

FRASERS GROUP

ANNUAL REPORT & ACCOUNTS 2020.

FRASERS GROUP PLC

WEDNESDAY



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COMPANIES HOUSE

AT A GLANCE

FOUNDED AS A SINGLE STORE IN 1982, FRASERS GROUP PLC (SPORTS DIRECT) IS TODAY THE UK'S LARGEST SPORTING GOODS RETAILER BY REVENUE.

The Group operates a diversified portfolio of sports, fitness, fashion and Premium lifestyle brands in over 20 countries. We have approximately 30,000 staff across five business segments: UK Sports Retail, Premium Lifestyle, European Retail, Best of World Retail and Wholesale & Licensing. Our business strategy is to invest in our people, our business, and our key third-party brand partners in order to elevate our retail proposition across all our channels to attain new levels of excellence.

The Group is advancing its elevation strategy to being the international leader in sports, lifestyle and luxury apparel retail, by offering our customers a dynamic range of iconic brands. We value our people, our customers, our shareholders and our third-party brand partners and we strive to adopt good practices in all our corporate dealings. We are committed to treating all people with dignity and respect. We offer our customers an often innovative and unrivalled retail experience. We do not run the business for the short-term but work to ensure we deliver shareholder value over the medium to long-term whilst adopting accounting principles that are conservative, consistent and simple.

MISSION STATEMENT

TO BECOME EUROPE'S LEADING ELEVATED SPORTING GOODS RETAILER.

OUTLOOK

The Group now intends to invest in excess of £100m in its digital elevation strategy. With a particular focus on Flannels and a enhanced customer experience, this investment will be integral in supporting the continued growth of our online channels. This commitment will support the Group's wider ongoing elevation strategy. With digital transformation now at the forefront, the successful reopening of our stores after the Covid-19 lockdown and continuing strong web performance, we are confident in achieving between 0.10% and 0.20% improvement in underlying EBITDA during FY21.

"IT WAS THE AGENCIES WE WERE BEATERS... WE HAD TO GET YOU IN ORDER TO GET TO THE AGENCIES."

TUESDAY 4 OCTOBER 2016 MR STEVE TURNER (ASSISTANT GENERAL SECRETARY, UNITED NATIONS)

UNITED NATIONS

OUR IMPACT SINCE 2007

£246M
Approx. £246m paid in staff share bonuses

£180M
Approx. £180m paid in sales commission to retail bonuses

30,000
Have a workforce of approx. 30,000 people worldwide, approx. 21,000 of which are in the UK

£560M
Contributed approx. £560m in UK Corporation Tax

£1900M
Contributed approx. £1,900m in VAT and Duty

£160M
Contributed approx. £160m in NI employer contributions

All figures are since stock market listing in 2007

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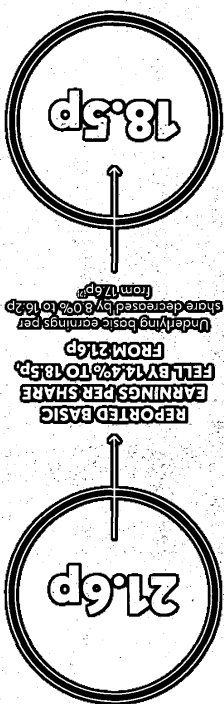
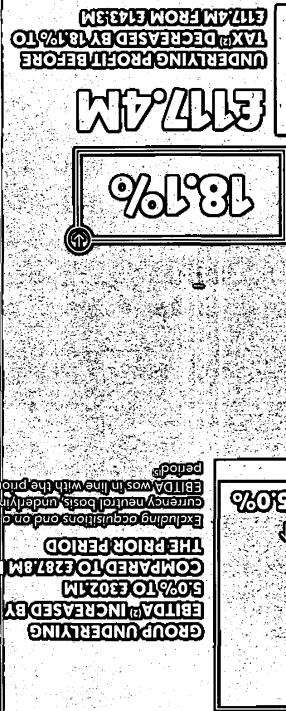
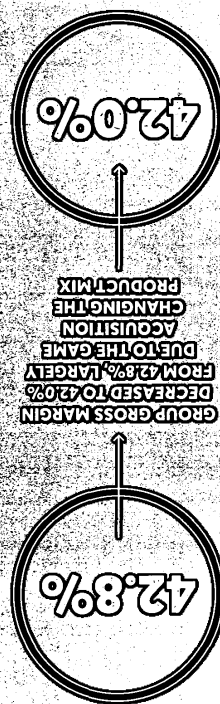
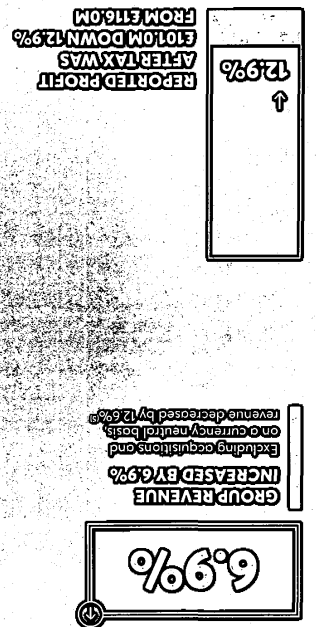
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FRASERS GROUP

HIGHLIGHTS

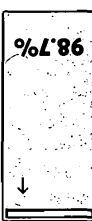


HIGHLIGHTS

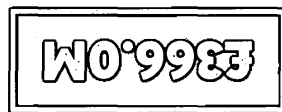


UNDERLYING FREE CASH FLOW (PRE-CAPEX) DECREASED TO E273.3M IN THE PRIOR PERIOD

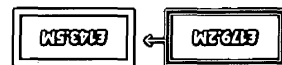
GROUP REPORTED EBITDA INCREASED BY 93.7% TO E55.0M COMPARED TO E27.3M IN THE PRIOR PERIOD, LARGELY DUE TO THE CHANGE IN REPORTING AS A RESULT OF IMPLEMENTING IFRS 16



NET DEBT DECREASED TO E366.0M (E378.5M AT 28 APRIL 2019)



REPORTED PROFIT BEFORE TAX WAS E173.5M, DOWN 19.9% FROM E217.2M EXCLUDING IFRS 16, REPORTED PROFIT BEFORE TAX WAS E262.3M UP 46.4% LARGELY DUE TO THE GAIN ON THE SALE AND LEASEBACK OF THE SHIREBROOK DISTRIBUTION CENTRE TOTALING E84.9M



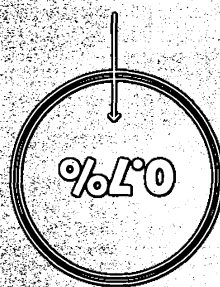
16.3%



EUROPEAN RETAIL REVENUE INCREASED BY 16.3%, LARGELY DUE TO THE GAME ACQUISITION IN THE PERIOD

EXCLUDING ACQUISITIONS AND ONE-CURRENCY NUTRIL BODY, REVENUE DECREASED BY 15.6%, LARGELY CAUSED BY TEMPORARY STORE CLOSURES DUE TO COVID-19

EUROPEAN RETAIL LIKE-FOR-LIKE GROSS CONTRIBUTION WAS DOWN 1.2% TO



PREMIUM LIFESTYLE REVENUE INCREASED BY 34.9%, LARGELY DUE TO NEW STORES AND ACQUISITIONS OF JACK WILLIS & SORA.COM EXCLUDING ACQUISITIONS, PREMIUM LIFESTYLE LIKE-FOR-LIKE GROSS CONTRIBUTION WAS UP 21.5%

UK SPORTS RETAIL REVENUE INCREASED BY 0.7%, LARGELY DUE TO THE GAME ACQUISITION IN THE PERIOD

EXCLUDING ACQUISITIONS, REVENUE DECREASED BY 11.5%, LARGELY CAUSED BY TEMPORARY STORE CLOSURES DUE TO COVID-19

UK SPORTS RETAIL LIKE-FOR-LIKE GROSS CONTRIBUTION WAS DOWN 0.6% TO

EXCLUDING ACQUISITIONS, REVENUE DECREASED BY 11.5%, LARGELY CAUSED BY TEMPORARY STORE CLOSURES DUE TO COVID-19

UK SPORTS RETAIL

55.8%
Total Group Revenue

£2,203.3M

0.7% ↑

UK Sports Retail includes core sports retail store operations in the UK, plus all the Group's sports retail online business (excluding Bob's Stores, Eastern Mountain Sports and Sports Direct Malaysia), the gyms, the Group's Shirebrook campus operations, retail store operations in Northern Ireland, Evans Cycles and GAME UK acquired in the year.

Our store footprint is significant, with approx. 769 stores across the UK, totalling approx. 6.3m sq.ft. of retail space. The majority of stores are operated under the SPORTSDIRECT.com, USC, Evans Cycles and GAME fascias.

EUROPEAN RETAIL

17.6%
Total Group Revenue

£697.7M

16.3% ↑

European Retail includes all the Group's sports retail stores, management and operations in Europe including the Group's European distribution centres in Belgium and Austria as well as GAME Spain acquired in the year. Total European store count is 511 stores and approx. 4.0m sq.ft. of retail space.

During FY20, management continued to elevate its European stores and work to further tailor the Group's customer value propositions to our local markets.

PREMIUM LIFESTYLE

18.2%
Total Group Revenue

£722.0M

34.9% ↑

The Group's Premium Lifestyle division offers a broad range of clothing, footwear and accessories from leading global contemporary and luxury retail brands through our fascias in the UK: Flannels, Cruise, van mildert, House of Fraser, as well as Sofa.com and Jack Wills acquired in the year along with their related websites. The majority of these fascias operate as a multi-brand premium retail destination and are focused on providing fashion conscious shoppers with high-end and on trend products. The segment is supported by our Group-wide centralised commercial and support functions, giving the benefits of scale and operating efficiencies to each fascia. The segment is a significant part of the Group's new generation retail concept and as such, in certain locations, Premium and Lifestyle stores are co-located alongside our Sports retail stores to benefit from increased customer footfall and operating synergies.

Total Premium Lifestyle store count is 179 stores and approx. 4.5m sq.ft. of retail space.

REST OF THE WORLD RETAIL

4.4%
Total Group Revenue

£174.2M

19.3% ↓

Rest of World Retail includes sports and outdoor retail stores in the US under the Bob's Stores and Eastern Mountain Sports fascias and their corresponding e-commerce offerings. It also includes the Group's retail stores in Malaysia under the Sports Direct fascia and its corresponding e-commerce offering.

Total Rest of World store count is 75 stores and approx. 1.3m sq.ft. of retail space.

WHOLESALE & LICENSING

4.0%
Total Group Revenue

£160.2M

2.0% ↓

The Wholesale & Licensing segment operates our globally renowned heritage Group brands (such as Everlast, Lonsdale, Karrimor and Slazenger) and our wholesale, licensing and distribution relationships across the world, as well as our partnerships with third party brands that we license-in to sell certain products. The Group's own brands are managed both individually and centrally within this segment. This unique, integrated approach to brand management leverages the expertise of our people, encourages innovation, and ensures consistency.

STRATEGIC REPORT

CHAIR'S STATEMENT

INTRODUCTION

Dear Valued Shareholder

FY20 will likely be remembered as the most challenging year in the history of the Company. The political uncertainty around Brexit had been with us for far too long and, just as we were feeling more confident of getting some clarity and stability, the Covid-19 crisis arrived which will continue to have an impact on the economy and our business beyond FY20.

Notwithstanding the above, we have handled the challenges successfully and we have also dealt with the shadow of the significant Belgian tax enquiry for an amount of €674m which we were notified of in July 2019. We always maintained it was less than probable that material VAT and penalties would be due and thankfully, through the sterling efforts of our internal team, alongside our external advisors, this amount was commercially settled for an immaterial amount.

As of the end of February we were on track to hit our underlying EBITDA growth target of between 5-15% (pre-IFRS 16 adjustments) for the period ending 26 April 2020. The Covid-19 situation had a significant impact on our business performance across the Group in March and April (and continued to do so in the post year end period) due to the shutdown of retail stores.

Thankfully, as at the date of release of these financial statements, there is a semblance of normality returning with virtually all retail stores now fully open across the Group, albeit subject to strict social distancing measures. However, the future, at least in the near term, is unclear as we and indeed the world come to terms with living under the threat of Covid-19 and what its short, medium and long-term effects may be. There is currently a risk of a second wave which could lead to reinstatement of lockdown restrictions and there will be

economic consequences which we do not yet fully understand.

The key financial metrics for the period ended 26 April 2020 when compared with period ended 28 April 2019 are:

- Group revenue has increased from £3,701.9m to £3,957.4m;
- Group profit before tax has decreased from £179.2m to £143.5m;
- Group underlying EBITDA⁽¹⁾ has increased from £287.8m to £302.1m; and
- Group net debt has decreased from £378.5m to £366.0m.

More underlying detail is given throughout this Annual Report and Accounts. The highlights and explanations of these by segment is set out in note 4.

