive further improvements across the organisation. - Investment in a new Group intranet supports improved communications and access to company policies to all UK employees raising colleague engagement and providing greater ease of access to shared information.

SPORTSDIRECT.COM RETAIL LIMITED**STRATEGIC REPORT (CONTINUED)****FOR THE PERIOD ENDED 30 APRIL 2023**

Risks	Scenario	Control and Mitigations
Environmental, Social & Governance (ESG)	Failure to maximise our position and value relating to ESG factors might impact our ability to achieve our growth, value, reputation and strategic ambitions.	<ul style="list-style-type: none"> -We have Board-level engagement and an Executive sponsor of our ESG agenda. -We have developed an ESG strategy which formalises our commitment to sustainability which continues to be embedded throughout the business and is a continued focus for the Group. -We have signed up to the Science Based Target Initiative and to further our commitment to reduce our carbon emissions we have recruited a Group Carbon Reduction Manager. -We continue to evaluate the ongoing risks and opportunities around climate change and our commitment to achieving our climate change targets as disclosed in the Group's TCFD reporting. -We have an environmental policy in place, which has been reviewed and approved by the Board. -We have energy efficiency targets, monitoring and measurement, with external specialist support and league tables with reward mechanisms to drive this forward. -Our community initiatives support the provision of vouchers to schools and organisations to allow purchases of discounted sportswear. -Review and ongoing development of our Supplier Code of Conduct, supports our values and employee engagement, and includes a standardised framework for supplier onboarding. -We have implemented a Climate Risk Group, reporting to the Compliance and Risk Group, which further drives initiatives and engagement across the wider supply chain.
Property	There is a financial risk to the Group if our commitment to a lease or the value of our freehold properties decline where high vacancy rates make the area less attractive for our consumers and drive less footfall to our stores.	<ul style="list-style-type: none"> -For new store leases we continue to actively engage and work with our landlords to support rents that are flexible and linked to store turnover providing sensitivity should a store turnover reduce. -We aim to align rent free packages and capital contributions from landlords to reflect the elevated store fit outs to minimise the Group's capital expenditure in bricks and mortar expansion. -As property occupational costs become more affordable we continue to look to move into more prime locations with more footfall and consumer resilience. -We are actively reviewing our lease portfolio and looking to renegotiate with landlords in relation to underperforming stores. We have a very low average unexpired lease term across our core estate, allowing us to be flexible in our locations and occupation. -The freehold estate is actively managed by the property team and we will look to dispose of sites which are not aligned with the Group's strategy or where there is a commercial benefit to the wider Group. -All purchases of new freehold property are reviewed and signed off by the CFO.
Mergers & Acquisitions	Failure to successfully identify, complete or integrate acquisitions into our existing operations could have an adverse effect on our business and financial results.	<ul style="list-style-type: none"> -All mergers and acquisitions are reviewed and signed off by the Senior Leadership Team and the Board. -The Legal function has robust processes in place for checking and complying with regulatory requirements. -Conservative estimation of synergies allows for any delays in the integration of a business. -Utilisation of both internal and external expertise is used to complete a thorough due diligence process prior to acquisition and following the transaction to ensure a smooth integration. -We leverage opportunities for investment through strong management oversight. -Governance and monitoring are in place for new investments, acquisitions and opportunities.

SPORTSDIRECT.COM RETAIL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2023

Financial Risk Management Policies and Objectives

Treasury and financial risk

The majority of foreign contracts relating to the sourcing and sales of Company branded goods are denominated in US Dollars and Euros, thus leaving exposure to foreign exchange risk.

The Company is exposed to foreign exchange risk arising from various currency exposures and a strengthening of the US Dollar or a weakening of the Pound making goods more expensive. There is also a potential exposure in relation to the Euro forward sales contracts and written option arrangements that the Company is party to. Adverse movements on the Sterling / Euro exchange rate could impact the Company's profitability. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency, as exchange rates move. This could significantly reduce profitability.

The Company seeks to mitigate the foreign exchange fluctuations by hedging via forward currency contracts. Certain US Dollar forward contracts are designated as cash flow hedges. The Company also uses currency options, swaps and spots for more flexibility against cash flows that are less than highly probable and therefore do not qualify for hedge accounting under FRS 102 Section 12.

The Company is exposed to interest rate risk due to its borrowings at floating interest rates. The Company is cash generative and maintains appropriate debt levels to mitigate interest rate risk.

Liquidity and cash flow risk

Funding and liquidity for the Company's operations are provided through bank loans (including a revolving credit facility), overdrafts and shareholders' 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 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. On 30 November 2021, the Group entered into a new combined term loan and revolving credit facility that is valid for three years at a value of £930 million with the possibility to extend this by a further two years. The Group enacted the one year extension to our Group facility and post year end have a combined term loan and revolving credit facility (RCF) of £1,052.5 million with £1,002.5 million available until November 2025, with the possibility to extend this by a further year.

Future developments

During FY23, 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.

SPORTSDIRECT.COM RETAIL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2023

Corporate governance statement

Sportsdirect.com Retail Limited is a wholly owned subsidiary of Frasers Group plc. 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 on the basis that the Company is an integral part of the Group. 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 Sportsdirect.com Retail Limited as one of the largest trading entities within Frasers Group. The Frasers Group plc Board also are solely responsible for making all strategic and operational decisions for 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 Sportsdirect.com Retail 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 30 April 2023. All references to 'Board' or 'We' or 'Group' in the remainder of the Strategic Report relate to the Frasers Group plc Board rather than the Board of Sportsdirect.com Retail Limited.

The following paragraph sets out the provisions which have not been fully complied with during FY23 by the Group.

Corporate governance provision requirements, non-compliances and resolutions

One area in which the Board was not fully compliant was Code Provision 36 which requires that remuneration schemes should promote long-term shareholdings by Executive Directors that support alignment with long-term shareholder interests and that 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 Executive Share Scheme approved by 86.6% of shareholders' voting at the 2021 AGM has a total five-year vesting period as suggested by the Code but could permit 50% of share awards to vest after four years if our stretching share price targets (a minimum of £15 as relevant maintained for 30 dealing days and achieving an adjusted PBT of at least £500m) are attained within 4 years of the commencement of the plan.

Stakeholder Engagement

Like most companies, the Group has to balance the needs of multiple stakeholders. Stakeholder engagement is integral to the growth and sustainability of the Group. We aim to ensure that we capture the views of as many stakeholders as possible. Whilst we try to accept commendation where appropriate and address criticisms when necessary, we are mindful that this may not always be possible. We recognise that the most important objective in our approach to stakeholder engagement is to balance stakeholder views against other competing factors and accept that it may not always be possible to achieve a satisfactory outcome for all stakeholders. During the year, the Board has made decisions based on the Board papers, presentations from senior executives and discussions with and reports from external consultants.

The Board

There was one change to the Board during the year. Mike Ashley resigned as a Director, being replaced by Michael Murray in May 2022. We continue to review the Board's size, composition and skillset on a regular basis, including interviewing a number of candidates, to ensure that it remains fit for purpose and address areas where we can make the most effective changes.

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. Our vision is to become the elevated, multi-channel platform for our Sports and Premium Lifestyle fascias. To this end, we are elevating our Group brands and our centralised support functions.

Division of Responsibilities

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

SPORTSDIRECT.COM RETAIL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2023

Board Performance

Board, Committee and individual director performance are evaluated annually in line with the requirements of the Corporate Governance Code 2018. The Non-Executive Directors, led by Richard Bottomley, review the performance of the Chair, taking into account the views of Executive Directors. The outcome of the review is relayed to the Chair, with constructive comments to improve his 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. A skills matrix has been completed in FY23 and it will be used as a tool in our succession planning when recruiting new directors.

There was a thorough independent external evaluation of the Board and its committees in FY21 and an internal evaluation carried out in the current year. The board evaluation highlighted the need to increase diversity on the Board and steps are being taken to address this as discussed in the Nomination Committee Report in the Group accounts of Frasers Group plc. The performance of the Board and its committees have been discussed in the individual Board appraisals taking into account the recommendations and comments arising from the review in FY21.

In addition to the evaluation of the Non-Executive Directors, the performance of the Executive Directors was also reviewed by the Chair and the Non-Executive Directors and performance objectives set. During the period, the Chair held informal meetings with the Non-Executive Directors without the Executive Directors present.

Employees

Employee engagement statement

The Company's policy is to treat all our people with dignity and respect. Frasers Group colleagues work together across all areas of the business and we are proud that Frasers Group plc is one of the first public companies in the UK to make an elected Workers' Representative a Board member. We welcome all new colleagues into the Group following the acquisitions in the year and post period end and those who joined us through the Frasers Group Elevation Programmes as well as all other new recruits. Further details on Employee Engagement can be found on page 17.

Remuneration and rewards

Our policy is to foster a reward-based culture that enables our colleagues to share in the success of the 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 23 years of age in the UK. In addition to this, in the current period the Group paid awards and incentives of approx. £23m, from which both permanent and casual colleagues benefitted.

Our Fearless 1000 share scheme will result in 1,000 of our Fearless colleagues, who live and breathe our values, being eligible to receive share bonuses ranging from £50k right up to £1m, if the share price is at £10 (for at least 30 consecutive trading days) at the vesting dates.

Workers' representative

The Frasers Group Workers' Representative is Cally Price, a store manager within our Cardiff store. The Workers' Representative has a unique insight into 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.

Staff engagement

In addition to the Workers Representative, the Company has an ongoing dialogue with colleagues via the 'Ask Cally' app. The App allows any employee to submit a question or raise an issue directly with the Non-executive Workforce Director, Cally Price, and receive a personal response. If required, this feedback is passed to senior management for review and appropriate action.

SPORTSDIRECT.COM RETAIL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2023

Casual workers

We strive to ensure our arrangements for casual staff are fair and equitable. All casual workers are paid the same rates as permanent 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 our commission schemes and in the Fearless 1000 bonus scheme.

Wellbeing service

As an outcome of our Engagement Survey results, we have committed to improving the Company support available to our colleagues around Wellbeing. This year we have launched Frasers Fit, a partnership with our fitness business, Everlast Gyms to encourage colleagues to focus on improving their physical health through exercise, with access to work outs for all capabilities, information around nutrition and healthy eating.

We have continued our partnership with the Retail Trust which gives colleagues access to free and confidential wellbeing support, including 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. We have seen an increase in the usage of Retail Trust services this year and we will be working closely with them in FY24 to further increase access to and awareness of the services and support available.

We have also invested in training up a team of Mental Health First Aiders. This has not only provided these colleagues with an opportunity to develop themselves but also arms the business with an invaluable resource should any of our colleagues need the support we are now equipped to provide.

Training and development

Identifying and developing our internal talent remains critical to drive high performance across our teams and to enable us to deliver our business goals. We have an annual performance review process, the Fearless Focus Reviews, this allows us to measure performance consistently and set individual objectives that will support the achievement of broader Group goals. Career conversations as part of this process help us to understand the aspirations of our colleagues and allow us to assist them with development plans to support them in reaching their potential.

Linked to our purpose, vision and goals for FY24, we have introduced a new objective setting process called OKR's (Objectives and Key Results) across the senior levels of our business, ensuring that plans in individual business areas are aligned to the delivery of our business strategy.

To compliment the Fearless Focus Review process, we have also this year introduced a regular cycle of talent reviews. This is completed three times throughout the year so we can monitor and track performance and ensure any necessary actions are undertaken to drive performance and retain key talent.

Our Elevation Programmes continued this year, with another 27 high potential colleagues joining the Commercial programme in September 2023. This year, we have invested heavily in the technical upskilling and training that these colleagues receive, creating a highly structured and blended development programme that has seen time to competence improve dramatically, increasing confidence and enabling more time to be spent developing the skills that will see this cohort fulfil their potential. We also have a further 6 (FY22: 5) colleagues joining our Finance Elevation Programme.