OVERVIEW

During FY20 we made the strategic decision to rename the Group holding company from Sports Direct International plc to Frasers Group plc. The new name better reflects the multi-brand and multi-fascia retail business we have become and I would like to thank everyone who worked so hard to ensure this change was implemented smoothly and successfully.

Following a robust external audit tender process, which did not require any Government involvement, we had great pleasure in appointing RSM UK Audit LLP ("RSM") as our new external auditor. We look forward to a productive working relationship with RSM over the coming years and I would like to thank the Financial Reporting Council ("FRC") for the help and support that was extended to us as we conducted this process.

We continued to follow the further demise of Debenhams during the year with much frustration and disappointment as it entered administration for a second time. We raised our concerns and gave numerous warnings about

what we were seeing there, much of which has materialised. Our offers of help were repeatedly disregarded, and it is scandalous that this business has now been in administration twice. To date and to our knowledge, there seems to be a lack of political or regulatory interest in investigating the impact on shareholders in the initial administration, and now in the second administration we expect that further stakeholders will suffer. It has been widely reported that we are seeking the appointment of a provisional liquidator to Debenhams plc, or a winding up order, so that an independent investigation can be carried out into the actions and parties involved in the company's administration. We are opposed, however, by certain entities which placed Debenhams plc into administration. If their opposition is successful, Debenhams plc will be dissolved, meaning that no investigation can be carried out.

The uncertainty over Brexit, followed by the Covid-19 crisis has undoubtedly resulted in unprecedented times for businesses and the consequences will be felt for the foreseeable future. We will commit ourselves to working collaboratively with all our key stakeholders to protect the future of our business and the health and livelihood of our 30,000 staff who work within the Frasers Group. During the time our stores were closed, our online business performed extremely well, and I commend our staff, particularly those based at Shirebrook, for their hard work and dedication in ensuring our web operations continued and remained effective.

ELEVATION STRATEGY

The biggest strategic priority for the Frasers Group is, and will continue to be, elevation. This drives our behaviours and our ways of working. We are committed to providing our customers with a multi-brand offering in a premium environment across our sport, fashion and lifestyle fascias.

FY20 saw the opening of more of our new generation stores. The new stores in Leicester and Watford are fine examples of how we are

taking the elevation strategy to the next level. We also opened the Flannels flagship store on Oxford Street in September 2019 which has been an outstanding success in showcasing our elevated model to luxury brands, and the Flannels store in Newcastle was voted Best Store Design <50,000 sq.ft. by Drapers.

We continue to make progress with the reorganisation and elevation of the House of Fraser business. It remains a challenge, but we are committed to offering a premium experience to our customers in an elevated environment.

Our acquisitions in FY20 included GAME Digital plc, Jack Wills, Sofa.com and Brookfield Unit Trust (Cheshunt Retail Park). We feel these businesses are a good strategic fit and they will add great value to our global Group and help support our elevation strategy. Our strategic investment in the Mulberry brand is also seen as a good fit for the Group and in particular for our strategy with 'Frasers'. Further information can be found in notes 32 and 20.

In the post year end period, we announced an approx. 10% investment in Hugo Boss AG through a combination of physical stock, contracts for difference and the sale of put options. This investment's maximum aggregate exposure is approx. €200m and reflects Frasers Group's growing relationship with Hugo Boss and belief in Hugo Boss's long-term future.

To achieve our objectives with the elevation strategy we will rely heavily on our third-party brand partnerships, particularly Nike and adidas. At times these relationships can be challenging but we aim to work with our partners as we have done so for many years in delivering the right product to our customers at the right time and at the right price.

⁽¹⁾ Further detail on highlights and underlying EBITDA can be found in the Glossary on pages 119 and 120.

OUR PEOPLE

We are committed to treating our staff at Frasers Group with dignity and respect. Our people are our finest resource and they are a critical asset in ensuring that our business is successful.

During the Covid-19 pandemic I am proud of the work we have done to keep our staff engaged with the business through regular update videos and by offering health advice and support to those who have needed it. In the UK we paid virtually all of our contracted staff in full during April, May and June even though our stores were closed for the vast majority of that time. In early March, prior to the lockdown, we sent home all staff over the age of 60 with underlying health issues which was over and above Government guidance, and whilst continuing to pay them in full.

At the AGM in September 2019 Mike Ashley announced our intention to launch a new employee bonus scheme to further reward our staff for the performance of the business and the current intention is that a resolution to approve the scheme will be put to shareholders for approval at the 2020 AGM.

We have also strengthened our leadership team. David Al-Mudallal was appointed as Chief of Staff and we hired Beverley Wilkinson to lead our Internal Audit and Risk Management capability. David and Beverley bring additional talent and strength to the Group.

We are always keeping under review the experience, balance and diversity of the board and will, if considered appropriate, bring additional talent onto the Board as required.

I am particularly proud of the Workers' Representative position on the Board. Cally Price is our Retail Store Manager for Sports Direct in Cardiff. Cally was elected by her colleagues and she provides a very important bridge between the workforce and the Board. We are one of only a few listed companies to have such a position and it has been a great success for us. Cally has provided her own commentary on page 11.

As we look to the future, we are keen to hire the most talented and capable people to help us to build future generations of management and leaders. We are working on a career scheme aimed at school leavers, graduates and talented individuals which we hope will enable bright, ambitious, and enthusiastic people to join Frasers Group and build a career with the Company.

CORPORATE CITIZEN

During the pandemic crisis we have continued our commitment to be a good corporate citizen and have extended our support where we felt we could make the most difference. We offered our fleet of vehicles to the NHS for transporting vital equipment to where it was most needed. We also offered NHS staff discounts on bikes and sporting goods equipment in our Evans and Sports Direct stores. On 15 June 2020, in England, we offered a 50% discount to all NHS staff in our Sports Direct stores as a gesture of goodwill to these fantastic individuals as our stores re-opened; it was an overwhelming success with gross sales of approx. £50m before discount and approx. £25m after discount.

As a business, we would also support a 1% increase to corporation tax on the proviso the full 1% goes directly to the NHS and we call on the Government to seriously explore this idea.

We sent supplies to the Salvation Army and also a container of clothing to homeless charities in Central London. We provided free gym bags to NHS charities in Nottingham and donated approx. 4,000 Easter eggs to local hospitals in Nottingham, Chesterfield and Mansfield.

Outside of the Covid-19 crisis, during the severe flooding in South Wales at the beginning of the year, we sent 18 pallets of cleaning supplies and personal protective equipment (PPE) to help with the clean-up operation.

DIVIDEND/SHARE BUYBACK

No dividend was paid during the year and the Board has decided not to declare a final dividend in respect of this financial period. The Company did undertake a share buyback at various points through FY20, the total number of shares purchased in the market was 17,065,981. During the period from our financial year-end to our results announcement date, no further share buyback programme is currently in place.

OUTLOOK

The Covid-19 impact has created uncertainty and we consider that it will be some time before the country and indeed the world recovers. However, Frasers Group itself has always taken a long-term approach to its strategy and this has helped us, and will continue to help us, through these unprecedented times. We believe our business is strong as is our Balance Sheet. Further details of key areas of focus for next year can be found in the risks and uncertainties report on page 21.

We will continue with the elevation strategy and the expansion of the new store format supported by our talented and loyal staff and we consider we are well placed for the future. For further details of the outlook see page 2 and the elevation strategy discussed on pages 9 to 10 and 15 to 17 in the Property review.

David Daly

Non-executive Chair

20 August 2020

OUR BUSINESS

Founded by Mike Ashley as a single Store in Maidenhead in 1982, Frasers Group plc today operates a diversified portfolio of sports, fitness, fashion, lifestyle and department store fascias. The Group's approx. 30,000 people work together with our suppliers and our third-party brand partners to serve customers in over 20 countries. The Group aspires to be an international leader in sports, lifestyle, and luxury apparel retail. The Board is committed to treating all people with dignity and respect. We value our people, our customers, our shareholders and we strive to adopt good practices in our corporate dealings. We aim to deliver shareholder value over the medium to long-term, whilst adopting accounting principles that are conservative, consistent and simple. Our strategy and mission statement are set out on page 2.

BUSINESS MODEL

Our business model is focused on delivering an unrivalled range, availability and quality of products – both third-party brand and Group branded products. This includes different customer value propositions across our Sports Retail and Premium Lifestyle fascias. To this end, we are elevating across all channels to enhance the customer journey at every step of the way. During the current year we acquired GAME Digital plc, Jack Wills, Sofa.com and the Brookfield Unit Trust (Cheshunt Retail Park) businesses. These add to or complement our business well and have provided the Group with a major opportunity to participate in the transformed retail environment that is occurring on the high street.

The Group's business model is explained in greater detail below. This includes an outline of our fascias and retail channels; our elevation strategy including the management of our property portfolio, our people, our third-party brand partners and our centralised support functions and Group brands.

BUSINESS STRUCTURE

The Group is structured across five business segments: UK Sports Retail, Premium Lifestyle, European Retail, Rest of World Retail and Wholesale & Licensing.

In UK Sports Retail, we offer a complete range of sporting apparel, footwear and equipment through our predominant fascia, SPORTSDIRECT.com. This segment includes our lifestyle fascia USC. Our current forward-looking view is that the majority of our offering to customers must include leading third-party brands. The elevation of our sports retail proposition is key to ensure we are fully aligned with the future direction and ambitions of these brand partners. UK Sports Retail includes core sports retail store operations in the UK, plus all the Group's sports retail online business (excluding Bob's Stores, Eastern Mountain Sports and Sports Direct Malaysia), the gyms, the Group's Shirebrook campus operations, retail store operations in Northern Ireland, Evans Cycles and the GAME UK stores, and online business acquired in the year.

In Premium Lifestyle, we are developing the Group's premium and luxury offering, which consists of the Flannels, House of Fraser, Jack Wills and Sofa.com fascias, along with Cruise and van mildert. We aim to offer fashion-conscious consumers a luxurious, multi-brand retail destination with high-end and on-trend products. This is a core component of the elevation strategy and includes the new flagship Flannels store on Oxford Street in London which opened during the period and the freehold acquisition of the flagship 'Frasers' store in Glasgow.

GAME Digital plc acquired in the year is a significant business and as at the period end had 242 stores in the UK and 261 stores in Spain along with its e-commerce platform. As the Group has continued to implement its elevated store model, one of our latest elevated Sports Direct and Flannels combined flagship stores extending approx. 50,000 sq.ft., located in

Watford includes a GAME concession, creating a more experiential consumer offering.

In European Retail, we are evolving our customer proposition in line with the elevation strategy, while also seeking to increasingly tailor our proposition to the local markets in which we operate. These include the Republic of Ireland and continental Europe.

In Rest of World Retail, we operate 44 stores trading as Bob's Stores and Eastern Mountain Sports and we also have 31 stores trading as SPORTSDIRECT.com in Malaysia.

In Wholesale & Licensing, the Group retains a portfolio of world-famous heritage brands, which we offer via our fascias, and also wholesale and license to partners internationally. Our own brands include Everlast, Lonsdale, Karimor and Slozenger. The Group is also proud to have a number of sporting and entertainment personalities as ambassadors, as well as supporting sporting events and venues.

MULTI-CHANNEL ELEVATION STRATEGY

Our elevation strategy continues to work towards improving our offering to customers across all our channels, including marketing; social media, product, digital and in-store. This aims to enable the Company, along with our third-party brand partners, to connect with customers via a consistent voice across multiple platforms, including online, mobile, and on the high street. This strategy enables our stores and our online operations to complement each other.

The websites for each of our core fascias in the UK, including SPORTSDIRECT.com, USC.co.uk, Flannels.com, Houseoffraser.co.uk and GAME.co.uk, have undergone significant enhancements in order to facilitate optimum appeal to consumers. Our product offering across these core fascias, both in-store and online, aims to create a compelling shopping experience in key categories that include, amongst others, Football, Women's, Kids', Running, Cycling, Lifestyle, Fashion, Luxury and Gaming.

We offer product across a range of price points, including good, better and best. This enables us to offer more premium product, which is net-new to the business. This gives consumers a greater range of choices for those who wish to shop for premium products, whilst still retaining our original entry-level and continuity product offerings.

PROGRESSION OF THE ELEVATED STORE MODEL

The elevation strategy remains at the forefront of the Group's approach to new stores, continuing the momentum built over the previous financial year. The Sports Direct elevated store model has been developed to introduce a GAME retail area and, in viable locations, a BELONG gaming arena. In addition, a new concept for Evans Cycles has been developed which will be incorporated for appropriate stores. The addition of these fascias combined with the lifestyle offering already provided via USC will further reinforce such stores as true retail destinations. Delivering such multi-fascia sports stores is a priority for new store openings over the coming financial year.

An example of a recently opened elevated flagship store is Watford which extends to c.50,000 sq.ft. This store includes a large format Sports Direct, incorporating USC and GAME; and additionally, a separate unit houses Flannels, thus adopting the new regional concept design.

It has been another significant year for the Premium Lifestyle division with key store openings such as the Flannels London Flagship store on Oxford Street, and Belfast, the first Flannels store forming part of a 'Frasers' department store. Further, the Flannels regional concept first developed last financial year achieved industry recognition with the Newcastle store winning the 2019 Drapers award for Best Store Design <50,000 sq.ft.

The Group maintains the flexibility to invest in freehold properties where appropriate. However, with increasing opportunities for large space arising, particularly in shopping centres, it is likely there will be greater leasehold activity.

New lease commitments will be agreed with collaborative Landlords adopting turnover based rents and co-investment via incentives such as capital contributions to develop the store.

Further details of our property strategies and current property portfolio are included within the Chief Executive's Report and Business Review section of this Annual Report.

OUR PEOPLE

It is the Group's policy to treat all our people with dignity and respect. Frasers Group staff 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 employees into the Group following the acquisitions in the year.

REMUNERATION AND REWARDS

Our policy is to foster a reward-based culture that enables our staff 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 25 years of age in the UK. In addition to this, the Company pays awards and incentives of approx. £16m annually, from which both permanent and casual staff can benefit.

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

WORKERS' REPRESENTATIVE

The Frasers Group Workers' Representative is Cally Price, a Manager at our Cardiff Bay store. Cally succeeded Alex Balacki who was the first Workers' Representative. Cally has been appointed as a main Board Director, which is one of the recommendations in the 2018 UK Corporate Governance Code. 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 also routinely has an ongoing dialogue with staff via an initiative called 'Your Company, Your Voice.' This is a system whereby staff are able to raise any issues of their choosing via a number of different routes, both physical and digital. This feedback is passed to senior management and the Workers' Representative for review and appropriate action.

CASUAL WORKERS

We continue to strive to ensure our arrangements for casual staff are fair and equitable. We have taken steps to promote stability for this group of workers by ensuring changes to scheduled hours by the Company are kept to a minimum. In accordance with relevant regulatory requirements, our casual workers are entitled to accrued holiday leave and statutory sick pay. Our workforce research found that in common with surveys by other companies, the vast majority of our casual workers wish to remain on flexible arrangements.

WELLBEING SERVICE

During FY20, the Company continued to offer a Wellbeing Service for all members of the Group. The Wellbeing Co-ordinator is supported by the Healthy Workplaces team at Derbyshire County Council in offering members of the Group a variety of programmes to promote physical wellbeing, such as advice on improving physical activity, losing weight, sleep issues and stopping smoking. Additional focus is being placed on building emotional health resilience within the workplace and providing wellbeing support to staff.

TRAINING AND DEVELOPMENT

We strive to offer staff the tools to achieve their personal development goals through training and other means. It should be noted that the majority of Store Managers are promoted from within, and over a third of them started as Casual Sales Assistants. We have an existing purpose-built training centre at our campus in Shirebrook which is dedicated to ensuring our people have appropriate opportunities to develop their skills and progress their careers within the Group. Further details of our staff training programmes are contained in the Corporate Social Responsibility section of this Annual Report.

OUR GLOBAL THIRD-PARTY BRAND PARTNERS

We work with our leading third-party global brand partners and provide significant prominence for these specialist areas with our customers across all our platforms.

Our third-party and Group brands are managed by central brand and marketing teams. This centralised structure significantly benefits the Group by enabling the individual brands to participate in Group buying and sourcing; aggregated supplier relationships and enhanced supply chain disciplines; Group inventory monitoring and replenishment; and more inspired and harmonious visual merchandising in-store.

WORKERS' REPRESENTATIVE'S REPORT

A MESSAGE TO STAFF FROM CALLY PRICE, WORKERS' REPRESENTATIVE AND NON-EXECUTIVE WORKFORCE DIRECTOR

I have now been operating within the role of the Workers' Representative and Non-executive Director for over a year. I am thoroughly enjoying my role and this past year has been challenging yet very rewarding knowing that I am directly making a difference to staff.

In the last year, I have achieved many successes with the support of both the Board and all the staff at Frasers Group. In the FY19 Annual Report, I outlined my forthcoming objectives to be the implementation of a new staff uniform and a new commission scheme in order for staff to maximise their earnings potential. I am pleased to announce that both of these objectives came to fruition and are now active within the workplace.

As the year has progressed, my role has evolved and I am now included in weekly meetings with senior retail management to ensure that I am involved in every aspect of the business, especially where decisions directly impact our workforce.

Throughout this past year, my relationship with the Board has gone from strength to strength with full honesty and transparency reciprocated both ways. I am confident that my role has full credibility and authenticity with the workforce and all of the other Directors.

Furthermore, since taking complete ownership of the staff welfare portal where every member of the workforce can air their concerns or raise issues/suggestions, I have personally responded to over a thousand queries. As part of my Board meetings I collate and present these concerns to the Directors and raise any issues that are necessary.

More recently, I have been the voice of my colleagues throughout the Covid-19 pandemic. As well as taking responsibility for the staff app as a means of communication, I have taken ownership of the Company confidential hotline and have filmed videos to all staff ensuring that our workforce has been kept informed and reassured during these unprecedented times.

I have had full involvement in ensuring that the workforce has had minimal financial burden during these times and have played a key role in safeguarding our stores and head offices in implementing safety measures, including the provision of personal protective equipment (PPE) to keep my colleagues safe in the ensuing months.

I hope this year, I can continue to make a positive difference and work closely with the Board to ensure that the wellbeing and safety of my colleagues is a priority whilst we navigate the challenging months ahead.

As I am the first Workforce Director for the Frasers Group, I am aware that I am setting a precedent but I firmly believe that the role is making a huge difference and I would urge every company to follow suit.

CHIEF EXECUTIVE'S REPORT AND BUSINESS REVIEW

KEY PERFORMANCE INDICATORS

The Board manages the Group's performance by reviewing a number of Key Performance Indicators (KPIs). The KPIs are discussed in this Chief Executive's Report and Business Review, the Financial Review, and the Corporate Social Responsibility section. The table below represents a summary of the Group's KPIs.

	52 weeks ended 26 April 2020	52 weeks ended 28 April 2019	52 weeks ended 29 April 2018
Group revenue	£3,957.4m	£3,701.9m	£3,359.5m
Underlying EBITDA ⁽¹⁾	£302.1m	£287.8m	£306.1m
Group gross margin	42.0%	42.8%	39.7%
Underlying basic earnings per share ⁽²⁾	16.2p	17.6p	19.1p
Underlying free cash flow ⁽³⁾	£263.1m	£273.3m	£326.2m
Net debt	£366.0m	£378.5m	£397.1m
NON-FINANCIAL KPIs			
No. of retail stores ⁽⁴⁾	1,524	968	826
Workforce turnover	28.6%	23.0%	23.0%
Packaging recycling ⁽⁵⁾	12,358 tonnes	12,807 tonnes	12,757 tonnes

(1) The method for calculating underlying EBITDA is set out in the Glossary on pages 119 and 120.

(2) The method for calculating underlying basic earnings per share is set out in note 15 on page 89.

(3) Underlying free cash flow is defined as operating cash flow after working capital and pre-IFRS 16, made up of underlying EBITDA plus realised foreign exchange gains and losses, less corporation tax paid. Further detail on this calculation can be found in the financial review on pages 17 to 20.

(4) Excluding associates and stores in the Baltic states that trade under fascias other than SPORTLAND or SPORTSDIRECT.com, and other niche fascias. Includes GAME and Sofa.com concessions.

(5) Cardboard and plastic recycling.

The Directors believe that underlying EBITDA, underlying profit before tax, underlying basic EPS and underlying free cash flow provide further useful information for shareholders on the underlying performance of the business in addition to the reported numbers and are consistent with how business performance is measured internally. They are not recognised profit measures under IFRS and may not be directly comparable with "adjusted" profit measures used by other companies. See Glossary on pages 119 and 120 for further information on the Group's Alternative Performance Measures.

Group revenue

The Board considers that this measurement is a key indicator of the Group's growth.

Underlying EBITDA

Underlying EBITDA shows how well the Group is managing its trading and operational efficiency and therefore the overall performance of the Group.

Group gross margin

The Board considers that this measurement is a key indicator of the Group's trading profitability. This KPI has been revised from Sports Retail gross margin to Group gross margin as a result of recent acquisitions. Management consider this to be a more meaningful measure and better reflects the performance of the Group overall.

Underlying basic earnings per share (EPS)

Underlying basic EPS is a measure of adjusted total shareholder return and ultimately an indicator to our shareholders of the success of our elevation strategy.

Underlying Free cash flow

Underlying free cash flow is considered an important indicator for the business of the cash available for investment in the elevation strategy.

Net debt

Net debt is an indicator of both the Group's investment in the elevation strategy and its covenant headroom which is a key component of the Group's going concern considerations.

No. of Retail stores

The Board considers that this measure is an indicator of the Group's growth. The Group's elevation strategy is replacing older stores and often this can result in the closure of two or three stores to be replaced by one larger new generation store.

Workforce turnover

The Board considers that this measure is a key indicator of the contentment of our people. For more details refer to the retention section of the Corporate Social Responsibility Report on page 30.

Packaging recycling

The Board considers that this measurement is a key indicator of our impact and commitment to the best environmental practices. For more details refer to the environment section of the Corporate Social Responsibility Report on pages 33 to 36.

PERFORMANCE OVERVIEW

Group revenue increased by 6.9% to £3,957.4 in the period. UK Sports Retail increased 0.7% to £2,203.3m, which includes USC, Evans Cycles and GAME UK fascia sales. Premium Lifestyle revenue increased by 34.9% and European Retail increased by 16.3% to £697.7m including Heaton's (Republic of Ireland) and GAME Spain. Rest of World Retail revenue was £174.2m, down 19.3% and revenue in the Wholesale & Licensing division decreased by 2.0%.

Group gross margin in the year decreased by 80 basis points from 42.8% to 42.0%. This was largely due to the acquisition of GAME Digital plc which contributes a lower margin rate. UK Sports Retail margin was down 110 basis points at 41.0% (FY19: 42.1%). Premium Lifestyle's gross margin increased by 210 basis points from 46.2% to 48.3% due to improved sell through as the product mix continues to improve. European Retail decreased 520 basis points from 43.6% to 38.4% largely due to the acquisition of GAME Spain which contributes a lower margin rate and increased stock provisioning. Rest of World Retail margin improved 420 basis points from 40.2% to 44.4%.

Group operating costs increased by 4.5% to £1,344.6m (FY19: £1,287.1m), mainly due to the acquisitions of GAME Digital plc, Jack Wills and Sofa.com. Excluding acquisitions, Group operating costs decreased by 13.2%. See the Financial Review page 17 for a reconciliation of Group operating costs to selling, distribution and administrative expenses.

As a result, Group underlying EBITDA for the year was up 5.0% to £302.1m (FY19: £287.8m). Excluding current year and prior year acquisitions and on a currency neutral basis, Group underlying EBITDA was in line with the prior period. UK Sports Retail underlying EBITDA was down 14.1% to £227.4m while Premium Lifestyle underlying EBITDA was £4.5m, up from a loss of £37.9m in FY19, European Retail underlying EBITDA was up 76.8% to £51.8m. Rest of World Retail was a loss of £6.8m, from a £0.9m loss in FY19 and Wholesale & Licensing underlying EBITDA decreased to £25.2m from £32.6m.

Depreciation and amortisation charges have increased by 215.0% to £395.0m (FY19: £125.4m) largely due to right of use asset depreciation amounting to £121.7m and an impairment charge in respect of right of use assets of £96.9m. Excluding IFRS 16 depreciation and amortisation charges have increased by 40.4% to £176.0m largely due to acquisitions, accelerated depreciation on leasehold stores which are onerous and a change in accounting estimate for the Everlast brand which is now being amortised over 15 years which previously had an indefinite life.

Group underlying profit before tax ⁽¹⁾ decreased 18.1% to £117.4m (FY19: £143.3m), largely due to the effects of Covid-19 including the closure of retail stores and associated provisioning and depreciation and amortisation charges. Underlying basic EPS for the year decreased by 8.0% to 16.2p (FY19: 17.6p).

Within other comprehensive income the Group's hedging contracts decreased by £18.6m (FY19: increased by £98.5m) as a result of the fair value movements in the period. With regard to the Group's long-term financial assets, fair value movements have resulted in a loss of £19.7m (FY19: £158.0m) in the period.

The Group generated Underlying free cash flow during the year of £263.1m, down from £273.3m in the prior period. Net debt decreased by £12.5m to £366.0m at period end. Spend on acquisitions and capex including Glasgow Frasers, Brookfield Unit Trust (Cheshunt Retail Park) and warehouse automation was offset by disposal of properties, combined with continued strong cash generation in the core business. Share buy backs in the period amounted to £44.0m. Net debt currently stands at 0.9 times reported EBITDA (excluding IFRS16 adjustments) (FY19: 1.3 times).