Shareholders

Frasers Group plc is a publicly traded company and is the parent company of Sportsdirect.com Retail Limited.

The AGM provides shareholders with an avenue to have direct access to the Board and senior leadership and ask questions at the meeting. The Chair is present at our annual and half year results presentations and met with several major shareholders throughout the year.

SPORTSDIRECT.COM RETAIL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2023

Comments from our shareholders are passed to the Board and relevant committees for consideration and analysis. The Executive Directors are also available for questions at all of our result presentations and shareholders' opinions are closely monitored through analyst and broker correspondence. Our larger shareholders also have regular engagement with senior executives and also have access to other key representatives of the Group by using the investor relations contact on the Group's website.

Feedback from shareholders during the year focused on the following key points:

- The importance of the elevation strategy and its role in enhancing relationships with key brand partners.
- The approach to strategic investments.
- The steps being taken to enhance corporate governance processes and Board diversity.

The Chair ensured that these views were shared with the whole Board. The Group has recently employed an Investor Relations Director to further improve communication with shareholders.

Customers

The Group are continuing to invest in our Customer Service Operation by increasing the head count and technology being used to support customer contacts. We are expanding our team to provide more coverage into the evenings and weekends and providing specific training in resolving enquiries faster. Investment continues in developing our international contact centre as we prepare to support the international territories. We are progressing development of new contact channels, improving our use of real time chat technology and embracing our customers desire for more self-serve – all helping reduce customer contacts and response times.

Suppliers

We aim to engage with suppliers who have compatible values to those of the Group and who provide value for money and high-quality goods and services. The Group prides itself on fostering long-term relationships with our key brand partners to ensure ongoing continuity of supplies to our customers. This includes, where appropriate, making strategic investments in brand partners such as Mulberry and Hugo Boss.

Our own-brand products continue to be produced and supplied by our two gateway suppliers with whom we have a longstanding relationship.

Regulators

The Group makes every endeavour to comply with its legislative 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. Our internal tax team has a dedicated contact at HMRC and we have dedicated contacts at other Government bodies, such as Trading Standards.

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 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. Updates on the Group's financial performance are provided at every Board meeting.

Community

Elevating our communities

From our supply chain through to the high street, and with our charity sponsorships too, we're active in all our communities.

Investing in the High Street

The Group has been vocal about its commitment to physical retail and has demonstrated this with consistent new store openings over multiple financial years.

SPORTSDIRECT.COM RETAIL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2023

The nature of new store openings as part of the Group's elevation strategy are providing wider benefits to local communities; not just via the job creation associated with the store itself, but the wider impacts to the area as a footfall generator. With the Group's various brands and concepts, we have become a significant 'anchor' tenant in many schemes and are underpinning a number of retailing locations which have experienced the well documented challenges facing physical retail.

The ability for the Group to take on such anchor stores is helping to regenerate and increase the confidence of other retailers and businesses to continue to trade in such locations. We believe this is having a meaningful socio-economic impact in many retailing locations that would have otherwise faced the burden of large vacant units being difficult to repurpose.

More recently, the Group have invested in two Shopping Centres - one in Luton and the other in Dundee. Both are the primary retailing locations in the respective areas and play an important part in servicing the local community. In both instances, the Group is able to invest into each scheme with a range of new store concepts covering Sports (i.e. Sports Direct and Evans Cycles), Premium (i.e. Frasers and USC) and Luxury with Flannels. There is also the 'experience' side of the Group with the Everlast Gym concept and Belong gaming arenas. Such variety of retail offerings attracts a wider range of customers to each location and helps improve the vibrancy of an area, which in turn reinforces the shopping/town centre which plays a key part of its local community.

Charity

Sports Slam – Sports Slam is designed to shake up what in-school sport looks like and gives teachers the means to help kids enjoy sport through a sense of inclusivity, fun, and discovery. To date, we have signed 6,019 schools up to the scheme unlocking sport to over 1 million kids across the UK by gifting £1.5m of sports equipment to schools.

Equal Play – In 2022 we launched our Equal Play initiative where we donated over 3,000 football packs to girls' football clubs. The initiative aims to close the gender gap in sports.

Sports Directory – Our Sports Directory subsidiary has been a specialist supplier of sports equipment to the education sector for nearly 30 years, and part of the Frasers Group since 2016. Sports Directory plays a key role in giving back to schools in the UK and helping to keep our young people fit and healthy. Through its 'My School' scheme, schools purchase sports equipment from Sports Directory and the business gives them the opportunity to claim a voucher for every purchase. To date, Sports Directory has issued over 90,000 vouchers to UK schools, which equates to more than £5.6 million worth of free sports equipment.

For more information on Sports Directory visit: www.sportsdirectory.com

More locally to our Head Office in Shirebrook, we have focused on raising funds through a variety of initiatives for several local community programmes, including Rhubarb Farm, (www.rhubarbfarm.co.uk) and BLAST (Building Lives around Shirebrook - www.blastcic.com). We have raised almost £6,000 this year, through various on-site engagement activities including Charity Bike Rides, gifts drops and raffles.

Environment

Frasers Group continues to support the aims of the TCFD, which we believe is an important step in tackling climate change. In compliance with the requirements of Listing Rule 9.8.6R and TCFD recommendations and recommended disclosures, below we have provided disclosure on how Frasers Group incorporates climate-related risks and opportunities to inform our future strategy, risk management approach, and the metrics and targets we use to monitor our progress.

We have taken dedicated steps to integrate the risks and opportunities throughout the business, from the individual departments to the Climate Risk Steering Group, Compliance and Risk Group, Audit Committee, all the way to the head of strategic oversight, the Board. These groups have enabled us to not only understand the risks and opportunities, but ensure we are on track towards our set targets, while assessing mitigating actions enabling planning for next steps.

For further information, see Frasers Group plc annual report. The disclosures given in the Frasers Group accounts also address the requirements under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

SPORTSDIRECT.COM RETAIL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2023

Section 172 Statement

The Board confirms that, during FY23, it has acted in the way it considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in s.172(1)(a)-(f) of the Companies Act 2006.

This statement sets out the matters considered under each subsection of s.172(1) (a)-(f) and provides cross references to where further information can be found in the Annual report.

Decision making areas and principal decisions/steps in the period

A. The likely consequences of any decision in the long term

When making key strategic decisions, the Board takes into consideration the strategy, purpose, values and culture of the Group. The Board is focused on the sustainability of the Group and mindful of the impact the decisions may have on this objective. For each matter, it also considers the likely consequences of any decision in the long term, identifying stakeholders who may be affected and carefully considering their interests and any potential impact part of the decision making process may have. During the year, the Board has made decisions based on Board papers, presentations from senior executives, information documents and discussions with external advisors and reports.

Principal decisions/steps:

The decision to continue the share buyback programme was key during the financial year to demonstrate that the Board continues to maintain confidence in the performance of the Group. The Board continued to be acquisitive throughout the year. Acquisitions of Misguided, I Saw it First, Mysale and Amara expanded our digital offering and brought short lead time sourcing and further social media marketing expertise to that segment and the Frasers Group. We also acquired Gieves & Hawkes, this iconic premium luxury menswear brand being a great fit for our Elevated offering, Coventry Arena a world class exhibition, event & conference centre and in February 2023 the Group also completed the acquisition of number of fashion brands from JD Sports.

During the year, the Group disposed of Bob's Stores and Eastern Mountain Sports fascias and their corresponding e-commerce offerings. The Bob's and EMS store estate did not include any of the new elevated stores which are core to the Frasers Group Elevation strategy. The disposal of these non-core businesses allows an even greater focus on delivering the Elevation Strategy by focusing on store experience, digital and product.

A number of freehold and long leasehold retail parks were sold for a total of £205.0m, realising a profit on disposal of £84.7m. We buy and sell properties, in the ordinary course of business, from time to time to secure attractive sites for our retail operations, and Frasers Group fascias will operate from leases within a number of these properties.

B. The interests of the Company's employees

Details of the initiatives and engagement with our colleagues is detailed in the Workers' Representative report, the Our People report and the Directors' report within the Frasers Group plc annual report which does not form part of this report.

Principal decisions/steps:

The Non-Executive Workforce Director remains the primary method that we use to ensure that colleagues are listened to and responded to by somebody who fully understands their situation. Cally Price remains the Workers' Representative on the Board and retains full control of the colleague welfare portal. In September 2022, we hosted the first ever Frasers Festival which brought together approx. 1,500 colleagues, brand partners and other stakeholders for a day of assault courses, interactive brand pop ups and live entertainment. It was a hugely successful event and we will look to repeat this in 2024.

C. The need to foster the Company's business relationships with suppliers, customers and others

The Group aims to develop and maintain mutually beneficial business relationships with all our suppliers and government agencies and other stakeholders. Details of the Company's business relationships with suppliers, customers, regulators and lenders are set out in the Corporate Governance Report within the Frasers Group plc annual report which does not form part of this report.

SPORTSDIRECT.COM RETAIL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2023

Principal decisions/steps:

The Frasers Plus, loyalty and credit facility which was initially launched in our Cruise and House of Fraser fascias and associated websites last year, has now also been rolled out to our Luxury fascias and Sports Direct.

We continue to invest in improving our customer service contact channels which include:

- Simplification of customer communications and self-help articles to remove confusion and help customers to find answers more quickly.
- Investment in Coaching, Supporting and Developing our Customer Service teams with additional training on both product and service-based enquiries.
- Additional staffing in our peak trading period to help with customer demands and improve our speed of response across all contact channels.

D. The impact of the Company's operations on the community and the environment

The ESG report in the Frasers group plc annual report details the initiatives we have undertaken in sustainability and the community.

Principal decisions/steps:

- In October 2022 the Group committed to cease purchasing fur products from its partners. Letters were supplied to all of our suppliers requesting no fur products are supplied to the Group.
- As part of our sustainability plans, five of our House of Frasers stores took part in a three-month scheme with the charity Sharewear which redistributed customer's unwanted clothing to people in the communities that need it the most.

We are also supporting the Bumblebee Conservation Trust and have launched a campaign to save the bumblebees.

E. The desirability of the Company maintaining a reputation for high standards of business conduct

The Board is committed to sustaining high standards of professional conduct across the Group's businesses in accordance with both the Corporate Governance Code and industry best practice.

Principal decisions/steps:

Key legislative and regulatory compliance risk areas are prioritised (including but not limited to), FCA regulation, GDPR/Data protection, Health and Safety, IP Rights, Listing Rules and Trading Standards as an ongoing priority, and we have an ongoing programme of continuous review looking at changes to legislation, best practice, and ensuring compliance with the corporate governance landscape.

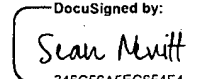
F. The need to act fairly between members of the Company

All shareholders of the Company hold ordinary shares which attach the same rights and benefits. We ensure that all shareholders have the opportunity to express their concerns to the Board throughout the year, with the existence of our investor relations contact on the Group's website, and endeavour to respond when appropriate. The AGM allows an opportunity for shareholders to ask questions and to discuss issues in more depth.

Principal decisions/steps:

The Group recognises that the interests of our institutional investors and other shareholders may not always align with that of our majority shareholder. As a result, certain resolutions at the AGM are required to pass on a majority of independent shareholders vote. The Group invites and analyses feedback from investors in relation to their votes on resolutions put forward at the AGM. This feedback is routinely presented to the Board for consideration during its decision-making and long-term planning.

On behalf of the board

DocuSigned by:

346C56A5EC654F4...
S M Nevitt
Director

Date: 27 September 2023

SPORTSDIRECT.COM RETAIL LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 30 APRIL 2023

The directors present their annual report and financial statements for the period ended 30 April 2023.