⁽¹⁾ Underlying profit before taxation excludes the effects of IFRS 16, realised foreign exchange gains/losses in selling and administration costs, exceptional costs, and the profit/loss on disposal of subsidiaries, strategic investments and properties.

REVIEW BY BUSINESS SEGMENT

UK SPORTS RETAIL

The UK Sports Retail segment includes all of the Group's sports retail and USC store operations in the UK and Northern Ireland, all of the Group's sports online businesses (excluding Bob's Stores, Eastern Mountain Sports, and Malaysia), the Group's gyms, Evans Cycles, GAME UK stores and online operations and the Group's Shirebrook campus operations. UK Sports Retail is the main driver of the Group and accounts for 55.7% of Group revenue.

	52 weeks ended 26 April 2020	52 weeks ended 28 April 2019
	(£m)	(£m)
UK Sports Retail Revenue	2,203.3	2,187.3
Cost of Sales	(1,300.1)	(1,267.4)
Gross Profit	903.2	919.9
Gross Margin %	41.0	42.1

Revenue grew 0.7% to £2,203.3m. Excluding acquisitions, revenue fell 14.6%. This was largely as a result of the temporary closure of retail stores during the Covid-19 lockdown.

UK Sports Retail gross margin decreased to 41.0% (FY19: 42.1%), largely due to a lower margin rate from GAME UK acquired in the year. Excluding acquisitions gross margin increased to 43.5%.

Operating expenses increased by 2.1% to £660.0m largely due to the acquisition of GAME UK during the year. Excluding acquisitions, operating expenses decreased by 12.1% largely driven by savings in store costs during the store closure period as a result of Covid-19.

Underlying EBITDA for UK Sports Retail was £227.4m (FY19: £264.7m), a decrease of 14.1% for the year, largely due to the impact of Covid-19 including increased provisioning. Prior to temporary store closures as a result of Covid-19, underlying EBITDA was up 9.4%.

UK SPORTS RETAIL STORE PORTFOLIO

	26 April 2020	28 April 2019
England	367	367
Scotland	37	37
Wales	28	28
Northern Ireland	17	17
Isle of Man	1	1
USC	27	35
Evans Cycles	50	56
GAME UK ⁽¹⁾	242	-
Total	769	541
Opened	25	13
Closed	(53)	(22)
Acquired	256	56
Area (sq. ft.)	approx. 6.3m	approx. 5.9m

(1) The GAME UK store numbers include 3 concessions operating within Sports Direct fascia stores, and does not include BELONG arenas.

PREMIUM LIFESTYLE

Premium Lifestyle consists of Flannels, Cruise, van mildert, House of Fraser, Jack Wills and Sofa.com fascia stores and corresponding web sales.

	52 weeks ended 26 April 2020	52 weeks ended 28 April 2019
	(£m)	(£m) ⁽²⁾
Gross Transaction Value (GTV) ⁽¹⁾	903.1	732.9
Revenue	722.0	535.4
Cost of sales	(373.4)	(288.1)
Gross Profit	348.6	247.3
Gross Margin %	48.3	46.2

(1) GTV being gross sales net of VAT, discounts and returns and gross sales where the Group acts as agent.
(2) The prior year has been re-categorised to include House of Fraser within the Premium Lifestyle division.

Premium Lifestyle sales increased by 34.9% to £722.0m (FY19: £535.4m), mostly due to new Flannels stores, increased web sales and acquisitions. Excluding acquisitions, sales increased 18.6%. The Premium Lifestyle gross margin for the year increased by 210 basis points to 48.3% (FY19: 46.2%), largely due to the continually improving product mix.

Premium Lifestyle operating costs increased by 20.7% to £344.1m (FY19: £285.2m) due to the increase in Flannels fascia stores and acquisitions. As a result, underlying EBITDA improved from a loss of £37.9m in FY19 to a profit of £4.5m in the year, largely due to Flannels store openings, like for like growth in stores and web and operating efficiencies in House of Fraser.

PREMIUM LIFESTYLE STORE PORTFOLIO

	26 April 2020	28 April 2019 ⁽¹⁾
Flannels	37	31
Cruise	5	8
van mildert	1	2
Jack Wills	67	-
House of Fraser	48	53
Sofa.com ⁽²⁾	21	-
	179	94
Opened	10	12
Acquired	117	53
Closed	(42)	(5)
Area (sq. ft.)	approx. 4.5m	approx. 4.7m

(1) Sofa.com store numbers include 12 concessions operating within House of Fraser fascia stores.
(2) The prior year has been re-categorised to include House of Fraser within the Premium Lifestyle division.

EUROPEAN RETAIL

The European Retail division includes the Group's sports retail store management and operations in Europe, including the Group's European distribution centres in Belgium and Austria, stores in the Baltic regions and GAME Spain stores.

	52 weeks ended 26 April 2020	52 weeks ended 26 April 2019
	(£m)	(£m)
European Retail Revenue	697.7	599.8
Cost of Sales	(429.8)	(338.3)
Gross Profit	267.9	261.5
Gross Profit %	38.4	43.6

Revenue increased 16.3% to £697.7m. On a currency neutral basis and excluding acquisitions, European Retail revenue decreased by 15.6% largely due to temporary store closures in March and April 2020 as a result of Covid-19.

European Retail gross margin decreased to 38.4% (FY19: 43.6%) largely driven by a lower margin rate for GAME Spain acquired in the year. Excluding acquisitions and on a currency neutral basis, margin is up 170 basis points to 45.1%.

Operating expenses decreased by 6.9% to £216.1m (FY19: £232.2m). Excluding acquisitions and on a currency neutral basis operating costs decreased by 29.3% due to the release of property related provisions in Austria after the disposal of property and reduction in overhead costs as a result of Covid-19. As a result, underlying EBITDA increased 76.8% to £51.8m.

All of the following stores are operated by companies wholly-owned by the Group, except Estonia, Latvia and Lithuania where the Group owns 60.0%.

EUROPEAN STORE PORTFOLIO ⁽¹⁾

	26 April 2020	26 April 2019 ⁽²⁾
GAME Spain	261	-
Belgium	35	35
Republic of Ireland ⁽³⁾	35	33
Austria	22	26
Estonia ⁽³⁾	25	25
Portugal	21	19
Latvia ⁽³⁾	18	17
Lithuania ⁽³⁾	18	18
Poland	16	16
Slovenia	14	14
Czech Republic	12	11
Hungary	8	8
Cyprus	6	6
Holland	5	5
Slovakia	5	5
France	4	4
Germany	2	2
Luxembourg	2	2
Spain	1	2
Iceland	1	1
Total	511	249
Opened	11	8
Closed	(14)	(10)
Acquired	265	1
Area (sq.ft.)	approx. 4.0m	approx. 3.7m

(1) Includes only stores with SPORTSDIRECT.com and SPORTLAND fascias

(2) Excluding Heaton's fascia stores

(3) FY19 figures have been revised to exclude outlet stores in Estonia and Latvia in line with other countries.

REST OF WORLD RETAIL

Rest of World Retail includes sports stores in Malaysia trading under the SPORTSDIRECT.com fascia and retail stores in the US trading under Bob's Stores and Eastern Mountain Sports. In Malaysia the Group has 31 stores which are 51.0% owned by the Group.

	52 weeks ended 26 April 2020	52 weeks ended 26 April 2019
	(£m)	(£m)
Rest of World Revenue	174.2	215.9
Cost of Sales	(96.9)	(129.1)
Gross Profit	77.3	86.8
Gross Margin %	44.4	40.2

Rest of World Retail sales were £174.2m for the year. Gross margin was 44.4%, up from 40.2% in the prior year. Underlying EBITDA loss was £6.8m, from a loss of £0.9m in FY19. This was largely due to temporary store closures in March and April 2020 as a result of Covid-19.

REST OF WORLD STORE PORTFOLIO

	26 April 2020	26 April 2019
Malaysia	31	33
Bob's Stores	24	28
Eastern Mountain Sports	20	23
	75	84
Area (sq. ft.)	approx. 1.3m	approx. 1.5m

WHOLESALE & LICENSING

The portfolio of Group brands includes a wide variety of world-famous sport and lifestyle brands. The Group's Sports Retail division sells products under these brands in its stores, and the Wholesale & Licensing division sells the brands through its wholesale and licensing activities. The Wholesale & Licensing division continues to sponsor a variety of prestigious events and retains a variety of globally recognised, high-profile celebrities and sporting professionals as brand ambassadors.

	52 weeks ended 26 April 2020	52 weeks ended 26 April 2019
	(£m)	(£m)
Wholesale	134.4	136.0
Licensing	25.8	27.5
Total Revenue	160.2	163.5
Cost of Sales	(94.7)	(95.5)
Gross Profit	65.5	68.0
Gross Margin %	40.9	41.6

Wholesale & Licensing total revenue decreased by 2.0% to £160.2m (FY19: £163.5m). Wholesale revenues were down 1.2% to £134.4m (FY19: £136.0m), due to reductions in UK wholesale activity.

Total gross margin decreased by 70 basis points to 40.9% (FY19: 41.6%). Wholesale gross margin decreased 30 basis points to 29.5% (FY19: 29.8%).

Licensing revenues in the year were down 6.2% to £25.8m (FY19: £27.5m) largely due to the loss of a licensee in the year.

Operating costs increased by 13.8% to £40.3m (FY19: £35.4m) largely due to an increase in inventory sourcing activity in SD Asia and an increase in bad debt write downs in Everlast.

As a result, underlying EBITDA decreased by 22.7% to £25.2m (FY19: £32.6m).

PROPERTY REVIEW

Our elevated store model continues to evolve having opened across different size formats (small, medium, large & extra-large) incorporating an extensive sports category offering as well as a lifestyle offering via USC. The model has now been implemented across high street, shopping centre and retail park locations.

The new concept has been well received by landlords and coupled with the changing market conditions is creating further opportunities to grow the pipeline of new elevated stores. A model for both GAME and Evans Cycles has been developed to complement the elevated sports store format, enhancing their destination retail status. Delivering such destination stores is a priority for new store openings and it should also be noted that a multi-fascia model for Frasers is in development and will first be delivered at Wolverhampton in the coming financial period.

Over FY20 the group acquired GAME Digital plc, Jack Wills and Sofa.com resulting in taking control of the store estate. These have been onboarded to form part of the Group's property strategy and processes.

In the UK, a number of large format sports stores were opened during the period including Watford, York, Leicester and Glasgow Fort. The elevated store concept has not been limited to the UK, with new stores opening across Europe during FY20. Highlights include the comprehensive refit of our flagship City 2 store in Brussels, the relocation and elevation of our Sports Direct store in Dolce Vita Tejo Shopping Centre, Lisbon and the opening of a flagship Sports Direct and USC in Riga Akropolis, Latvia. This is the first introduction of the USC offering into the Baltics region. A portfolio of six Toys R Us stores located across Spain were acquired and will be reconfigured in phases to house the new elevated Sports Direct concept.

Whilst freehold property acquisitions remain an option for the Group to assist with the delivery of elevated stores, it is expected that particularly in shopping centres there will be significant large space opportunities compared to previous years. This is likely to result in more leasehold activity with more viable options available.

Another objective for the coming financial period is the transition of the leasehold estate towards turnover based rents across all fascias and territories. Long-term leases will be signed with collaborative landlords and those willing to co-invest in the elevated store model. However, it is possible further store closures will occur over the coming year where such terms cannot be agreed.

Flannels remains a key fascia having opened eight new stores including the London flagship store on Oxford Street. The other openings all adopt the regional concept developed last financial year which gained industry recognition at the 2019 Drapers awards.

STORE PORTFOLIO – SPORTS STORES – UK INCL. NORTHERN IRELAND

The Group is currently operating 367 stores in England, 37 in Scotland, 28 in Wales and 17 in Northern Ireland. There were 16 openings and 16 closures for Sports Direct fascia stores over the period resulting in no change to the overall store numbers from the previous year.

Noteworthy openings include Leicester, Watford, Glasgow Fort, York and Ballymena. All of these stores with the exception of Ballymena are held freehold or long leasehold.

All the new store openings include a USC lifestyle offering as part of the elevated store model across the small / medium / large and extra-large formats. As mentioned previously, both a GAME and Evans Cycles concept has been developed to form part of the elevated Sports Direct format. Over the coming financial period there will be a push towards the multi-fascia store openings incorporating each of these fascias.

Store Portfolio – Evans Cycles

There are currently 50 Evans Cycle stores operating, a reduction of six stores in the period. A new concept to incorporate Evans Cycles into appropriate Sports Direct stores has been developed and will be implemented over the coming financial year.

Store Portfolio – GAME UK

Following the acquisition of GAME Digital plc, 256 stores were taken on in the UK. Over the period, 20 stores were closed as part of the Group's strategy to move the GAME stores into the new elevated stores and six were opened resulting in 242 at the end of the period.

A notable opening is the flagship GAME store on Oxford Street into part of the House of Fraser store; this store also includes a BELONG Gaming Arena. With 100 desks this is the largest in the UK. The BELONG Gaming Arena concept will continue to form part of new stores across the UK where viable. The general estate strategy to relocate and open space within

Sports Direct stores where possible is underway with significantly more to open over FY21.

STORE PORTFOLIO – PREMIUM LIFESTYLE

Flannels, Cruise and Van Mildert

During FY20 there were eight store openings and two closures resulting in a net increase of six stores. The resulting store numbers consisted of 37 Flannels stores, 5 Cruise stores and one van mildert store – a total of 43 stores.

The regional concept continues to be well received and has received industry recognition with the Newcastle Flannels store winning the 2019 Drapers award for Best Store Design <50,000 sq.ft. Other highlights include the opening of the London flagship store on Oxford Street and the opening of Belfast, the first Flannels to form part of a Frasers store.

The Flannels fascia remains a key area of development with plans to expand the model up to approx. 60k sq.ft. incorporating categories including beauty services and food & beverage; the result of which will create market leading luxury destination stores.

House of Fraser

The Group started FY20 with 53 House of Fraser stores in the UK and over the period five were closed resulting in a total store estate of 48. A large number of stores remain on flexible terms whilst long-term lease negotiations continue. There are anticipated to be further closures over the coming period, the number of which will depend on the outcome of lease negotiation. During FY20 the freehold acquisition of the flagship store in Glasgow, completed having exchanged contracts in 2018. In addition, a relocation of the Wolverhampton store was agreed and is due to open in FY21.

As has been the case with the elevated Sports Direct and Flannels stores, a new concept is currently under development for new Frasers stores.

Jack Wills

Following the acquisition of Jack Wills negotiations across the entire store estate commenced with a total of 96 trading stores in the UK. Over the period 31 stores closed due to performance and being unsuccessful in reaching a new lease agreement. However, two stores were opened bringing the total number of stores at the end of the financial year to 67. It should also be noted the licence to occupy held via the administrators was terminated over the period.

Forecast Openings UK FY21

The Group remains firmly committed to the elevation strategy and will continue the roll out of the new store concept across the UK. However due to the circumstances resulting from Covid-19 and adhering to Government guidelines, it is possible the programme of store openings will be impacted.

EUROPEAN RETAIL

Store Portfolio Europe – Republic of Ireland

The Group has continued to invest extensively in the Heaton's ROI existing store network through the conversion of a further eight stores into multi-fascia / Sports Direct stores. The Group operates 35 locations across the Republic of Ireland, of which there are 14 standalone Sports Direct stores. In addition to this, there are six standalone Heaton's stores which are intended to be either converted or relocated subject to the associated lease event.

Store Portfolio Europe – Continental

The Group continues to operate sports stores in 19 countries in Europe:

- 215 Sports retail stores in Continental Europe (plus 15 non-core, speciality and outlets).
- Total sq.ft. of approx: 2.9m of all sports fascias in Europe (including Sportland, Eybl, Disport, Sportsworld etc.).

- Acquired 263 GAME stores in Spain during FY20 and after three closures and one opening finished FY20 on 261.
- Ten openings in four different countries in FY20, four of which were relocations and one was a refit.
- 11 closures in four different countries with a mixture of closing non-performing stores and closures linked to relocations and refits.
- The Group is committed to expansion in Continental Europe and in the immediate months following FY20 opened an elevated Sports Direct store in Hasselt, Belgium and is committed to a further ten in Spain during FY21.
- As is the case in the UK, the Group is firmly committed to the rollout of elevated stores across Europe. Again, due to the circumstances resulting from Covid-19 and adhering to local policy it is possible the programme of stores will be affected.

Store Portfolio – Rest of World

- 31 stores in Malaysia with five openings and seven closures in FY20. Four of these closures were Tesco based stores where we continue to review these locations going forward while the estate is repositioned.
- The Malaysian elevation and expansion drive continues, with 5 new elevated stores opened in the period, a further 6 stores under contract and six refits in FY21 in an elevated format.
- We have also signed the lease on a flagship new retail store and Malaysian HQ relocation at a major shopping centre in the Kuala Lumpur area totalling 30,000 sq.ft.
- 44 stores in the United States, following seven closures and one relocation in FY20.

Freehold / Long Leasehold Property Purchases:

For FY20, a total of 11 acquisitions were completed in the UK amounting to a combined purchase price of £149.3m. This excludes amounts paid for building improvements to existing freeholds and includes the Glasgow Frasers store which completed in FY20 (£95.0m) and where contracts were exchanged in FY19.

In Europe, seven properties were acquired for a total of €40.1m, six of which formed part of a portfolio of Toys R Us properties across Spain. At the commencement of FY20, a property was acquired in the United States, amounting to \$8.7m.

Consistent with previous years, further property assets were sold over FY20 in both the UK and Europe. Selected property disposals are likely to continue over the coming financial period across territories. The most significant disposal was the Group's sale and leaseback of the UK Head office and distribution centre located in Shirebrook which completed at the commencement of FY20. Notable disposals in Europe include Innsbruck, Austria for €11.3m and Salzburg Kasern, Austria for €7.6m.

ENVIRONMENTAL MATTERS

Our Corporate Social Responsibility Report is on pages 30 to 36 and an assessment of the Group's impact on the environment is included in that report.

Mike Ashley

Chief Executive

20 August 2020

FINANCIAL REVIEW

The financial statements for the Group for the 52 weeks ended 26 April 2020 are presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

SUMMARY OF RESULTS

	52 weeks ended 26 April 2020	52 weeks ended 26 April 2019
	(£m)	(£m)
Revenue	3,957.4	3,701.9
Reported EBITDA	551.0	277.3
Underlying EBITDA ⁽ⁱ⁾	302.1	287.8
Reported profit before tax	143.5	179.2
Underlying profit before tax ⁽ⁱ⁾	117.4	143.3
Earnings per share (EPS)	Pence per share	Pence per share
Reported basic EPS	18.5	21.6
Underlying basic EPS ⁽ⁱ⁾	16.2 ⁽ⁱ⁾	17.6

⁽ⁱ⁾ The Directors believe that underlying EBITDA, underlying profit before tax and underlying basic EPS provide further useful information for shareholders on the underlying performance of the Group in addition to the reported numbers and are consistent with how Group performance is measured internally. They are not recognised profit measures under IFRS and may not be directly comparable with "adjusted" profit measures used by other companies. Further detail on these measures including a full reconciliation of underlying EBITDA and underlying PBT can be found in the Glossary on pages 119 and 120.

EBITDA is earnings before investment income and investment costs, finance income and finance costs, tax, depreciation, amortisation and impairment. It includes the Group's share of losses from associated undertakings and joint ventures. Underlying EBITDA is calculated as EBITDA before the impact of IFRS 16, foreign exchange, any exceptional or other non-trading items, gains/losses on disposals and the fair value adjustment on step acquisition.

GROUP OPERATING COSTS

	52 weeks ended 26 April 2020	52 weeks ended 26 April 2019
	(£m)	(£m)
Group operating costs	1,344.6	1,287.1
Depreciation and amortisation	170.2	25.4
Intangible impairment	5.9	-
IFRS 16 depreciation	122.6	-
IFRS 16 impairment	106.1	-
IFRS 16 disposal of lease liabilities	(9.7)	-
IFRS 16 reversal of rent expense	(137.5)	-
IFRS 16 reversal of onerous lease provision	(15.5)	-
Realised FX (gain) / loss	(34.9)	(22.1)
Operating income	32.5	23.4
Selling, distribution and administration costs	1,564.3	1,413.8

Group operating costs for the purposes of management reporting:

- Excludes depreciation, amortisation and impairments of property, plant and equipment, intangible assets, IFRS 16 and realised FX gains and losses; and
- Includes other operating income.

FOREIGN EXCHANGE AND TREASURY

The Group reports its results in GBP but trades internationally and is therefore exposed to currency fluctuations on currency cash flows in various ways. These include purchasing inventory from overseas suppliers, making sales in currencies other than GBP and holding overseas assets in other currencies. The Board mitigates the cash flow risks associated with these fluctuations with the careful use of currency hedging using forward contracts and other derivative financial instruments.

The Group uses forward contracts that qualify for hedge accounting in two main ways – to hedge highly probable EUR sales income and

USD inventory purchases. This introduces a level of certainty into the Group's planning and forecasting process. Management has reviewed detailed forecasts and the growth assumptions within them and is satisfied that the forecasts meet the criteria as being highly probable forecast transactions.

As at 26 April 2020, as detailed in note 30c the Group had the following forward contracts that qualified for hedge accounting under IFRS 9 Financial Instruments, meaning that fluctuations in the value of the contracts before maturity are recognised in the Hedging Reserve through Other Comprehensive Income. After maturity, the sales and purchases are then valued at the hedge rate.

Currency	Hedging against	Currency value	Timing	Rates
EUR / GBP	Euro sales	EUR \$40m	FY21 – FY23	0.99 – 1.09
USD / EUR	USD inventory purchases	USD 120m	FY21	1.32

The Group 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 IFRS 9 Financial Instruments. The fair value movements before maturity are recognised in the Income Statement.

The Group has the following currency options and unhedged forwards:

Currency	Expected use	Currency value	Timing	Rates
EUR / GBP	Euro sales	EUR 660m	FY21 – FY23	0.99 – 1.09
EUR / GBP	Euro purchases	EUR 200m	FY21	1.16

The Group also holds short-term swaps for Treasury management purposes.

Currency	Expected use	Currency value	Timing	Rates
EUR / GBP	Cash flow management	EUR 75m	FY21	1.13
USD / GBP	Cash flow management	USD 190m	FY21	1.291 – 1.302
EUR / USD	Cash flow management	EUR 80m	FY21	1.108 – 1.135

The Group is proactive in managing its currency requirements. The Treasury team works closely with senior management to understand the Group's plans and forecasts, and discuss and understand appropriate financial products with various financial institutions, including those within the Group Revolving Credit Facility. This information is then used to implement suitable currency products to align with the Group's strategy.

Regular reviews of the hedging performance are performed by the Treasury team alongside senior management to ensure the continued

appropriateness of the currency hedging in place, and where suitable, either implementing additional strategies and / or restructuring existing approaches in conjunction with our financial institution partners.

Given the potential impact of commodity prices on raw material costs, the Group may hedge certain input costs, including cotton, crude oil and electricity.

TAXATION

The effective tax rate on profit before tax in FY20 was 29.6% (FY19: 35.3%). The prior year rate reflects the impact of investment losses that are not tax deductible. The underlying effective tax rate remains at approx. 21.4%; this reflects the impact of the increase in freehold property and related disallowable depreciation.

EARNINGS

	52 weeks ended 26 April 2020 (pence per share)	52 weeks ended 26 April 2019 (pence per share)	Change (%)
Reported EPS (Basic)	18.5	21.6	(14.4)
Underlying EPS (Basic) ⁽¹⁾	16.2	17.6	(8)
Weighted average number of shares (actual)	505,826,890	519,468,336	

Basic earnings per share (EPS) is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the actual financial period. Shares held in Treasury and the Employee Benefit Trust are excluded from this figure.

⁽¹⁾The underlying basic EPS reflects the underlying performance of the business compared with the prior period and is calculated using the weighted average number of shares. It is not a recognised profit measure under IFRS and may not be directly comparable with "adjusted" profit measures used by other companies. Further details can be found in the Glossary on page 119 and 120.

DIVIDENDS

The Board has decided not to pay a dividend in relation to FY20. The Board remains of the opinion that it is in the best interests of the Group and its shareholders to preserve financial flexibility and facilitate future investments and other growth opportunities. The payment of dividends remains under review.

CAPITAL EXPENDITURE

During the period, gross capital expenditure amounted to £323.5m (FY19: £159.2m), which includes £177.2m on freehold properties (FY19: £48.2m) and £31.1m on warehouse automation.

STRATEGIC INVESTMENTS

The Group continues to hold various other strategic interests as detailed in note 20.

The fair value of the contracts for difference and options are recognised in Derivative Financial Assets or Liabilities on the Group Balance Sheet, with the movement in fair value recorded in the Income Statement.

ACQUISITIONS**GAME Digital plc**

On 8 July 2019, the Group acquired the remaining share capital of GAME Digital plc. As at 26 April 2020 the business operates from 242 stores in the UK and 261 stores in Spain as well as its e-commerce platforms. The post-acquisition results of the UK business have been included within the UK Sports Retail segment of this report and the results from the Spanish business have been included within the European Retail segment.

Other

On 24 June 2019 the Group acquired the entire share capital of Sofa.com. On 5 August 2019 the Group acquired the trade and assets of Jack Wills and on 15 October 2019 the Group acquired the entire share capital of Brookfield Unit Trust (Cheshunt Retail Park).