Principal activities

The principal activity of the Company continued to be that of the retail and wholesale of sports and leisure products.

Directors

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

S M Nevitt

D M Meenan

T J Piper

(Appointed 10 August 2022 and resigned 15 August 2022)

There is no indemnity in place for directors of Sportsdirect.com Retail Limited during either the current or prior periods.

Results and dividends

The results for the period are set out on page 24.

Dividends of £150,000k (FY22: £40,000k) were declared and paid to the parent company Frasers Group plc in the period.

Going concern

The Company is profitable, highly cash generative and has considerable financial resources. The Company provides funding to other Group entities to support the Group's short and long-term strategy.

The Company has access to financial resources via a Group banking facility which runs until November 2025 with a one year option to extend, and is well placed to take advantage of strategic opportunities as they arise. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the continued uncertain economic outlook.

The Directors of both the Company and Frasers Group plc have assessed the level of trading and have forecast and projected a conservative base case and also a number of even more conservative scenarios, including taking into account the Group's open positions in relation to strategic investment options. These forecasts and projections show that the Group 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 also has a number of mitigating actions which could be taken if required such as selling strategic investments at a discount to the market price if a significant share price fall occurred, reducing capital expenditure, putting on hold discretionary spend, liquidating certain assets on the Balance Sheet and paying down the Group Financing Facility.

Having thoroughly reviewed the performance of the Company's performance and having made suitable enquiries, the Directors are confident that the Company has adequate resources to remain in operational existence for the foreseeable future which is at least 12 months from the date of these financial statements. Trading would need to fall significantly below levels observed during the COVID-19 pandemic to require mitigating actions or a relaxation of covenants. 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 financial statements.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Company continues and that the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

SPORTSDIRECT.COM RETAIL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2023

Employee involvement

The Group currently has approx. 32,000 colleagues in its stores, offices and warehouses.

We have continued with levelling up our communication across the business, launching a new company intranet, continued our roll out of MS Teams to all colleagues and building on our Monthly newsletters and bi annual webinars from leadership, keeping all colleagues informed of what is happening across the business including updates on the financial performance of the business.

In October 2022 we launched our first Frasers Group engagement survey to all colleagues across the Group. This provided our colleagues the opportunity to share feedback on topics such as our values, communication, leadership and recognition. Over 17,000 colleagues completed the survey, providing us with valuable insight into what we are doing well as an employer and what they would like to see us work to improve. We achieved an engagement score of 66, which is a positive result for our first survey. We have now made Engagement a key KPI across Frasers Group, cementing our strategic ambition to build the best team on the planet.

The Company has elected a Workers' Representative, Cally Price, who attends all Board meetings as a non-executive director and provides feedback from employees to the Board. During the year the "Ask Cally" app was launched. The App allows any employee to submit a question or raise an issue directly with the Non-executive Workforce Director, Cally Price, and receive a personal response. The Company has recently introduced CEO sessions where employees are invited to interactive face to face sessions to discuss different facets of the business with Michael Murray and senior management.

Engagement and progress with action plans will continue to be a focus for us, both following up with Leaders on their local actions, and regular Group wide communications sharing with colleagues our progress on improving the things they've told us are opportunities and are important to them. Our efforts to increase colleague engagement will be measured in our next annual survey in October 2023.

Our monthly nominations for 'Frasers Champion' provides colleagues with the opportunity to individually recognise and reward the hard work of their fellow colleagues. Winners of the monthly champion awards win an additional month's salary as well as 10 points under the Fearless 1000 bonus scheme. A total of 104 colleagues were 'Frasers Champions' in the year.

Further information on relationships with our people and the principal decisions taken by the Frasers Group during the period having regard to colleague involvement can be found in the Our People section of the Frasers Group accounts.

Diversity and Equal Opportunities

The Group's recruitment policy is to match the capabilities and talents of each applicant to the appropriate job. Factors such as gender, race, religion or belief, sexual orientation, age, disability or ethnic origin are ignored, and decisions are made with regard to candidates irrespective of these factors. Discrimination in any form is not tolerated within the Group.

Applications for employment by persons with any disability are given full and fair consideration for all vacancies and are assessed in accordance with their particular skills and abilities.

The Group endeavours to meet its responsibilities towards the training and employment of disabled people, and to ensure that training, career development and promotion opportunities are available to all.

The Group makes every effort to provide continuity of employment when our people become disabled. Attempts are made in every circumstance to provide employment, whether this involves adapting the current job role and remaining in the same job, or moving to a more appropriate role. Job retraining and job adaptation are just two examples of how the Group works in the interests of its workforce to promote equal opportunities, in order that an individual's employment within the Group may continue. The Group values the knowledge and expertise that our people have gained throughout their time with us, and therefore does not wish to lose valued colleagues.

Further information on our approach to diversity can be found in the Frasers Group accounts.

SPORTSDIRECT.COM RETAIL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2023

Link to Strategic report

The Company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. The following which would normally be present in the Directors' Report has instead been considered in the Strategic Report due to its significance and relevance to the underlying strategy of the Company:

- Principal 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 Audit LLP be reappointed as auditor of the Company will be put at a General Meeting,

Environmental Reporting

The Company has applied the exemption given in the 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.

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:

346C56A5EC654F4...
S M Nevitt
Director

Date: 27 September 2023

SPORTSDIRECT.COM RETAIL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 30 APRIL 2023

The directors are responsible for preparing the 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 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.

SPORTSDIRECT.COM RETAIL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPORTSDIRECT.COM RETAIL LIMITED

Opinion

We have audited the financial statements of Sportsdirect.com Retail Limited (the 'company') for the period ended 30 April 2023 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 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 30 April 2023 and of its profit 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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial 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.

SPORTSDIRECT.COM RETAIL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPORTSDIRECT.COM RETAIL LIMITED

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 set out on page 19, 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.

SPORTSDIRECT.COM RETAIL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPORTSDIRECT.COM RETAIL LIMITED

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.

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. 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 provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management 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.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to competition and anti-bribery laws, data protection, employment, environmental and health and safety regulations. We performed audit procedures to inquire of management and in-house legal counsel concerning actual and potential litigation and claims and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls, fraudulent revenue recognition and those areas in which management is required to exercise significant judgement, as the areas where the financial statements were most susceptible to material misstatement due to fraud. 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;
- investigating transactions posted to nominal ledger codes outside of the normal revenue cycle identified through the use of data analytics tools;
- testing the accuracy and existence of sales through agreement to cash receipt and other supporting evidence.

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.

SPORTSDIRECT.COM RETAIL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPORTSDIRECT.COM RETAIL 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

27 September 2023
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SPORTSDIRECT.COM RETAIL LIMITED**INCOME STATEMENT****FOR THE PERIOD ENDED 30 APRIL 2023**

		Period ended 30 April 2023 £'000	Period ended 24 April 2022 £'000
	Note		
Turnover	3	3,126,311	2,877,067
Cost of sales		(2,029,233)	(1,850,313)
Gross profit		1,097,078	1,026,754
Distribution costs		(1,706)	(2,354)
Administrative expenses		(671,612)	(749,605)
Other operating income	4	5,494	1,842
Operating profit	5	429,254	276,637
Investment income	9	13,484	42,092
Net finance costs	10	(20,499)	(14,350)
Other gains and losses	11	(9,264)	5,415
Profit before taxation		412,975	309,794
Taxation	12	(47,271)	(56,484)
Profit for the financial period		365,704	253,310

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

SPORTSDIRECT.COM RETAIL LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 APRIL 2023**

		Period ended 30 April 2023 £'000	Period ended 24 April 2022 £'000
	Note		
Profit for the period		365,704	253,310
Other comprehensive income			
Cash flow hedges (loss)/gain arising in the period	11	(35,664)	37,943
Tax relating to other comprehensive income		8,916	(9,175)
Other comprehensive (expense)/income for the period		(26,748)	28,768
Total comprehensive income for the period		338,956	282,078

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

SPORTSDIRECT.COM RETAIL LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 30 APRIL 2023**

		2023		2022	
	Notes	£'000	£'000	£'000	£'000
Non-current assets					
Intangible assets	15	-	-	-	-
Property, plant and equipment	16		210,007		164,211
Investments	17		23,970		27,282
			<u>233,977</u>		<u>191,493</u>
Current assets					
Inventories	21	1,012,784		926,296	
Trade and other receivables falling due after more than one year	22	1,559,101		-	
Trade and other receivables falling due within one year	22	615,085		2,192,274	
Cash and cash equivalents		30,602		91,832	
		<u>3,217,572</u>		<u>3,210,402</u>	
Current liabilities	23	<u>(916,545)</u>		<u>(838,810)</u>	
Net current assets			<u>2,301,027</u>		<u>2,371,592</u>
Total assets less current liabilities			<u>2,535,004</u>		<u>2,563,085</u>
Non-current liabilities	24		(588,483)		(684,300)
Provisions for liabilities	25		(171,383)		(300,843)
Net assets			<u>1,775,138</u>		<u>1,577,942</u>
Equity					
Called up share capital	28		1,000		1,000
Hedging reserve	29		(2,039)		24,709
Other reserves	29		56,127		47,887
Retained earnings	29		1,720,050		1,504,346
Total equity			<u>1,775,138</u>		<u>1,577,942</u>

The financial statements were approved by the board of directors and authorised for issue on 27 September 2023 and are signed on its behalf by:

DocuSigned by:

Sean Nevitt

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S M Nevitt

Director

Company Registration No. 03406347

SPORTSDIRECT.COM RETAIL LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 APRIL 2023**

	Note	Share capital £'000	Hedging reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 26 April 2021		1,000	(4,059)	42,911	1,291,036	1,330,888
Period ended 24 April 2022:						
Profit for the period		-	-	-	253,310	253,310
Other comprehensive income:						
Cash flow hedges gains	11	-	37,943	-	-	37,943
Tax relating to other comprehensive income		-	(9,175)	-	-	(9,175)
Total comprehensive income for the period		-	28,768	-	253,310	282,078
Dividends	13	-	-	-	(40,000)	(40,000)
Share based payments	28	-	-	4,976	-	4,976
Balance at 24 April 2022		1,000	24,709	47,887	1,504,346	1,577,942
Period ended 30 April 2023:						
Profit for the period		-	-	-	365,704	365,704
Other comprehensive expense:						
Cash flow hedges losses	11	-	(35,664)	-	-	(35,664)
Tax relating to other comprehensive income		-	8,916	-	-	8,916
Total comprehensive income for the period		-	(26,748)	-	365,704	338,956
Dividends	13	-	-	-	(150,000)	(150,000)
Share based payments	28	-	-	8,240	-	8,240
Balance at 30 April 2023		1,000	(2,039)	56,127	1,720,050	1,775,138

SPORTSDIRECT.COM RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2023

1 Accounting policies

Company information

Sportsdirect.com Retail Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit A, Brook Park East, Shirebrook, NG20 8RY.

1.1 Accounting convention

These financial statements have been prepared in compliance 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 sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements are for a period of 53 weeks ended 30 April 2023 (2022: 52 weeks ended 24 April 2022).

The financial statements have been prepared under the historical cost convention modified to include certain financial instruments at fair value as specified in the accounting policies below. 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, hedging instruments, 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 34.

1.2 Going concern

The Company is profitable, highly cash generative and has considerable financial resources. The Company provides funding to other Group entities to support the Group's short and long-term strategy.

The Company has access to financial resources via a Group banking facility which runs until November 2025 with a one year option to extend, and is well placed to take advantage of strategic opportunities as they arise. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the continued uncertain economic outlook.