RELATED PARTIES

MM Prop Consultancy Limited, a company owned and controlled by Michael Murray, a member of Key Management, continues to provide property consultancy services to the Group. MM Prop Consultancy Limited is primarily tasked with finding and negotiating the acquisition of new sites in the UK, Europe and rest of the world for both our larger format stores and our combined retail and gym units. It also provides advice to the Company's in-house property team in relation to existing sites in the UK, Europe and rest of the world. In the year, all properties are assessed and those that are considered by the Group's Independent Non-executive Directors to have been completed and be eligible for review at the period end are assessed and valued by an independent valuer who confirms the value created by MM Prop Consultancy Limited. The Group's Independent Non-executive Directors then review and agree the value created and have full discretion to approve a payment to MM Prop Consultancy Limited of up to 25% of the value created. There is a current pipeline of properties that may be eligible to be assessed both positively and negatively by the Group's Non-executive Directors in future years.

In FY19 £5.4m was provided, and during FY20 £4.3m was subsequently paid as Michael Murray agreed to waive a proportion of his fee and settle on 20% of the final agreed value created.

The analysis of debt at 26 April 2020 was as follows:

	26 April 2020	26 April 2019
	(£m)	(£m)
Cash and cash equivalents	534.0	448.0
Borrowings	(900.0)	(826.5)
Net debt	(366.0)	(378.5)

During FY19 MM Prop Consultancy Limited was paid £0.2m for the value estimated to have been created on a property in Sunderland. Subsequently in late FY20 the onward sale of that property realised an amount such that the actual value created could lead to a payment being due to MM Prop Consultancy Limited of £0.5m. The Group wishes to note the additional value created by MM Prop Consultancy Limited for which no fee is due.

At the period end Enil has been accrued as payable to MM Prop Consultancy Limited. The Independent Non-executive Directors consider this to be appropriate due to the effects of the Covid-19 pandemic which has resulted in significant economic uncertainty in the UK. With the widespread closure of businesses, furloughing of employees, people ordered to stay at home ("the lockdown") and the unprecedented economic environment, any property valuations would, at best, be uncertain and, at worst, be unreliable. As a consequence, it is not possible to quantify the value created on property transactions reliably. MM Prop Consultancy Limited has agreed to defer the valuation until a reliable assessment can be performed.

Other related parties are disclosed in note 35.

CASH FLOW AND NET DEBT

Net debt decreased by £12.5m from £378.5m at 28 April 2019 to £366.0m at 26 April 2020. Based largely on the increased use of the Revolving Credit Facility (RCF) during the year, particularly during the Covid-19 crisis when the vast majority of the RCF was drawn down, albeit not fully utilised, net interest on bank loans and overdrafts increased to £17.8m (FY19: £14.5m).

The Group's Working Capital Facility is £913.5m (FY19: £913.5m) and is available until November 2021 and is not secured against any of the Group's assets. £847.5m of the facility is due to expire in November 2022.

The Group continues to operate well within its banking covenants and the Board remains comfortable with the Group's available headroom. Note, due to timing of payroll and supplier payments, net debt at 30 April 2020 was approx. £408.0m (FY19: approx. £435.0m).

CASH FLOW

Total movement is as follows:

	52 weeks ended 26 April 2020	52 weeks ended 28 April 2019
	(£m) ⁽¹⁾	(£m)
Underlying EBITDA	302.1	287.8
Realised FX loss	34.8	22.1
Taxes paid	(48.5)	(40.0)
Movement in inventory	(120.8)	(14.5)
Working capital and other	95.5	17.9
Underlying free cash flow after working capital	263.1	273.3
Invested in:		
Purchase of own shares	(43.9)	(7.3)
Purchase of subsidiaries, net of cash acquired	(7.3)	(98.7)
Purchase of listed investments	(24.8)	(57.8)
Purchase of associates	(5.6)	-
Proceeds on disposal of investments	4.9	54.9
Net capital expenditure	(170.9)	(139.6)
Exchange movement on cash balances	5.0	3.2
Investment income received	0.5	3.4
Finance income received less finance costs paid	(8.5)	(12.8)
Decrease in net debt	12.5	18.6

(1) This table excludes the impact of IFRS 16

Balance Sheet

Significant Balance Sheet items are shown below:

	26 April 2020	28 April 2019
	(£m)	(£m)
Property, plant and equipment	1041.9	823.2
Right of use assets	305.7	-
Assets held for sale	-	68.0
Inventory	1198.3	978.4
Receivables	414.2	432.5
Provisions	336.0	440.5
Payables	602.5	541.1
Lease Liability	624.1	-

Included within property, plant and equipment is £48.2m for warehouse automation, £108.0m relating to Glasgow Frasers and £109.7m relating to Oxford Street.

The right of use assets in FY20 relates to leasehold properties capitalised under IFRS 16. Further details can be found in the financial statements note 1.

The assets held for sale in FY19 relate to the Shirebrook distribution centre which was sold in the period. See note 21 for further details.

Inventory has increased largely due to acquisitions, continued movement from a concession model to an own bought model in House of Fraser and store closures as a result of Covid-19.

Receivables includes a £118.3m reimbursement asset in relation to the Group's ongoing non-UK tax enquiries (FY19: £125.2m) and £71.3m relating to deposits in respect of derivative financial instruments (FY19: £26.0m) with the increase mainly relating to Hugo Boss and commodities.

Provisions have reduced mainly due to the adoption of IFRS 16 whereby the rental element of onerous property lease contracts are de-recognised and replaced with the lease liability.

Payables have increased largely due to the acquisition of GAME Digital plc in the year and rent payments under negotiation as a result of Covid-19.

Lease liabilities relate to the present value of property lease payments expected to be made over the remaining life of the lease under IFRS 16. Further details can be found in the financial statements note 1.

Chris Wootton

Chief Financial Officer

20 August 2020

NON-FINANCIAL INFORMATION

The table below sets out where the information required by s414CA and s414CB of the Companies Act 2006 can be found in this Annual Report.

Requirement	Location	Relevant Policies
Environmental Matters*	PROTECTING OUR ENVIRONMENT – pages 33 to 36	
Employees	HUMAN RESOURCES – page 30 STAFF INVOLVEMENT – page 40	Staff Handbook Employee Data Privacy Statement Acceptable Use Policy
Social Matters*	COMMUNITY INVOLVEMENT – page 29	
Human Rights	SUPPLY CHAIN – page 33 MODERN SLAVERY ACT 2015 – page 31	Anti-Slavery and Human Trafficking Policy
Anti-Bribery & Corruption policy	ANTI-CORRUPTION & ANTI-BRIBERY – page 36 WHISTLEBLOWING – page 36	Staff Handbook, Anti-Bribery & Corruption Policy Whistleblowing Policy, Code of Conduct/Supply Policy
Business Model	BUSINESS MODEL – page 9	
Principal Risks and Business Activity	RISKS AND UNCERTAINTIES RELATING TO THE GROUP'S BUSINESS – pages 21 to 24 VIABILITY STATEMENT – page 25	Risks Register Customer Data, Privacy Policy Data Retention Policy
Non-Financial Key Performance Indicators	KEY PERFORMANCE INDICATORS – page 11	

* We continually work to ensure that we improve in this sector. Our policy is not formalised although evidence of what we do can be located on pages 26 to 36.

Further information is provided within the Group's Corporate Social Responsibility Report on pages 30 to 36.

RISKS AND UNCERTAINTIES

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for ensuring the Group's systems of risk management and internal control are operating effectively. The Board is supported by the Audit Committee under delegated authority for discharging these responsibilities.

The Chief Executive has overall accountability for the management of risks in the business and individual direct reports to the Chief Executive are accountable to him for those specific principal risk areas within their remit.

A Risk and Compliance Steering Group has been introduced to provide connectivity between executive management responsibilities for risk management and internal control and the oversight roles of the Audit Committee and the Board. The Steering Group will better enable cross-functional discussion and collaboration across principal risk areas and matters of internal control. The Steering Group's role is also to undertake horizon scanning, challenge the appropriateness and effectiveness of internal controls and discuss emerging risk concerns. It is intended that the work of the Steering Group will be reported formally to the Audit Committee.

Our approach to risk management is top-down from the Board and the Audit Committee and bottom-up from executive management and the business to ensure a comprehensive approach to the evaluation of risks impacting the business and ongoing dialogue in respect of emerging risks.

The Group's risk management and internal control systems are intended to manage, rather than eliminate, the risk of failing to achieve business objectives. They provide reasonable but not absolute assurance against the risk of material misstatement or financial loss.

KEY ACTIVITIES DURING THE YEAR

We focused on the following risk management activities during the year:

- Full review of the Group risk register
- Refreshed risk impact, likelihood and appetite parameters
- Detailed review of our principal risks and Group risk profile
- Appointed a Head of Internal Audit & Risk Management to lead our continuous improvement agenda for governance, risk and control
- Introduced a formal cycle of principal risk reviews at Audit Committee and Board
- Ongoing programme of embedding business owner responsibilities for managing risk and operating effective control
- Continued follow-up of our 2018 external governance review recommendations for operating effectiveness

BOARD REVIEW

The Board has carried out a detailed review of the Group's risk management and internal control systems during the period. This covered all material controls including financial, operational and compliance, and the Board is satisfied that they have been operating effectively for the financial period to 26 April 2020, up to and including the date of this report.

No significant failings of internal control were identified during the period.

Refer to page 43 for the Board's statement on Corporate Governance.

KEY AREAS OF FOCUS FOR NEXT YEAR

We are committed to an ongoing programme of continuous improvement to strengthen our wider risk management and internal control frameworks.

Our plans include to:

- Enhance the level of formality across our Group internal controls
- Develop more effective principal risks reporting at operational and oversight levels
- Continue to refine risk appetite
- Review and refine our policies and procedures in respect of risk management
- Further embed knowledge and understanding across our business on all aspects of our risk management framework
- Benchmark our activities and progress

COVID-19

Our response to Covid-19 demonstrates that management's monitoring and mitigation of existing and emerging risks are embedded into the way the Group manages the business.

The future levels of risk presented by Covid-19 and its impacts on the global economy, our business and the sector in which we operate are uncertain. Our business continuity and crisis management plans have been mobilised successfully across our Group from the outset and our executive and senior management teams continue to manage the ongoing impacts on our business as a principal risk and with the oversight of the Board.

In this context, we continue to:

- prioritise the safety of our people and our customers
- stress test our solvency and liquidity
- explore external analysis on our sector and the wider economy
- manage our growth, performance and opportunity
- manage our cash and financial controls in respect of spend and approvals
- understand, respond to and comply with Government guidelines in all respects
- manage our supply chain and our supplier relationships
- re-align our strategic response in terms of our online trading capability and customer service response
- continue to evaluate the availability of our workforce to support our operations

Our stores continued trading safely within Government guidelines where they were allowed to do so at the outset of the lockdown. We enhanced our online capability with speed and we re-opened the remainder of our retail estate safely following subsequent Government updates and a comprehensive review of our new operating requirements.

We continue to manage the effects and evaluate the ongoing uncertainties of Covid-19 as a priority. Our principal risks otherwise remain unchanged in substance other than our mitigations continue to include the impacts of Covid-19 in context of those risks.

BREXIT

We continue to monitor the progress of the UK Government and EU Brexit negotiations and consider any developments in context of the risks and uncertainties they impose on our business. At this stage, we anticipate the level of uncertainty to continue beyond the end of the standstill period at 31 December 2020 and will continue to monitor developments closely.

Our Brexit response plan and analysis highlights the key potential impacts to our business are the flow of goods, implications for our supply chain logistics and costs, import and export duties and the supply and availability of labour, for example in our warehouse operations.

Whilst the implications are uncertain as to the outcome of the negotiations and their impacts, through our evaluation, we do not consider them to be material to our business at this stage.

We monitor Brexit and broader global and macro-economic factors on an ongoing basis as part of our strategy discussions. This includes political and global events as they arise and which form part of our strategic and business continuity response plans.

ASSESSMENT OF PRINCIPAL RISKS

We introduced more clarity in respect of our strategy and business performance at principal risks level during the year. Also, in respect of our people, customers and our extended enterprise, Brexit remains a key area of uncertainty which we will continue to monitor. Our continued programme of infrastructure renewal has been enhanced in our technology risks descriptions and our existing cyber and data security risks have been enhanced to include privacy.

We addressed our taxation risks during the year as referenced in our FY19 Annual Report and concluded matters in respect of the Belgian tax enquires, with no material consequences.

As part of improving our risk mitigations and our commitment to formalise our internal controls, we have engaged a review of our end to end processes and controls impacting our payments of tax to reflect technology changes

and restructuring already in progress in the business.

Environmental and corporate, social responsibility risks remain high on our agenda and we set out our responses in our Corporate Social Responsibility Report on pages 30 to 36 and will continue to build on this during the year at principal risk level in terms of opportunity and the value we create.

Our mitigations in respect of value, trust and reputational risk are considered throughout our risk management and internal control systems.

Other risks otherwise remain largely unchanged from last year.

Our principal risks activity has incorporated the outputs of discussions in respect of emerging risks at Board and Committee meetings and at executive management and business unit level.

PRINCIPAL RISKS

Principal risks are considered those which pose a threat to our business model, future performance, prospects or reputation.

Strategy

The Group continues to deliver its elevation strategy which focuses on an enhanced product offering and enhanced customer experience across all Group fascias. Owned brands and advances in our e-commerce delivery also remain integral to our strategic growth.

Risk	Controls and Mitigations
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 review. 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 our strategic ambition. The impact of global economic and political factors or events are considered as part of strategic monitoring and monitoring of performance, markets and competition. Strong financial controls, reporting and analysis maximise resource allocation, profits and cash flow towards our strategic targets and efficient and effective strategic delivery. Effective management of our property portfolio supports our elevated direction. Ongoing research for insights into consumer trends.

Third-party brand relationships, key suppliers and supply chain management

Key brands, brand suppliers and major manufacturers are central to our business and elevation strategy. Our supply chain is international and is subject to stringent management of supply chain logistics and working capital to secure and ensure the flow of product in line with our strategic ambition.

Risk	Controls and Mitigations
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 and quality and to meet or exceed our customer expectations; failure to mitigate these risks might impact our elevation targets, performance and long-term growth.	<ul style="list-style-type: none"> The Group has a policy of forging long-term close commercial relationships which are underpinned by our commitment to product, elevation and customer excellence. The elevation strategy targets forging stronger relationships with key brand partners and this is an ongoing priority. Dedicated relationship partners and procurement and commercial teams. The Group utilises two leading supply chain companies to procure much of the Group's own branded products and in the prior year created Sports Direct Asia Limited as a Group owned supply chain entity to further diversify risk. Our stock levels supported our position through the Covid-19 pandemic and we have continued to secure ongoing supplies due to the depth and breadth of our commercial relationships. Suppliers sign-up to the Group's Code of Conduct / Supply Policy which enables the Group to monitor and benchmark supplier performance and make changes where it deems necessary. Strong service level agreements are in place which help to support an effective supply chain network. Robust monitoring and management of stock levels and product availability.

Financial and business performance

The Group operates on the high street and online in a highly competitive and challenging retail industry, both nationally and internationally. Our continued ability to manage our business on a sound financial basis and respond with agility to our business and trading performance in all circumstances is critical to compete and grow in this environment and in line with our strategic ambition.

Risk	Controls and Mitigations
Failure to manage business, trading and financial performance effectively might impact our cash and funding positions, plans for growth, profitability or the ongoing viability of our business.	<ul style="list-style-type: none"> Strong CEO and Board level oversight of business performance, opportunities and key strategic initiatives. Strength in financial and business leadership. Sound financial controls monitoring of revenues, budgets, costs, working capital and investments with cash flow and performance KPIs. Stress testing and analysis of business risk scenarios. Ability to respond to external events impacting revenue and consumer trends. Investment in online trading capabilities and customer service. Efficient Group integration processes. Strength in depth and breadth of supply chain network. Research and insights into consumer and retail competitor trends.

Treasury, liquidity and credit risks

Short, medium and long-term funding arrangements support our business operations and ability to meet our financial obligations. Funding and liquidity are provided through bank loans, overdrafts and shareholders' funds. Interest rate risks arise on net borrowings. Foreign exchange risk arises from international trading; future sales and purchases in foreign currency, loans to non-UK subsidiaries and unhedged options to buy or sell foreign currency. Credit risk arises primarily through our Wholesale & Licensing customers and there is some level of counter-party risk exposures though we do not consider these material.

Risk	Controls and Mitigations
Failure to appropriately manage our funding and liquidity positions 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"> Group Treasury function manages liquidity, interest rate and foreign exchange risks. Treasury policy with Board oversight outlines guardrails for operation, monitoring and reporting. Board reporting on debt, covenants, funding and cash flow positions including stress testing. Investments of cash surplus, borrowings and derivative investments are made under pre-approved investment criteria. Use of forward foreign currency contracts to hedge against highly probable foreign currency trading transactions. Stress testing and analysis of business risk scenarios. Working capital facility is available until November 2022. Credit policy in place with regular monitoring of customer and counter-party credit risks.

See note 3 to the financial statements for further detail on financial risk management.

Customer

Customer engagement and retention is pivotal to our Group whether that be on the high street or online. Harnessing customer value and loyalty across Group is multi-faceted but underpinned by our product offerings, price and service.

Risk	Controls and Mitigations
We fail to anticipate and respond to our customer needs or changes in consumer trends and spending or to drive and deliver customer service excellence which impacts our growth, value, reputation and strategic ambition.	<ul style="list-style-type: none"> Ongoing monitoring of customer insights and feedback, and competitor and market trends, enables us to respond to and drive our customer led strategy. Investment in our customer service offering, systems and communication to understand and improve our customer experience. Development and investment in our online offering, capacity and capability. Targeted social media and marketing programmes which support our customer groups. Celebrity engagement in brand and product awareness. Ongoing review of our Corporate Social Responsibility and Environmental Social and Governance agendas to support our strategy in line with our customer focus.

Legal and regulatory compliance

The legal and regulatory landscape in which we operate as a business is constantly changing. Our commitment to deliver robustly on our obligations is central to our culture and values.

Risk	Controls and Mitigations
An action or incident arises which results in a legal or regulatory breach which impacts our business financially, commercially or reputationally and/or may result in litigation.	<ul style="list-style-type: none"> 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 Advisers 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 on an ongoing basis and include all Government mandated requirements in response to Covid-19, the Group's IP rights, Listing Rules, GDPR and Health & Safety as an ongoing priority. Code of Conduct supports our ethics, behaviours and culture and our regulatory policies, which include, for example: Anti-Bribery & Corruption, Corporate Gifts & Hospitality, and Conflicts of Interest. Reviewing approach and content for mandatory induction, policies and ongoing training across relevant areas for all employees and colleagues. Review of framework for ongoing monitoring of compliance is in progress. Legal team is a key contributor and adviser to the Internal Risk and Compliance Steering Group.

Technology capability and infrastructure renewal

We operate in a competitive and challenging customer-focussed market. Our systems need to be at the forefront of customer service excellence and support our end-to-end supply chain logistics. Available technology is constantly evolving and managing changes and transformation in this environment is a key focus.

Risk	Controls and Mitigations
We fail to maximise the use of our existing technology or renew our infrastructure in a timely and effective way to keep pace of change and support our strategic ambition.	<ul style="list-style-type: none"> Group technology strategy in place aligned to business strategy. Forward programme of infrastructure renewal to operate our businesses efficiently and support our ability to compete. Streamlining and decommissioning programme supports acquisitions and integration activity. Investments in our online trading capabilities, warehouse management systems and in-store technology to enhance the end-to-end customer experience. Experienced Technology team supported by ongoing skills training to keep abreast of emerging technologies and customer leading insights. Ongoing cycle of internal training programmes to support effective use of existing technologies and new technologies across our businesses as they are introduced. Implementation of agile projects transformation.

Cyber risks, data loss and data privacy

The threat of malicious or unauthorised attacks on systems and data is becoming increasingly sophisticated. Our systems are critical to our operations and trading. We have legal and commercial obligations to protect the security and privacy of the data we hold and process.

Risk	Controls and Mitigations
<p>Cyber-attack results 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.</p> <p>We fail to adequately protect the data we hold and process resulting in legislative or regulatory breach, loss of trust and financial loss.</p>	<ul style="list-style-type: none"> Strategies and policies in place to support our IT security posture. Strong collaboration with our leading industry service partners who provide core services beyond our in-house scale. Capability, delivery, security and savings are core drivers. Includes Microsoft and other strategic partnerships for content delivery network support for website and cyber mitigations. Protection tools, including encryption, and detection tools in place to support effective monitoring and reporting are reviewed regularly. Information Security function undertakes ongoing monitoring of threats and vulnerabilities. Annual external review of our cyber posture and penetration testing across Group. Ongoing internal training to enhance knowledge and mitigate data protection and privacy risks. Ongoing programme of security and privacy monitoring across our Group and extended enterprise. In-house Legal team supports second-line monitoring and reporting of legislative compliance. Ongoing investment in GDPR training and communications (and local legislative equivalents in our overseas operations).

Business continuity management and incident response

Our Head office and distribution centre at Shirebrook are critical to our business operations. There is an increased reliance on the availability of technology across our Group. We need the ability to respond on a timely basis and effectively to incidents as they arise to ensure continuity of operations and trade.

Risk	Controls and Mitigations
<p>We fail to respond and recover effectively or on a timely basis to operational or IT incidents or events which might impact financially through lost revenue or have a reputational impact based on our capability and communications.</p>	<ul style="list-style-type: none"> Business Continuity and IT Disaster Recovery plans are in place, regularly reviewed and tested. Governance structure supports agile incident response with clear roles, responsibilities and reporting lines. Annual external review and challenge of our processes is scheduled for continuous improvement. Ongoing training programme to support good practice and knowledge sharing for continuity. Internal and external communications, marketing and PR capabilities are integral to our incident response plans.

Group entities and extended enterprise

Our Group is complex and extensive and includes oversight of our third-party, and extended enterprise partners and suppliers. We are committed to ensure we have the right levels of transparency and monitoring across our Group to enable effective oversight in line with our values and culture.

Risk	Controls and Mitigations
<p>We fail to effectively monitor activities across our Group entities, partners and suppliers who form part of our extended enterprise, which results in financial, reputational or legislative compliance issues.</p>	<ul style="list-style-type: none"> Transparency across our Group structure, extended enterprise and its changes is an ongoing priority and is subject to regular review and discussion. Oversight roles and responsibilities across our Group structure support risk-based monitoring and assurance. We maintain strength in our supply chain management and supplier and partner relationships. Risk and controls reporting across Group is subject to continuous improvement, including self-assessment processes for confirmation of compliance with key policies, controls and other Group requirements. Governance and monitoring of new investments, acquisitions and opportunities. Group Internal Audit team developing third-line monitoring.

People, talent management and succession

Our business benefits from a depth and strength of knowledge, talent and experience which has long been pivotal to its success. Retaining and protecting this talent, providing for succession and an ongoing programme of attracting and developing new talent is core to our people plans and objectives.

Risk	Controls and Mitigations
<p>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.</p>	<ul style="list-style-type: none"> Development of strong trainee management and apprenticeships programmes to support future talent. External hires to strengthen capability gaps necessary for our growth and transformation. A policy of prioritising internal development and promotion wherever possible and actively encouraging cross-functional experience. Working to improve appraisal processes with clear expectations for performance and opportunities for development. New Head of Talent appointed to deliver on talent agenda and succession. New HR Director appointed to lead and enhance our overarching people strategy, plans and objectives. Agenda for diversity and equality of opportunity at the heart of what we do. External culture assessment to add insights to our values and standards of conduct. Workers' Representative at Board level and supporting communications channels gives our people a voice. Nomination Committee consideration of succession planning at Director and senior management levels. See further at page 53. Remuneration Committee oversight of Remuneration Policy and standards. See further at page 54.

VIABILITY STATEMENT

The 2018 UK Corporate Governance Code requires the Board to express its view of the long-term viability of the Group and assess the Company's prospects, capital management and principal risks.

Accordingly, the Board regularly carries out thorough and robust assessments of the risks, including stress testing the Group's resilience to threats to its business model, future performance, liquidity and the risks identified in the Risks and Uncertainties section of this Report, which can be found on pages 22 to 24 together with the steps the Group has taken to mitigate them. In addition, the Board regularly reviews the performance and financial position of the Group and its projected funding position and requirements.

The Board chose to review these over a two and a half year period, being the period covered by the Group's current working capital facility, as this best reflects the budgeting and planning process of the Group and the expected timescales for strategy implementation.

In relation to each viability related risk the Board has:

Covid-19

- reviewed the impact of the pandemic on the Group's sales and margin in relation to both store and online revenue;
- forecast and modelled a potential second wave resulting in full store closures, localised lockdowns, Government support, foreign exchange exposure and cost saving initiatives.

Market Forces

- tested the business model's resilience to changes in the retail market and responses to variability in sales and margins;
- taken into account further consumer shift from bricks and mortar to online.

Treasury & Financial Risk

- reviewed the Revolving Credit Facility and its suitability for the Group's cash flow cycle and liquidity requirements;
- reviewed the Group's hedging strategy.

Brexit

- forecast and modelling increased costs associated with leaving the EU and impact on margin.

Supply Chain

- reviewed the arrangements with key suppliers.