The Directors of both the Company and Frasers Group plc have assessed the level of trading and have forecast and projected a conservative base case and also a number of even more conservative scenarios, including taking into account the Group's open positions in relation to strategic investment options. These forecasts and projections show that the Group 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 also has a number of mitigating actions which could be taken if required such as selling strategic investments at a discount to the market price if a significant share price fall occurred, reducing capital expenditure, putting on hold discretionary spend, liquidating certain assets on the Balance Sheet and paying down the Group Financing Facility.

Having thoroughly reviewed the performance of the Company's performance and having made suitable enquiries, the Directors are confident that the Company has adequate resources to remain in operational existence for the foreseeable future which is at least 12 months from the date of these financial statements. Trading would need to fall significantly below levels observed during the COVID-19 pandemic to require mitigating actions or a relaxation of covenants. 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 financial statements.

SPORTSDIRECT.COM RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2023

1 Accounting policies (Continued)

1.3 Revenue

Revenue represents amounts receivable for goods sold, net of discounts and sales related taxes.

In the case of goods sold through retail stores, turnover 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.

Royalty income is generated from other group entities on web sales under the Company's fascia/brand name. Recognition of revenue is on the same basis. Royalties distributed to the Company equate to the revenue generated less direct operating overheads.

Revenue from gift cards and vouchers is recognised when the cards or vouchers are redeemed by the customer, breakage is recognised when the likelihood of the card or voucher being redeemed is remote or has expired. For gift cards monies received represent deferred revenue prior to the redemption.

1.4 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Grants that are receivable as compensation for expenses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in the Income Statement at their fair value in the period in which they become receivable.

1.5 Intangible fixed assets - goodwill

Purchased goodwill is written off in equal instalments over its estimated useful economic life. The estimated useful life of the purchased goodwill is 5 years.

1.6 Intangible fixed assets other than goodwill

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment.

Intangible assets are amortised on a straight-line basis over their estimated useful economic lives and are accounted for within administrative expenses in the Income Statement.

The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Intellectual Property	Straight line over 5 years
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1.7 Property, plant and equipment

Tangible fixed assets other than freehold land are stated at cost less depreciation, less any recognised impairment losses. Assets under construction are not depreciated until they are available for use. A full year of depreciation is charged on all additions in property, plant and equipment in the period. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings freehold	Straight line over 15 years
Short term leasehold improvements	Straight line over 5 years or over the term of the lease, whichever is shortest
Fixtures, fittings and equipment	Straight line over 5 years
Motor vehicles	Straight line over 5 years

SPORTSDIRECT.COM RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of Property, plant and equipment and intangible assets (excluding goodwill)

At each balance sheet date, the Directors review the carrying amounts of the Company's tangible and intangible assets, other than goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset in its current condition is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs. With respect to property, plant and equipment, each store is considered to be a CGU and reviewed for impairment whereby changes in circumstances indicate that the recoverable amount is lower than the carrying value.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease to the original historic cost and then as an expense.

1.8 Non-current investments

Investments in subsidiaries and associates 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.

Undertakings in which the Company has significant influence (i.e the power to participate in the financial and operating policy decisions but not control or joint control over those policies) are classified as associates.

1.9 Inventories

Inventory is valued at the lower of cost and net realisable value. Cost includes the purchase price of the products and transport costs. Cost is calculated using weighted average cost. Net realisable value is based on the estimated selling price less all estimated selling costs. Provision is made for obsolete, slow-moving or defective items where appropriate. Inventories are recognised as an expense in the period in which the related revenue is recognised.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less and bank overdrafts. Bank overdrafts as applicable are shown within borrowings in current liabilities.

1.11 Financial instruments

The Company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

SPORTSDIRECT.COM RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets include trade and other receivables, amounts owed by group undertakings, cash and bank balances and are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Where this is the case, the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

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 the Income Statement.

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.

Derecognition of financial liabilities

Financial liabilities including trade and other payables, amounts owed to group undertakings and bank loans and overdrafts are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction. Where this is the case, the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities are subsequently carried at amortised costs using the effective interest rate method.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

1.12 Derivative instruments

The Company enters into foreign exchange forward contracts and options in order to manage its exposure to foreign exchange risk and interest rate swap contracts to manage its exposure to interest rate risk.

Derivatives are initially recognised at fair value at the date of entry into the contract and are subsequently remeasured to fair value at each reporting date.

The fair value of foreign forward purchase and sales contracts and options and interest rate swaps are calculated using models based on inputs which are observable directly or indirectly at the period end (these inputs include but are not restricted to the following – maturity date, quoted forward/option prices).

SPORTSDIRECT.COM RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

1.13 Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income.

The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, included in other gains and losses.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the Income Statement in the periods when the hedged item is recognised in the Income Statement in the same line of the Income Statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability concerned.

The Company has taken advantage of the disclosure exemptions available under FRS 102 in relation to hedging instruments as equivalent disclosure is contained within the group accounts of Frasers Group plc in which this Company is consolidated (see note 34).

The Company designates certain forward contract derivatives as hedging instruments for cash flow hedge accounting purposes.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item along with risk management objectives and strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item. Changes in the fair value of derivatives which are not hedge accounted are recognised in Other gains and losses.

1.14 Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the 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, charged 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.

SPORTSDIRECT.COM RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

1.15 Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Company provides for its legal responsibility for dilapidation costs following advice from chartered surveyors and previous experience of exit-costs. The estimated cost of fulfilling the leasehold dilapidations obligations is discounted to present value and analysed between non-capital and capital components. The capital element is depreciated over the life of the asset. The non-capital element is taken to the income statement in the first year of the lease where the cost it represents is of no lasting benefit to the Company or its landlord. 'Wear and tear' costs are expensed to the income statement.

Provisions for onerous lease contracts are recognised when the Company believes the unavoidable costs of meeting the lease obligations exceed the economic benefits expected to be received under the lease.

Legal provisions (including settlements and court fees) are recognised based on advice from the Company's lawyers when it is probable that there will be an outflow of resources and a reliable estimate can be made.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

1.16 Employee benefits

The cost of short-term employee benefits are recognised as a liability and an expense, unless those costs are required as part of the cost of stock or are capitalised as an intangible fixed asset or tangible fixed asset.

The regular cost of providing retirement pensions and related benefits is charged to the Income Statement over the employees' service lives on the basis of a constant percentage of earnings. Any difference between the charge to the Income Statement and the contributions paid to the scheme is shown as an asset or liability in the Statement of Financial Position.

1.17 Share-based payments

The fair value of the share scheme on the date of the grant is charged to the Income Statement over the vesting period of the share option, based on the number of options which are expected to become exercisable. A corresponding adjustment is made to equity. At each reporting date the Company revises its estimates of the number of options that are expected to become exercisable and recognises the impact of any revision of original estimates in the Income Statement.

For cash-settled share-based payment transactions, the Company measures the services received and the liability incurred at the fair value of the liability. Until the liability is settled, the Company remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in the profit & loss for the period.

1.18 Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors, separate disclosure is necessary to understand the effect of the transaction on the Company's financial statements.

1.19 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax from the proceeds.

SPORTSDIRECT.COM RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

1.20 Dividends

Dividends to the Company's shareholders are recognised as a liability in the financial statements in the period which the dividends are approved by the shareholders. These amounts are recognised in the Statement of changes in equity.

1.21 Materiality

In preparing the Financial Statements, the Board considers both quantitative and qualitative factors in forming its judgements, and related disclosures, and are mindful of the need to best serve the interests of its stakeholders and to avoid unnecessary clutter borne of the disclosure of immaterial items.

In making this assessment the Board considers the nature of each item, as well as its size, in assessing whether any disclosure omissions or misstatements could influence the decisions of users of the Financial Statements.

1.22 Leases

Payments made under operating leases are charged to the Income Statement on a straight line basis over the lease term. Incentives provided by the lessor are credited to the Income Statement on a straight line basis over the lease term.

Sale and leaseback transactions are assessed to consider whether the lease represents a finance lease or operating lease based on whether the risks and rewards of ownership are retained. Where a sale and leaseback transaction results in an operating lease and the transaction is established at fair value the calculated gain or loss is recognised immediately.

1.23 Foreign exchange

Transactions in currencies other than pounds sterling 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 income statement for the period.

1.24 Group accounts

The financial statements present information about the Company as an individual undertaking and not about its group. The Company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Frasers Group plc, a company incorporated in England and Wales, and is included in the consolidated accounts of that company (see note 34).

SPORTSDIRECT.COM RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2023

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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are outlined below.

Critical judgements

Determining related party relationships

Management determines whether a related party relationship exists by assessing the nature of the relationship by reference to the requirements of Section 33 of FRS 102, Related Party Disclosures. This is in order to determine whether significant influence exists as a result of control, shared directors or parent companies, or close family relationships. The level at which one party may be expected to influence the other is also considered for transactions involving close family relationships.

Cash flow hedging

The Group uses a range of forward and option contracts that are entered into at the same time, they are in contemplation with one another and have the same counterparty. A judgement is made in determining whether there is an economic need or substantive business purpose for structuring the transactions separately that could not also have been accomplished in a single transaction. Management are of the view that there is a substantive distinct business purpose for entering into the options and a strategy for managing the options independently of the forward contracts. The forward and options contracts are therefore not viewed as one instrument and hedge accounting for the forwards is permitted.

Under FRS 102 in order to achieve cash flow hedge accounting, forecast transactions (primarily USD denominated purchases) must be considered to be highly probable. The hedge must be expected to be highly effective in achieving offsetting changes in cash flows attributable to the hedged risk. The forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss. Management have reviewed the detailed forecasts and growth assumptions within them and are satisfied that forecasts in which the cash flow hedge accounting has been based meet the criteria per FRS 102 as being highly probable forecast transactions. Should the forecast levels not pass the highly probable test, any cumulative fair value gains and losses in relation to either the entire or the ineffective portion of the hedged instrument would be recognised in the Consolidated Income Statement.

Management considers various factors when determining whether a forecast transaction is highly probable. These factors include detailed sales and purchase forecasts by channel, geographical area and seasonality, conditions in target markets and the impact of expansion in new areas. Management also consider any change in alternative customer sales channels that could impact on the hedged transaction.

If the forecast transactions were determined to be not highly probable and all hedge accounting was discontinued, amounts in the Hedging reserve of up to £2,039k loss (FY22: gain £24,709k) would be shown in Other gains and losses.

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.

SPORTSDIRECT.COM RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2023

2 Judgements and key sources of estimation uncertainty

(Continued)

Provision for obsolete, slow moving or defective inventories

The Company carries significant amounts of inventory, against which there are provisions for expected losses to be incurred in the sale of slow moving, obsolete and delisted products. At 30 April 2023 a provision of £164.0m (2022: £190.4m) was held against a gross inventory value of £1,176.8m (2022: £1,116.7m).

In the current year, management has changed the methodology applied in calculating an appropriate level of inventory provision owing to changes in the mix of the Company's inventory holding.

In assessing the level of provision required, management has applied its experience and industry knowledge to divide the core UK inventory holding into separate categories based on internal management classifications and behavioural characteristics, taking account of experience by fascia, as follows:

- Continuity inventory – inventory that is considered to be perennial and therefore exhibits limited risk of obsolescence.
- Current season inventory – inventory that has been purchased specifically for seasons in the current calendar year.
- Out of season inventory (including inventory previously classified as continuity) – inventory that has moved out of the two categories above because of its age, range development or because it is being sold at below cost to clear warehouse/store space.

An adjusted rate of loss is then calculated based on losses incurred on the sale of out of season inventory over the past three years (being management's assessment of the time taken to clear through out of season inventory), with any inventory remaining on hand after three years of being classified as out of season being assumed to require a 100% provision rate. The historical rate is sensitised to reflect management's best estimate of future performance by making assumptions around changes to sales prices achieved on the sale of out of season inventory vs. those achieved in the past three years and the level of inventory remaining after three years of being classified as out of season. In the current period, management have estimated that selling prices will need to reduce by a further 10% to clear an equivalent volume of out of season inventory and that approximately twelve times as much Premium Lifestyle out of season inventory will remain on hand at the end of the three-year period of assessment than has typically been the case historically, requiring a 100% provision rate, reflecting the different profile of this inventory to Sports inventory.

In addition, management has applied a provision rate of 100% against a portion of the inventory holding that is either currently being sold at a loss or exhibits an unusually high level of obsolescence risk. The 100% provision rate reflects the costs associated with clearing and disposing of this inventory.

The adjusted rate of loss is applied to the gross value of inventory in each of the categories above as follows:

- Continuity inventory – the adjusted loss rate is applied to 30% of the gross holding (representing the proportion of inventory in this category that is expected to roll into the out of season category based on historical experience).
- Current season inventory – the adjusted loss rate is applied to 30% of the gross holding (representing the proportion of inventory in this category that is expected to roll into the out of season category based on historical experience).
- Out of season inventory (including inventory previously classified as continuity) - the adjusted loss rate is applied to this population, excluding those specific items that carry at 100% provision rate based on the analysis detailed above.

The provisioning calculations require a high degree of judgement, given the significant level of estimation uncertainty, in the classification of inventory lines and the roll rates between classifications, as well as the use of estimates around future sales prices and the remaining inventory holding for out of season inventory.

Total inventory provision at 30 April 2023 is 13.9% (FY22: 17.0%). A 1% change in the total provision would impact underlying PBT by approx. £1,640k (FY22: £1,904k). Management do not consider it appropriate to disclose sensitivities for key assumptions in isolation as in practice changes in one assumption would lead to an offset in another.

SPORTSDIRECT.COM RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2023

2 Judgements and key sources of estimation uncertainty

(Continued)

Property related provisions

Property related estimates and judgements are continually evaluated and are based on historical experience, external advice and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Dilapidations

The Company provides for its legal responsibility for dilapidation costs following advice from chartered surveyors and previous experience of exit costs (including strip out costs and professional fees). Management use a reference estimate of £100,000 for large stores (FY22: £100,000) and £50,000 for smaller stores (FY22: £50,000). Management do not consider these costs to be capital in nature and therefore dilapidations are not capitalised. A 10% increase in dilapidations cost per premises would result in approx £5,437k (FY22: £5,337k) reduction in PBT.

Onerous lease provision

Provisions for onerous lease contracts are recognised when the unavoidable costs of meeting lease obligations exceed the economic benefits expected to be received over the term of the lease. Where an onerous lease has been identified, the fixed assets associated to that store are also reviewed for impairment. Management use store EBITDA in order to determine whether an onerous lease exists, specific assumptions which involve the use of estimates to determine the appropriate level of provision and impairment include:

- Forecast sales and margin in stores, reflecting historic and expected future performance including the impact of the Elevation strategy across the group
- Forecast wages and direct store cost inflation
- Store profitability includes 100% contribution towards central overheads
- Assumed get out cap of 10 years (FY22: 10 years), being the maximum period for total unavoidable costs
- Planned store closures, relocations and re-brandings

The key assumptions used for FY23:

Key assumptions	Year 1	Year 2	Year 3	Year 4	Year 5
Sales decline	-5%	-4%	-3%	-2%	-2%
Existing gross margin	-175bps	-150bps	-125bps	-100bps	-75bps
Operating costs increase per annum	3%	3%	3%	3%	3%
Discount rate	4.2%	4.2%	4.2%	4.2%	4.2%
Terminal growth rate of	2%				

The key assumptions used for FY22:

Key assumptions	Year 1	Year 2	Year 3	Year 4	Year 5
Sales decline	-10%	-5%	-4%	-3%	-2%
Existing gross margin	-200bps	-175bps	-150bps	-125bps	-100bps
Operating costs increase per annum	6%	3%	3%	3%	3%
Discount rate	7.5%	7.5%	7.5%	7.5%	7.5%
Terminal growth rate of	2%				

Impairments of £1,502k (FY22: £15,066k) have been recognised in the period for property, plant and equipment due to the ongoing challenge in the retail sector on the forecast cash flows of the CGU.

SPORTSDIRECT.COM RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 30 APRIL 2023****2 Judgements and key sources of estimation uncertainty****(Continued)**

A sensitivity analysis has been performed in respect of sales, margin, new store exemption and operating costs as these are considered to be the most sensitive of the key assumptions.

Sensitivity of estimates:

Forecast:	Impact of change in assumption:	Provision increase/ (decrease) £'m
Sales decline year 1	10% improvement to 5%	(8.3)
Sales decline year 1	10% reduction to 15%	23.2
Existing Gross Margin year 1 >40%	100bps - improvement	(2.1)
Existing Gross Margin year 1 >40%	100bps - reduction	2.3
New store exemption(1)	Change from 1 to 2 years	(0.3)
Operating costs increase in year 1	Change from 3% to 6%	3.3

(1) Stores which have been open for less than 1 year are not reviewed for onerous provisions.

Other provisions

Provisions are made for items where the Company has identified a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Legal and regulatory provisions reflect management's best estimate of the potential costs arising from the settlement of outstanding disputes of a commercial and regulatory nature.

A substantial portion of the amounts provided relates to ongoing legal claims and non-UK tax enquiries. On the basis of a review of the facts and circumstances prevailing at the balance sheet date in relation to these matters, management has reassessed its best estimate of the amounts provided at 30 April 2023 which has resulted in a reduction in amounts provided of approximately £95m compared to the prior year. In accordance with FRS 102 Section 21.17, management have concluded that it would prejudice seriously the position of the Company to provide further specific disclosures in respect of amounts provided for legal claims and non-UK tax enquiries.

Recoverability of other receivables and amounts owed by related parties

Other receivables and amounts owed by related parties are stated net of provision for any impairment. Management have applied estimates in assessing the recoverability of working capital and loan advances made to investee companies. Matters considered include the relevant financial strength of the underlying investee company to repay the loans, the repayment period and underlying terms of the monies advanced, forecast performance of the underlying borrower, and where relevant, the Company's intentions for the companies to which monies have been advanced.

Recoverability of intercompany balances and investments

Management periodically assess the future performance of entities with which Sportsdirect.com Retail Limited has an intercompany debtor balance, or holds an investment in to ascertain the recoverability of these assets. Estimates are involved in the assessment of future performance.

The recoverable amount is determined based on the value in use which requires the determination of appropriate assumptions (which are sources of estimation uncertainty) in relation to the future cash flows of the underlying entity and the long-term growth rates to be applied. Estimation uncertainty arises due to ongoing challenges in the retail sector including supply chain issues and the anticipated cost of living squeeze on customers.

SPORTSDIRECT.COM RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 30 APRIL 2023****3 Revenue**

An analysis of the Company's revenue is as follows:

	2023	2022
	£'000	£'000
By category:		
Retail sales	1,641,177	1,551,170
Intercompany wholesale	1,324,593	1,148,875
Third party wholesale	4,607	361
Royalty income	155,934	176,661
	3,126,311	2,877,067

	2023	2022
	£'000	£'000
By geography:		
United Kingdom	3,005,875	2,790,600
Rest of Europe	119,316	85,837
Rest of World	1,120	630
	3,126,311	2,877,067

4 Other operating income

	2023	2022
	£'000	£'000
Brand income	2,999	349
Sundry income	2,495	1,493
	5,494	1,842

SPORTSDIRECT.COM RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 30 APRIL 2023****5 Operating profit**

	2023	2022
	£'000	£'000
Operating profit for the period is stated after charging/(crediting):		
Exchange losses	7,473	5,097
Depreciation of owned property, plant and equipment	80,595	57,173
Impairment of owned property, plant and equipment	1,502	15,066
Profit on disposal of property, plant and equipment	(1,145)	(1,451)
Decrease of intercompany bad debt provision	(84,854)	(42,675)
Impairment of inventories (reversed) or recognised in cost of sales	(26,459)	9,100
Share-based payments	14,666	4,976
Operating lease charges	60,621	79,802
Inventories recognised as an expense	2,029,233	1,850,313
Impairment charge for trade receivables	7,598	188
	<u> </u>	<u> </u>

6 Auditor's remuneration

	2023	2022
	£'000	£'000
Fees payable to the Company's auditor and associates:		
For audit services		
Audit of the financial statements of the Company and group undertakings	895	1,680
	<u> </u>	<u> </u>

7 Employees

The average monthly number of persons (including directors) employed by the Company during the period was:

	2023	2022
	Number	Number
Sales	10,872	10,463
Warehouse operatives	863	540
Office & Administration	1,836	1,630
	<u> </u>	<u> </u>
	13,571	12,633
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2023	2022
	£'000	£'000
Wages and salaries	244,722	209,523
Social security costs	23,455	17,810
Pension costs	3,617	3,110
	<u> </u>	<u> </u>
	271,794	230,443
	<u> </u>	<u> </u>

SPORTSDIRECT.COM RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 30 APRIL 2023****8 Directors' remuneration**

	2023	2022
	£'000	£'000
Wages and salaries	402	400
Pension costs	3	3
	<u>405</u>	<u>403</u>

The highest paid director in the year received £250k (FY22: £250k) of remuneration and £1.3k (FY22: £1.3k) of pension contributions:

All directors receive pension contributions though no directors had any interests accruing in a defined benefit pension scheme in either period. None of the directors have exercised share options in the year.

9 Investment income

	2023	2022
	£'000	£'000
Interest income		
Interest on bank deposits	8,416	24,085
Interest receivable from group companies	5,068	12,007
Total interest income	<u>13,484</u>	<u>36,092</u>
Other income from investments		
Dividends received	-	6,000
Total investment income	<u>13,484</u>	<u>42,092</u>

10 Finance costs / (income)

	2023	2022
	£'000	£'000
Interest on bank overdrafts and loans	32,551	11,411
Fair value adjustment to derivatives	(12,158)	-
Other interest	106	2,939
	<u>20,499</u>	<u>14,350</u>

SPORTSDIRECT.COM RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 30 APRIL 2023****11 Other gains and (losses)**

	2023	2022
	£'000	£'000
Cash flow hedges - Recognised in other comprehensive income	(35,664)	37,882
	<u> </u>	<u> </u>
	2023	2022
	£'000	£'000
Fair value (losses)/gains on financial instruments		
(Losses)/gains arising on forward contract and option derivative financial instruments	(9,264)	5,415
	<u> </u>	<u> </u>
	<u>(9,264)</u>	<u>5,415</u>

SPORTSDIRECT.COM RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE PERIOD ENDED 30 APRIL 2023**12 Taxation**

	2023	2022
	£'000	£'000
Current tax		
UK corporation tax on profits for the current period	54,643	56,459
Adjustments in respect of prior periods	461	(7,425)
Total current tax	55,104	49,034
Deferred tax		
Origination and reversal of timing differences	9,273	6,200
Changes in tax rates	2,624	(3,083)
Adjustments in respect of prior periods	(19,730)	4,333
Total deferred tax	(7,833)	7,450
Total tax charge	47,271	56,484

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

	2023	2022
	£'000	£'000
Profit before taxation	412,975	309,794
Expected tax charge based on the standard rate of corporation tax in the UK of 19.49% (2022: 19.00%)	80,489	58,861
Tax effect of expenses that are not deductible in determining taxable profit	(10,604)	950
Tax effect of income not taxable in determining taxable profit	(6,958)	(6,792)
Corporation tax adjustments in respect of prior periods	461	(7,425)
Depreciation on assets not qualifying for tax allowances	2,680	7,253
Deferred tax adjustments in respect of prior periods	(19,730)	4,333
UK transfer pricing adjustment for notional interest and royalties	(1,690)	2,387
Change in deferred tax rate	2,623	(3,083)
Taxation charge for the period	47,271	56,484

In addition to the amount charged to the income statement, credit of £8,916k (FY22: charge of £9,175k) of deferred tax has been recognised in other comprehensive income relating to hedged foreign exchange contracts.

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 25% which was the tax rate substantively enacted at the reporting date.

Non-taxable income includes dividends received from group companies.

SPORTSDIRECT.COM RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 30 APRIL 2023****13 Dividends**

	2023 £'000	2022 £'000
Final paid	150,000	40,000

No dividends payable outstanding as at the year end date (FY22: £Nil).

14 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Note	2023 £'000	2022 £'000
In respect of:			
Property, plant and equipment	16	1,502	15,066
Fixed asset investments	17	3,654	-
Recognised in:			
Administrative expenses		5,156	15,066

15 Intangible fixed assets

	Purchased goodwill £'000	Intellectual Property £'000	Total £'000
Cost			
At 25 April 2022 and 30 April 2023	1,359	3,200	4,559
Amortisation and impairment			
At 25 April 2022 and 30 April 2023	1,359	3,200	4,559
Carrying amount			
At 30 April 2023	-	-	-
At 24 April 2022	-	-	-

Amortisation of intangible assets is included within administrative expenses.

SPORTSDIRECT.COM RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 30 APRIL 2023****16 Property, plant and equipment**

	Land and buildings freehold	Short term leasehold improvements	Assets under construction	Fixtures, fittings and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 25 April 2022	17,190	95,530	-	524,221	10,056	646,997
Additions	-	83	215	121,306	9,196	130,800
Disposals	(4,100)	(61)	-	(1,813)	-	(5,974)
Transfers	-	(863)	6,379	(5,516)	-	-
At 30 April 2023	13,090	94,689	6,594	638,198	19,252	771,823
Depreciation and impairment						
At 25 April 2022	14,025	94,491	-	366,513	7,757	482,786
Depreciation charged in the period	122	89	-	77,792	2,592	80,595
Impairment losses	-	-	-	1,502	-	1,502
Disposals	(1,596)	(51)	-	(1,420)	-	(3,067)
At 30 April 2023	12,551	94,529	-	444,387	10,349	561,816
Carrying amount						
At 30 April 2023	539	160	6,594	193,811	8,903	210,007
At 24 April 2022	3,165	1,039	-	157,708	2,299	164,211

More information on impairment movements in the period is given in note 2 and 14.

Included within Land and Buildings Freehold is land of £420,000 (2022: £790,000), which is not depreciated.

Depreciation of Property, Plant and Equipment is included within administrative expenses.

17 Fixed asset investments

	Notes	2023 £'000	2022 £'000
Investments in subsidiaries	18	23,970	27,282

SPORTSDIRECT.COM RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 30 APRIL 2023****17 Fixed asset investments (Continued)****Movements in non-current investments**

	Shares in group undertakings and participating interests £'000
Cost or valuation	
At 25 April 2022	67,309
Additions	342
At 30 April 2023	67,651
Impairment	
At 25 April 2022	40,027
Impairment losses	3,654
At 30 April 2023	43,681
Carrying amount	
At 30 April 2023	23,970
At 24 April 2022	27,282

Impairment losses are recognised in administrative expenses.

SPORTSDIRECT.COM RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE PERIOD ENDED 30 APRIL 2023**18 Subsidiaries**

Details of the Company's subsidiaries at 30 April 2023 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Brasher Leisure Limited	1	Retail	Ordinary	100.00	-
BSL International Limited	1	Retail	Ordinary	100.00	-
Criminal Clothing Limited	1	Dormant	Ordinary	-	100.00
Cruise Clothing Limited	2	Retail	Ordinary	100.00	-
Dink Digital Holdings Limited	1	Holding Company	Ordinary	100.00	-
Dink Digital Limited	1	Marketing Services	Ordinary	-	90.00
Evans Cycles Brands Limited	1	IP Holding Company	Ordinary	100.00	-
Evans Cycles Limited	1	Retail	Ordinary	100.00	-
Evans Cycles Property Limited	1	Property Management	Ordinary	100.00	-
Exsports Limited	1	Property Management	Ordinary	100.00	-
Field & Trek (UK) Limited	1	Retail	Ordinary	100.00	-
Heaven or Hell Limited	1	Retail	Ordinary	100.00	-
HOF Ireland Stores Limited	4	Retail	Ordinary	100.00	-
House of Fraser Brands Limited	1	IP Holding Company	Ordinary	100.00	-
House of Fraser Limited	1	Retail	Ordinary	100.00	-
James Lillywhites Limited	1	Dormant	Ordinary	100.00	-
Lillywhites Limited	1	Retail	Ordinary & Preference	100.00	-
Lovell Sports (Holdings) Limited	1	Holding Company	Ordinary	-	100.00
Lovell Sports Limited	1	Retail	Ordinary	-	100.00
Republic.com Retail Limited	1	Retail	Ordinary	100.00	-
Robinsons Country Leisure Limited	1	Retail	Ordinary	-	100.00
SD Equestrian Limited	1	Holding Company	Ordinary	100.00	-
SD Outdoor IP Limited	1	Dormant	Ordinary	100.00	-
SD Outdoor Limited	1	Dormant	Ordinary	100.00	-
SDI (Acqco 5) Limited	1	Dormant	Ordinary	100.00	-
Runnel Limited	1	Dormant	Ordinary	100.00	-
SDI (Brook ROW) Limited	1	Dormant	Ordinary	100.00	-
SDI (Brook UK) Limited	1	Dormant	Ordinary	100.00	-
SDI (Hofco) Limited	1	Dormant	Ordinary	100.00	-
SDI (HoH Holdings) Limited	1	Holding Company	Ordinary	100.00	-
SDI (LSL Holdings) Limited	1	Holding Company	Ordinary	100.00	-
Coventry Arena Retail Limited	1	Dormant	Ordinary	100.00	-
SDI (Retail Co 4) Limited	1	Dormant	Ordinary	100.00	-
Hugo Stores Limited	1	Dormant	Ordinary	100.00	-
SDI (Retail Co 8) Limited	1	Dormant	Ordinary	100.00	-
Gieves & Hawkes Retail Limited	1	Retail	Ordinary	100.00	-
SDI (Wigan) IP Limited	1	Dormant	Ordinary	100.00	-
SDI Four Limited	1	Holding Company	Ordinary	100.00	-
SDI Golf Limited	1	Holding Company	Ordinary	100.00	-

SPORTSDIRECT.COM RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 30 APRIL 2023****18 Subsidiaries****(Continued)**

Sofa.com Bidco Limited	1	Holding Company	Ordinary	100.00	-
SDI Retail Services Limited	1	Holding Company	Ordinary	100.00	-
Ski & Outdoor Warehouse Limited	3	Dormant	Ordinary	100.00	-
Lovells SP Limited	1	Dormant	Ordinary	-	100.00
SNÖ Sport Vertriebs-GmbH	5	Retail	Ordinary	-	100.00
Sport Eybl & Sports Experts Logistikbetriebs GmbH	5	Holding Company	Ordinary	6.00	94.00
Sport Eybl Holding GmbH	5	Holding Company	Ordinary	100.00	-
Sports Direct MST SDN.BHD.	10	Retail	Ordinary	51.00	-
Sportsdirect.com Austria GmbH	5	Retail	Ordinary	-	100.00
Sportsdirect.com Immobilien GmbH	5	Holding Company	Ordinary	3.99	96.00
SSG Sport GmbH	6	Retail	Ordinary	-	100.00
Table Tennis Pro Europe Limited	1	Retail	Ordinary	100.00	-
The Flannels Group Limited	1	Retail	Ordinary	100.00	-
Tri Yeovil UK Limited	1	Retail	Ordinary	100.00	-
Van Mildert (Lifestyle) Limited	1	Retail	Ordinary	100.00	-
Wareshop2 Limited	1	Retail	Ordinary	100.00	-
West Coast Capital (Hofco) Limited	7	Dormant	Ordinary	-	100.00
Yeomans Outdoors Limited	1	Retail	Ordinary	-	100.00
18 Montrose Retail Limited	1	Retail	Ordinary	100.00	-
Sportsdirect.com Vienna North GmbH	5	Property Management	Ordinary	6.00	94.00
Sofa.com Limited	1	Retail	Ordinary	-	100.00
Jack Wills Retail Limited	1	Retail	Ordinary	100.00	-
Etail Services Limited	1	Dormant	Ordinary	100.00	-
Frasers F&B JV Limited	1	Dormant	Ordinary	100.00	-
Missguided Retail Limited	1	Retail	Ordinary	100.00	-
Zaparo SP z.o.o	12	Manufacturer	Ordinary	-	100.00
GT-Lines BV	13	Holding Company	Ordinary	-	100.00
Sofa.com BV	14	Retail	Ordinary	-	100.00
Jack Wills Retail (Ireland) Limited	4	Retail	Ordinary	100.00	-
HK Sports & Golf Aktiebolag	11	Retail	Ordinary	100.00	-
Frasers Group Asia Retail Sdn Bhd	10	Retail	Ordinary	51.00	-
Sports Direct (Singapore) Pte Ltd	9	Dormant	Ordinary	-	51.00
Psyche Holdings Limited	1	Retail	Ordinary	100.00	-
GRMNT Ltd	1	Retail	Ordinary	100.00	-
Bob Woolmer Sales Limited	1	Retail	Ordinary	-	100.00
Sienna Dining Limited	1	Retail	Ordinary	-	100.00
Loyalti Holdings Limited	1	Retail	Ordinary	100.00	-
Cafe Clo Limited	1	Retail	Ordinary	-	100.00
Liverpool F&B Limited	1	Retail	Ordinary	-	100.00
Psyche Limited	1	Retail	Ordinary	-	100.00

SPORTSDIRECT.COM RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 30 APRIL 2023****18 Subsidiaries****(Continued)**

Rhapsody Investments (Europe) SA	15	Holding Company	Ordinary	100.00	-
Sportsdirect.com PTY Limited	8	Retail	Ordinary	100.00	-
I Saw It First Limited	1	Retail	Ordinary	100.00	-
SHELFCO A3 LIMITED	1	Holding Company	Ordinary	100.00	-
Coventry Arena Opco Limited	1	Retail	Ordinary	100.00	-
SDI (Retail Co 15) Limited	1	Holding Company	Ordinary	100.00	-
SDI (Retail Co 16) Limited	1	Holding Company	Ordinary	100.00	-
SDI (Retail Co 17) Limited	1	Holding Company	Ordinary	100.00	-
SDI (Retail Co 18) Limited	1	Holding Company	Ordinary	100.00	-
Sports Direct MALAYSIA SDN.BHD	16	Retail	Ordinary	75.00	-
SDI (Retail Co 14) Limited	1	Holding Company	Ordinary	100.00	-
Clothingsites Holdings Limited	1	Retail	Ordinary	-	100.00
Clothingsites.co.uk Limited	1	Retail	Ordinary	-	100.00
Old Brown Bag Clothing Limited	1	Retail	Ordinary	-	100.00
Dantra Limited	1	Retail	Ordinary	-	100.00
Nicholas Deakins Limited	1	Retail	Ordinary	-	100.00
PG2019 Limited	1	Retail	Ordinary	-	100.00
WHCO Limited	1	Retail	Ordinary	-	100.00
The Watch Shop Holdings Limited	1	Holding Company	Ordinary	-	100.00
Catchbest Limited	1	Retail	Ordinary	-	100.00
R. D. Scott Limited	1	Retail	Ordinary	-	100.00
Tessuti Group Limited	1	Holding Company	Ordinary	-	100.00
Tessuti Retail Limited	1	Retail	Ordinary	-	100.00
Prima Designer Limited	1	Retail	Ordinary	-	100.00
Giulio Fashion Limited	1	Retail	Ordinary	-	100.00
Giulio Limited	1	Retail	Ordinary	-	100.00
Giulio Woman Limited	1	Retail	Ordinary	-	100.00
Tessuti Limited	1	Retail	Ordinary	-	100.00
Choice Limited	1	Retail	Ordinary	-	100.00
Choice 33 Limited	1	Retail	Ordinary	-	100.00
Topgrade Sportswear Limited	1	Retail	Ordinary	-	100.00
Topgrade Sportswear Holdings Limited	1	Holding Company	Ordinary	-	100.00
GetTheLabel.com Limited	1	Retail	Ordinary	-	100.00
Woodlandslove Limited	1	Retail	Ordinary	-	100.00
Base Childrenswear Limited	1	Retail	Ordinary	-	100.00
Uggbugg Fashion Limited	1	Retail	Ordinary	-	100.00
Missy Empire Limited	1	Retail	Ordinary	-	100.00
Tessuti (Ireland) Limited	4	Retail	Ordinary	-	100.00

SPORTSDIRECT.COM RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 APRIL 2023

18 Subsidiaries

(Continued)

Registered Office addresses and Country of Incorporation:

- 1 Unit A Brook Park East, Shirebrook, NG20 8RY, England
- 2 Martin House, 184 Ingram Street, Glasgow, G1 1DN, Scotland
- 3 2nd Floor, Titchfield House, 69-85 Tabernacle Street, London, EC2A 4RR England
- 4 Heaton House, IDA Business Park, Whitestown, Tallaght, Dublin, Ireland, D24E932, Ireland
- 5 Flugplatzstraße 30, 4600, Wels Austria
- 6 Vornholzstr. 48, 94036, Passau, Germany
- 7 15 Atholl Crescent, Edinburgh, EH3 8HA, Scotland
- 8 c/o Norton Rose Fulbright, L11, 485 Bourke Street, Melbourne VIC 3000, Australia
- 9 6 Eu Tong Sen Street, 11-09, The Central, 059817, Singapore
- 10 Level 15-2 Bangunan Faber Imperial Court Jalan Sultan Ismail 52200 Kuala Lumpur Malaysia
- 11 Eskilstorpsvagen 7, 269 96, Bastad, Sweden
- 12 ul. Żernicka 22, Robakowo, 62-023 Gądk, Poland
- 13 Bert Haanstrakade 2, 1087DN, Amsterdam, Netherlands
- 14 Flaas 4 V 6, Den Dungen, 5275HH, Netherlands
- 15 1 Cote d'Eich, L-1450, Luxembourg
- 16 88-A (Suite 1) Jalan Ss, Damansara, Utama, Petaling Jaya, Malaysia, 47400

SPORTSDIRECT.COM RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 30 APRIL 2023****19 Associates**

Details of the Company's associates at 30 April 2023 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
Four (Holdings) Limited	1	Ordinary	-	49.00
Rangers Retail Limited	2	Ordinary	-	49.00

Registered office addresses:

- 1 55 Loudoun Road, St John's Wood, London, NW8 0DL
- 2 Unit A Brook Park East, Shirebrook, NG20 8RY

All associates are involved either in the retail trade or are holding companies for brands or property.

The following companies are 100% owned by Four (Holdings) Limited:

- Mercer Clothing Ltd
- Fourworks Present Ltd
- Four (Acqco1) Ltd
- Four (Acqco2) Ltd
- Four Marketing Ltd
- Four Works Ltd
- ELB Clothing Ltd
- Cape Heights Clothing Ltd
- Agent Provocateur Ltd
- Agent Provocateur IP Ltd
- Agent Provocateur International Ltd
- Agent Provocateur Licencing Ltd
- Agent Provocateur Switzerland GmbH
- Agent Provocateur International (US) LLC
- Agent Provocateur Germany GmbH
- Agent Provocateur International GmbH (Austria)
- Agent Provocateur International Italy S.r.l
- Agent Provocateur International (Czech) S.r.o
- Agent Provocateur Hong Kong Limited (Hong Kong)
- Agent Provocateur International (France) SARL
- Agent Provocateur International Limited (Germany)
- Agent Provocateur Italy Limited
- Agent Provocateur International (Netherlands) BV
- Four Marketing Inc (US company)

SPORTSDIRECT.COM RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 30 APRIL 2023****20 Financial instruments**

	2023 £'000	2022 £'000
Carrying amount of derivative financial assets		
Instruments measured at fair value through profit or loss	78,549	116,445
Carrying amount of derivative financial liabilities		
Instruments measured at fair value through profit or loss		
- Other financial liabilities	24,906	31,307

Derivative financial assets categorised as instruments measured at fair value through profit or loss include amounts recognised on foreign exchange currency contracts and options and interest rates swaps.

Derivative financial liabilities categorised as instrument measured at fair value through profit or loss include amounts recognised on foreign exchange currency contracts and options.

Foreign Exchange Currency Contracts

The most significant exposure to foreign exchange fluctuations relates to purchases made in foreign currencies, principally the US Dollar and online sales in Euros. The Company's policy is to reduce substantially the risk associated with foreign currency spot rates by using forward fixed rate currency purchase contracts, taking into account any foreign currency cash flows. The Company does not hold or issue derivative financial instruments for trading purposes, however if derivatives, including both forwards and written options, do not qualify for hedge accounting they are accounted for as such and accordingly any gain or loss is recognised immediately in the income statement.

At the year end the total carrying amount of outstanding foreign exchange currency contracts and options that the Company has committed to are as follows:

	2023 £'000	2022 £'000
Assets		
US Dollar purchases - GBP - Hedged	742	32,946
US Dollar purchases - GBP - Unhedged	226	-
US Dollar purchases - EUR - Unhedged	41,719	12,758
Euro sales - Unhedged	7,118	54,155
Total	49,805	99,859
Liabilities		
US Dollar purchases - GBP - Hedged	2,187	-
US Dollar purchases - GBP - Unhedged	352	-
US Dollar purchases - EUR - Unhedged	22,289	6,603
Euro sales - Unhedged	81	24,704
Total	24,909	31,307

SPORTSDIRECT.COM RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 30 APRIL 2023****20 Financial instruments****(Continued)****Interest Rate Swaps**

The Company uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings. The Company has two contracts in place that fix interest payments on variable rate debt. The first contract covers a notional amount of £250.0m and fixes the interest rate at 0.985% per annum until 29 May 2026. The second contract covers a notional amount of £100.0m and fixes the interest rate at 0.45% per annum until 2 September 2024. The fair value of these interest rate swaps is an asset of £28.7m (2022: asset of £16.6m). The fair value gain has been recognised in finance costs classified as fair value adjustment to derivatives.

Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The interest rate swaps and foreign exchange currency contracts are classified as Level 2 (FY22: Level 2). The Company enters into these derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts and options are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, and yield curves of the respective currencies.

21 Inventories

	2023	2022
	£'000	£'000
Finished goods and goods for resale	1,012,784	926,296

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 30 April 2023 of which further analysis can be found under Note 2. Overall provisions have decreased from £190.4m in FY22 to £164.0m as at 30 April 2023 with the credit to the profit and loss being recognised in cost of sales.

22 Trade and other receivables

	2023	2022
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	14,924	18,988
Corporation tax recoverable	-	2,181
Amounts owed by group undertakings	456,613	1,902,456
Derivative financial instruments	78,549	116,445
Other receivables	25,130	119,460
Prepayments and accrued income	39,869	32,744
	<u>615,085</u>	<u>2,192,274</u>

SPORTSDIRECT.COM RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE PERIOD ENDED 30 APRIL 2023

22 Trade and other receivables	(Continued)	
	2023	2022
	£'000	£'000
Amounts falling due after more than one year:		
Amounts owed by group undertakings	1,544,042	-
Deferred tax asset (note 26)	15,059	-
	<u>1,559,101</u>	<u>-</u>
Total debtors	<u>2,174,186</u>	<u>2,192,274</u>

Amounts owed by Group undertakings are unsecured and repayable on demand; however the Directors consider it unlikely that the repayment will arise in the short term and in practice certain amounts owed by Group Undertakings are used to meet the capital requirements of the borrower with no realistic intention of repayment in the future. It is for this reason the amounts are classified as due after more than one year.

Trade receivables are stated after provisions for impairment of £11,986k (2022: £9,611k).

23 Current liabilities	2023	2022
	£'000	£'000
Trade payables	177,357	213,729
Amounts owed to group undertakings	556,463	419,660
Corporation tax	1,752	-
Other taxation and social security	35,674	38,659
Derivative financial instruments	24,906	31,307
Other payables	22,974	30,487
Accruals and deferred income	97,419	104,968
	<u>916,545</u>	<u>838,810</u>

Amounts owed to Group undertakings are interest free and repayable on demand.

24 Non-current liabilities	2023	2022
	£'000	£'000
Bank loans and overdrafts	<u>588,483</u>	<u>684,300</u>

SPORTSDIRECT.COM RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 30 APRIL 2023****24 Non-current liabilities****(Continued)**

Loans are currently at a rate of interest of 2.0% (FY22: 2.5%) over the interbank rate. On 30 November 2021 the 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. This facility was extended by one year and post year end the facility increased to £1,052.5m until November 2024 and £1,002.5m until November 2025. Given the revolving credit facility is available for a minimum of 2 years and the limited restriction of lending under the facility, the balance is classified as non-current on the Statement of Financial Position.

The overdraft is part of the Frasers Group cash pooling arrangement. Frasers Group continues to operate comfortably within its banking facilities and covenants. The carrying amounts and fair value of the borrowings are not materially different.

25 Provisions for liabilities

Legal and regulatory provisions relate to management's best estimate of the potential impact of claims including legal, commercial, regulatory and ongoing non-UK tax enquiries. The timing of the outcome of non-UK tax inquiries and legal claims made against the Company is dependent on factors outside the Company's control and therefore the timing of settlement is uncertain. After taking appropriate legal advice, the outcomes of these claims are not expected to give rise to material loss in excess of the amounts provided.

A substantial proportion of the amounts provided relates to ongoing legal claims and non-UK tax enquiries. On the basis of a review of the facts and circumstances prevailing at the balance sheet date in relation to these matters, management have reassessed its best estimate of the amounts provided at 30 April 2023 which has resulted in a reduction in amounts provided of approximately £110,661k compared to the prior year. In accordance with section 21 of FRS 102, management have concluded that it would prejudice seriously the position of the Company to provide further specific disclosures in respect of amounts provided for legal claims and non-UK tax enquiries.

Included within property related provisions are provisions for dilapidations in respect of the Company's retail stores and warehouses. Further details of Managements' estimates are included in accounting policies note 1.15. Property related provisions are expected to be utilised over the next 15 years.

During the period, onerous lease provision reversals were recognised due to an ongoing management review of the Company's store profile and strategy of £18.1m (FY22 : additional provision £5.3m). Dilapidation provision was increased by £1m in the period (FY22: £4.1m increase). The resulting overall decrease in property provisions is £17.1m (FY22: £9.4m increase).

	Note	2023 £'000	2022 £'000
Property related		79,866	96,975
Legal and regulatory		91,517	202,178
		<u>171,383</u>	<u>299,153</u>
Deferred tax liabilities	26	-	1,690
		<u>171,383</u>	<u>300,843</u>

SPORTSDIRECT.COM RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 30 APRIL 2023****25 Provisions for liabilities****(Continued)**

Movements on provisions apart from deferred tax liabilities:

	Property related £'000	Legal and regulatory £'000	Total £'000
At 25 April 2022	96,975	202,178	299,153
Additional provisions in the year	3,000	-	3,000
Utilisation/reversal of provision	(20,109)	(110,661)	(130,770)
At 30 April 2023	<u>79,866</u>	<u>91,517</u>	<u>171,383</u>

26 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon:

	Liabilities 2023 £'000	Liabilities 2022 £'000	Assets 2023 £'000	Assets 2022 £'000
Balances:				
Accelerated depreciation	-	-	14,198	11,168
Deferred tax on share scheme	-	-	4,671	2,184
Deferred tax on revaluation of foreign exchange contracts	3,810	15,042	-	-
	<u>3,810</u>	<u>15,042</u>	<u>18,869</u>	<u>13,352</u>

	2023 £'000
Movements in the period:	
Liability at 25 April 2022	1,690
Credit to profit or loss	(7,833)
Credit to other comprehensive income	(8,916)
Asset at 30 April 2023	<u>(15,059)</u>

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so.

The net reversal of deferred tax assets and liabilities expected to occur in the following reporting period is expected to be £3.8m comprising £3.8m on foreign exchange contracts.

SPORTSDIRECT.COM RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 30 APRIL 2023****27 Retirement benefit schemes**

	2023	2022
	£'000	£'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	3,617	3,110

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Contributions totalling £815k (2022: £637k) were payable to the fund at the reporting date and are included in payables.

SPORTSDIRECT.COM RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 APRIL 2023

28 Share capital

Ordinary share capital	2023	2022
Issued and fully paid	£'000	£'000
1,000,000 Ordinary shares of £1 each	1,000	1,000

The 1,000,000 ordinary shares are all owned by Frasers Group plc. These are the only class of shares and there are no rights, preferences or restrictions attached to these shares.

A share-based payment charge is allocated to the Company from the group plan recognised in Frasers Group plc, based on the directors best estimate of the number of shares that will vest. The charge is calculated based on the fair value on the grant date, which is deemed to be the date on which the entity and counterparty reached a shared understanding of the scheme. The bonus share scheme has been accounted for as an equity settled scheme.

The Executive Bonus Share Scheme

An award of shares in Frasers Group plc was granted on 10 September 2010. These shares will only vest if all conditions are met. No consideration is payable in respect of these awards.

The Bonus Share Scheme

The 2011 Frasers Group plc Bonus Share Scheme was approved by the Board of the Group on 10 September 2010. The first tranche of the 2011 scheme vested in September 2015. The remaining shares under the 2011 Employee Bonus Share Scheme vested in September 2017.

Under the Scheme certain employees of the Company were eligible for awards on a pro-rata basis depending on their length of service with the Group. Awards under the 2011 scheme were granted at either 100%, 75%, 50% or 25% of the employees' base pay.

The 2015 Frasers Group plc Bonus Share Scheme was approved by the Board of the Group on 2 July 2014. The scheme was due to vest in 2019 and 2021, subject to the achievement of EBITDA targets for the years FY16 to FY19 and service conditions (continued employment) being met.

The first-year EBITDA target of the 2015 Bonus Share Scheme was not met, and under the Share Scheme rules, the entire Share Scheme falls away and does not complete. The Board and Group Executives of the Group are currently working towards developing a new incentive structure that continues to align the interests of our employees and shareholders, and enables our employees to share in the success of the Group.

Fearless 1000 Bonus Scheme

FY21 scheme launch

At the annual general meeting in October 2020, the Group's shareholders gave approval for the Fearless 1000 bonus scheme. Under this scheme shares may be issued by the Group to employees for no cash consideration. All Group employees (excluding executive directors, their family associates, Chief Operating Officer and the Chief Commercial Officer) are eligible to participate in the scheme. Under the scheme, 10 million shares are awarded to eligible employees if certain market conditions are achieved. This would equate to £100m worth of fully paid ordinary shares in Frasers Group plc that could be paid to eligible employees if our share price reaches £10 any time over the four year vesting period. The share price must stay above £10 for 30 consecutive trading days to trigger the vesting of shares at the end of the four year vesting period, or the Remuneration Committee can now allow all awards to vest early if a £15 share price target is achieved. 50% of the shares are granted after 4 years and the remaining 50% after 5 years. One thousand eligible employees will receive the shares with a potential value ranging from £50k to £1m if the share price is at £10 at the vesting dates. In all other respects the shares rank equally with other fully paid ordinary shares on issue.

SPORTSDIRECT.COM RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2023

28 Share capital

(Continued)

The share element of the scheme is deemed to be an equity-settled scheme as defined by FRS 20 Share-based payment. In line with the accounting policy in note 1, the fair value at the date of grant is expensed to the Consolidated Income Statement on a straight-line basis over the vesting period, with the corresponding credit going to equity.

The scheme also has a cash-settled bonus for all other eligible employees who do not qualify for the Fearless 1000 share scheme. The cash bonus at the end of the 5 year vesting period is based on the employee tenure and has been accounted as an other long-term employee benefit as defined by FRS 17 Employee Benefits.

For the equity-settled element of the FY21 Fearless 1000 plan, a charge in the Consolidated Income Statement of £4.1m (FY22 £4.1m) has been recognised in the period in relation to the scheme with an equivalent £8.2m (FY22 £4.1m) being recognised in equity.

For the cash-settled element of the FY21 Fearless 1000 plan, a charge to the Consolidated Income Statement of £1.7m (FY22 £2.4m) has been recognised in the period along with a corresponding increase in liability.

Executive Share Scheme

At the annual general meeting in October 2021, the Group's shareholders gave approval for the Executive Share Scheme. Under this scheme shares may be issued by the Group to Chris Wootton (CFO), Sean Nevitt (Chief Commercial Officer) and David Al-Mudallal (COO) for no cash consideration. Under the scheme, 600,000 shares per person are awarded to the individuals if certain market conditions are achieved. At the 2022 AGM, the share price hurdle was increased from £12 to £15 and an additional requirement of achieving £500m Adjusted PBT was agreed. The share price must stay above £15 for 30 consecutive trading days to trigger the vesting of shares at the end of the four year vesting period, or the Remuneration Committee can now allow all awards to vest early if a £15 share price target is achieved. 50% of the shares are granted after 4 years and the remaining 50% after 5 years. In all other respects the shares rank equally with other fully paid ordinary shares on issue.

The scheme is deemed to be an equity-settled scheme as defined by FRS 20 Share-based payment. In line with the accounting policy in note 1, the fair value at the date of grant is expensed to the Consolidated Income Statement on a straight-line basis over the vesting period, with the corresponding credit going to equity.

The assessed fair value at grant date of the shares granted during the period ended 24 April 2022 was 327.82p per share for the 4 year vesting period and 331.6p per share for the 5 year vesting period. The fair value at grant date is independently determined using an adjusted form of the Black-Scholes model which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, and the risk-free interest rate for the term of the scheme. The model inputs for shares granted during the period ended 24 April 2022 included:

- exercise price: £nil
- grant date: 14 October 2021
- expiry date: 7 October 2025 and 7 October 2026
- share price at grant date: 632p
- expected price volatility of the company's shares: 39.85%
- expected dividend yield: 0%
- risk-free interest rate: 0.54%

The expected price volatility is based on the historic volatility (based on the remaining life of the scheme), adjusted for any expected changes to future volatility due to publicly available information.

SPORTSDIRECT.COM RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 APRIL 2023

28 Share capital

(Continued)

A charge in the Consolidated Income Statement of £1.5m (FY22: £0.8m) has been recognised in the period in relation to the scheme with an equivalent £1.5m (FY22: £0.8m) being recognised in equity.

At the annual general meeting in October 2022, the Group's shareholders gave approval for the CEO Executive Share Scheme. Under this scheme shares may be issued by the Group to Michael Murray (CEO) for no cash consideration. Under the scheme, 6,711,409 shares are awarded to the CEO if certain market conditions are achieved. The share price must stay above £15 for 30 consecutive trading days to trigger the vesting of shares at the end of the four year vesting period, or the Remuneration Committee can now allow all awards to vest early if a £15 share price target is achieved. Awards are also subject to an adjusted PBT performance condition and no awards vest unless an adjusted PBT of £500 million is achieved during a complete financial year of the Group that falls within the performance period. 50% of the shares are granted after 3 years and the remaining 50% after 4 years. In all other respects the shares rank equally with other fully paid ordinary shares on issue.

The scheme is deemed to be an equity-settled scheme as defined by FRS 20 Share-based payment. In line with the accounting policy in note 1, the fair value at the date of grant is expensed to the Consolidated Income Statement on a straight-line basis over the vesting period, with the corresponding credit going to equity.

The assessed fair value at grant date of the shares granted during the period ended 30 April 2023 was 233.03p per share for the 3 year vesting period and 233.66p per share for the 4 year vesting period. The fair value at grant date is independently determined using an adjusted form of the Black-Scholes model which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, and the risk-free interest rate for the term of the scheme. The model inputs for shares granted during the period ended 30 April 2023 included:

- exercise price: £nil
- grant date: 19 October 2022
- expiry date: 7 October 2025 and 7 October 2026
- share price at grant date: 643p
- expected price volatility of the company's shares: 42.38%
- expected dividend yield: 0%
- risk-free interest rate: 3.52%

The expected price volatility is based on the historic volatility (based on the remaining life of the scheme), adjusted for any expected changes to future volatility due to publicly available information.

A charge in the Consolidated Income Statement of £2.4m (FY22: £nil) has been recognised in the period in relation to the scheme with an equivalent £2.4m (FY22: £nil) being recognised in equity.

SPORTSDIRECT.COM RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 30 APRIL 2023****29 Reserves****Hedging reserve**

The hedging reserve represents the cumulative amounts of gains and losses on hedging instruments deemed effective in cash flow hedges.

Other reserve

The other reserve records the capital contributions from the parent company.

Retained earnings

Retained earnings represents cumulative profit and loss, net of distributions to owners for the current period and prior periods.

30 Financial commitments, guarantees and contingent liabilities

The Company acts as guarantor for £17,200,000 (FY22: £17,200,000) of banking facilities used by certain subsidiary undertakings and Customs and Excise bonds.

Included in the RCF agreement is a guarantee to the French tax authorities of €6,566,892 (FY22: €6,566,892). The sterling equivalent of this amount is £5,757,856 (FY22: £5,527,687).

31 Operating lease commitments**Lessee**

At the reporting end date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023 £'000	2022 £'000
Within one year	62,211	57,067
Between one and five years	170,013	145,086
In over five years	159,131	113,042
	<u>391,355</u>	<u>315,195</u>

The charge for the year in relation to operating leases is £60,621k (2022: £79,802k), for further details see Note 5.

32 Capital commitments

The Company had capital commitments of £0.7m as at 30 April 2023 (24 April 2022: £59.1m) relating to warehouse development.

SPORTSDIRECT.COM RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 30 APRIL 2023****33 Related party transactions****Transactions with related parties**

During the period the Company entered into the following transactions with related parties:

	Sales		Purchases	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Entities over which the entity has control, joint control or significant influence	329	2,602	68,232	63,966
Other related parties	65	43	617	20,989
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Receivables/(payables)			
	2023		2022	
	£'000		£'000	
Entities over which the entity has control, joint control or significant influence	84		286	
Other related parties	155		199	
	<u> </u>		<u> </u>	

The transactions and closing balances included in Other related parties relate to Key Management Personnel of Frasers Group plc, the immediate parent company. Sales and purchases disclosed above relate solely to goods bought from the Company in the usual course of business.

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. Transactions with group companies are in line with the usual course of business and to support other group companies.

Further disclosures of related parties for the wider group are available in the consolidated financial statements of Frasers Group plc.

34 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 hold the majority of shares in Frasers Group plc (the immediate parent company).

Frasers Group plc is the smallest company and MASH Holdings Limited is the largest company for which consolidated accounts including Sportsdirect.com Retail Limited are prepared. Both MASH Holdings Limited and Frasers Group plc are companies registered in England and Wales. A copy of the respective accounts can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.