Viability has been assessed by performing sensitivity analysis and stress testing of the Group's budget and forecast for the viability period. This comprised a recent review by the Board into a number of scenarios in which the Group's Income Statement, Balance Sheet and cash flow forecasts were stress tested to determine how much the Group's trade would need to be affected in order to breach the Group's covenants (being interest cover and net debt to EBITDA ratios). These scenarios included:

- further decrease in sales of 10%, margin remains consistent to original budget and direct costs fall in line with sales;
- further decrease in sales and margin of 10%, with no change in direct overheads;
- maximum breakpoint, being breach of covenants per the Groups Revolving Credit Facility.

In assessing viability, the Group also reviewed the impact of recent acquisitions including GAME Digital plc, Jack Wills and Sofa.com.

The Group's working capital facility is at £913.5m (FY18: £913.5m) available until November 2021 and is not secured against any of the Group's assets. The Group enacted an extension option for a further year to November 2022 for £847.5m.

The Group has consistently created a strong free cash flow from underlying trading and has an appropriate hedging strategy to meet currency risks. There have been no post Balance Sheet changes to liquidity.

Based on its assessment, the Board has a reasonable expectation that the Group will be able to continue operating and be able to meet its liabilities as they fall due for a period of two and a half years, to the end of the extended Revolving Credit Facility (the period of the assessment).

The Viability Statement was approved by the Board on 20 August 2020, and signed on its behalf by:

Chris Wootton

Chief Financial Officer

SECTION 172 STATEMENT

FY20 is the first year that the Board is reporting on how it has applied s172 of the Companies Act 2006 to its discussions and decisions. However, despite this being the first year of reporting, the principles of s172 have been employed by the Board since the implementation of the Act.

s172 states: A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

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

The s172 Director's Duty is to "promote the success of the company for the benefit of its members as a whole", whilst having regard to other stakeholder interests. The Duty emphasises that Boards must consider the wider impact of their decisions, rather than just the financial and strategic elements. The Board should create a culture whereby the long-term consequences of its actions and the long-term success of the company are given due consideration. These pages, and references in the Strategic Report, show how the Board has applied s172 requirements to its decision-making throughout the year.

The Board takes care to consider the interests of all stakeholders when deciding on courses of action, but it also recognises that the result will

not always be a positive one for all stakeholder groups. The Board takes into consideration the strategy, purpose, values and culture of the business when making its decisions.

During the year, the Board has made decisions based on Board papers, presentations from senior executives, discussions with external bodies, and other reports. Stakeholders vary depending on the decisions under discussion, and the Board's aim is to regularly review its stakeholders to ensure that they are all given due consideration.

When making decisions regarding acquisitions of strategic investments the Board is mindful of the impact on all stakeholders. Belief in the long-term future of brands including Mulberry and Hugo Boss, which fit with the Group's elevation strategy, considers the growth potential for shareholders and our customers' access to and availability of product. Similarly, when the Board considers instating bonus schemes, the Board is mindful of the Group's strategy, the economic climate, its shareholders and its employees and has worked hard to find a targeted and fair employee bonus scheme for proposal to its shareholders.

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

Periodic engagement with all stakeholder groups is supplemented by frequent engagement with the Group's senior executives. The Board scrutinises information provided by them on stakeholder engagement which it discusses with the executive team. The Board also satisfies its responsibilities in other ways such as reviewing risks, succession planning and agreeing strategy.

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

During the Covid-19 pandemic the Group took extraordinary measures to support the business including requesting that senior levels of staff had their salaries temporarily capped at £40,000. Requesting that a large number of the workforce took a salary reduction was not a decision that was reached easily by the Board, although it was overwhelmed by the support shown by the workforce and the sacrifices that it made for the greater good of the Group as a whole. As the position became more stable the Board was able to establish that the Group was in a good position, and that the salary reductions would not need to be sustained. However, the Board recognises the mood of the public and politicians with regard to Government support during the pandemic and therefore did determine that, the Chief Financial Officer, Head of Commercial and the Non-executive Directors all currently remain on the reduced salaries.

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

Area	Principal Decision/Steps in the period
a. The likely consequences of any decision in the long-term	
The Board has been mindful that any decisions that it makes now may have possible consequences in the long-term. During the year our free cash flow remained strong. This is important as it is an indicator of the cash available for investment in line with the elevation strategy and to manage future risks and commitments. Further information on free cash flow can be located on page 19.	The Board reached the decision to change the name of the business to Frasers Group plc. The long-term effects of this were given due consideration as the change would fit with the elevation strategy of the Group.
b. The interests of the Company's employees	
Our relationship with our employees is paramount. The ongoing engagement with We are Wiser is focused on establishing a strong and empowered culture throughout the Company with outcomes showing that the Group offers a wealth of opportunities for hard working members of staff. Our appointment of Cally Price, the Non-executive Workforce Director, is evidence of how we want to focus on our employees to provide them with the best possible working environment.	As highlighted above, the Board agreed that senior management and the Board should take a pay cut during the pandemic lockdown whilst ensuring that virtually all staff including those on furlough would receive 100% of their salaries. The Board recognised that there were challenging times ahead and that it was important to protect jobs and ensure colleague welfare during the lockdown period.
c. The need to foster the Company's business relationships with suppliers, customers and others	
In all instances we aim to create and maintain open and transparent business relationships. We are currently investing in our customer service technology in order to respond to customers more quickly and effectively. We work with suppliers to ensure that relationships remain beneficial for both parties, and to ensure that modern slavery and human trafficking are not present in the supply chain. We work closely with regulators such as HMRC.	The Board worked closely and transparently with its suppliers and banks during the Covid-19 pandemic to ensure that the Company remains in the best possible financial situation. The Board has discussed the position with suppliers to try to reduce or defer orders/projects during the difficult time, and has spoken to our banking partners to ensure that cash is available should it be required.
d. The impact of the Company's operations on the community and the environment	
We recognise that we are in an excellent position to help the Shirebrook community and we hope to have a positive impact by assisting them through training, employment and the use of our facilities. During the year there has been a focus on sustainability, including creating clothing from recycled materials, packaging from recycled paper, and working with suppliers to minimise packaging waste wherever possible. Simple changes such as ensuring that containers are full to capacity not only save the Company money but also reduce carbon emissions.	At an operational level the Group has made many changes throughout the year to ensure that the community and environment are impacted in a positive manner. These changes include introducing using recycled paper whenever possible, implementing voice picking and fitting the majority of our stores with smart meters. Executives are leading on the steps being taken, and the Board as a whole is supportive of this. Further information regarding our positive steps to offset our environmental impact can be located on pages 33 to 36. Information regarding our culture can be located on page 42.
e. The desirability of the Company maintaining a reputation for high standards of business conduct	
At all times we endeavour to meet our Corporate Governance obligations and work to high standards of good business conduct. Our recent appointment of a Head of Internal Audit and Risk Management will help us to drive our governance agenda and deliver continuous improvement in the areas of governance, risk and compliance. The Group's Non-executive Workforce Director helps us to engage the best standards of conduct for our entire workforce.	The Board worked closely with the Belgian Tax Authority during the year to demonstrate the strength of the Group's processes in respect of the tax matters raised. A good working relationship was established and those matters were concluded with no material effect.
f. The need to act fairly as between members of the Company	
All members of the Company held ordinary shares which attach the same rights and benefits. We ensure that all shareholders have opportunity to express their concerns with the Board throughout the year and endeavour to respond when appropriate. The AGM allows an opportunity for shareholders to ask questions of the Board and to discuss issues in more depth.	The Board is aware that various shareholders had requested an investor day. The Board committed to give this due consideration, and this will be explored further within any continued limitations imposed by Covid-19.

Customers

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

During FY20 and going forward we are investing in customer service software to understand, evaluate and enhance our customer experience. The Group websites continue to undergo redevelopment with a customer focus and user experience in mind, making products easier to locate and providing customers with a smoother checkout experience. Loyalty schemes are one method that the Group use to show our appreciation to customers.

The way that our stores are designed is based on a clear customer focus. We tailor our offerings to the local market and as a result of customer feedback, we are expanding our offerings into select categories in line with demand and insight in different geographical locations. Mystery shoppers operate to regularly assess our customer service skills and optimum in-store experience.

The Group continues to invest more in third-party brands, in response to customer demand which exemplifies how customer feedback is heard and responded to.

Our customer service team focuses on the quality of service provision and its people. FY20 has seen increased demand from the Board to review elements of the customer service function, and newly created customer service targets will be reported to them during FY21 and onwards.

Elevating our customer service offering and team is in line with our elevation strategy, and during FY20 we have embraced apprenticeships within customer service. The apprenticeship programme lasts for 15 months and following successful completion the apprentice receives a formal qualification and the opportunity of permanent employment within the Group. Our customer services management team receives internal training to coach, support and develop our staff to provide a quality customer experience.

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

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

Staff

Our staff are critical to our success and we would not be where we are today without their loyalty and support. The interests of our staff are paramount when considering the future of the business and this is reflected in our culture. It is of vital importance to us that our staff feel valued, engaged and challenged, so that they can see a long-term future within the Group.

Our Workers' Representative, Cally Price, was appointed during FY19 and is the second Workers' Representative within the Group. Cally sits on the Board as a Non-executive Director and receives all of the meeting information and resources in line with the rest of the Board. Cally acts as the voice of the workforce and has willingly and skilfully embraced her role and as a result, the Board receives more detailed and timely information in respect of any workforce related matters.

All staff are employed on the basis of diversity and inclusion. No staff member should be subject to discrimination of any kind. If our staff do have any concerns or questions there are multiple avenues open to them, including speaking to their line manager or the HR team. The Group has a whistleblowing hotline that is confidential and anonymous and hotline calls are personally handled by our Workers' Representative who also reports these matters to the Board.

'Your Company, Your Voice' is a further communication method used to engage with our workforce. The system allows questions and concerns to be raised with the Workers' Representative, who personally responds to these. Relevant questions and responses are posted on iPads and screens in public areas across the business in order that they can be shared with staff members.

The Group is a member of The Retail Trust, which aims to support those working in the retail industry. Staff can contact The Retail Trust at any time to look for guidance and advice, and the Trust will look to help with their emotional, physical, mental, vocational and financial wellbeing.

Our Workplace Wellbeing Co-ordination team was established to engage with employees suffering with mental health issues, bereavement and all other aspects of their personal life that are having an impact on their performance whilst at work. Staff have the opportunity to attend one-to-one meetings, as well as group presentations on specific topics relating to wellbeing. The Workplace Wellbeing Co-ordination team works in conjunction with a number of external bodies including charities, occupational health advisors, and various counselling bodies, to give staff as much support as possible.

The HR team monitors a number of aspects of employee behaviour including staff retention rates and claims made against the Group, which are reviewed at every Board meeting. Gender Pay Gap figures, whistleblowing, and disciplinary and grievance procedures are also regularly fed into the Board for review and consideration.

The Board recognises that attracting and retaining talent is key to the continued future success of the business. The London office opened its doors in FY19 and has been a method of employing a stream of new talent in different areas of the business. Having two office bases allows our teams to explore new ways of working and expand our existing skills sets.

The health and safety of our staff is also taken very seriously throughout the Group. Health & Safety reporting is viewed by the Board at every scheduled meeting. As a responsible employer, the Group endeavours to minimise the risk of accidents in the workplace for the benefit of all staff. Health & Safety assessments for vulnerable staff are commonplace throughout the Group. The importance of valuing our staff cannot be understated and the Board makes it clear that this is a priority.

Our staff receive a discount package that can be used across all Group fascias and this applies to existing staff and their friends and family.

To focus on the employer value proposition and culture of the Group, during FY20 we appointed We Are Wiser to examine the culture and focus on how to improve the staff experience.

Information on employee engagement, apprenticeships and training is located on page 31. Information on the new Head of Talent, HR Director and improved appraisal process plans is located on page 30.

Suppliers

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

Our suppliers have to be willing to sign up to the Group Ethics/Supply Policy, which establishes a relationship of trust and supports oversight and ongoing engagement. Our suppliers have a vested interest in improving the efficiency of the supply chain, as well as limiting any negative environmental impact, by ensuring that packaging is kept to a minimum and is created from mainly recyclable materials. We encourage the use of environmentally friendly materials whenever possible as it allows the Group to work towards our environmental aims, as well as benefitting the world around us. We highlight to suppliers that use of well thought out environmentally conscious materials can lead to cost savings, which is an advantage to

both our suppliers and to the Group.

The Group retains a good relationship with our brand partners to ensure that we are meeting the standards that they set for the sale of their items. Our brand ambassador programme helps our staff understand brands in more detail in order that they are confident about what they are selling and giving customers the best buying experience. Further information on our brand ambassador programme can be located on page 31.

Further information on the use of gateway suppliers can be located on page 33.

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. Regular communications with tax authorities internationally have been established by the Finance team and the Board. A particular example during FY20 was in concluding the recent Belgium tax enquiries for an immaterial amount.

During the Covid-19 outbreak Board member liaison with the Government was established on a number of occasions to clarify the Group's position, for example, regarding store closures.

The Audit Committee acts independently in overseeing the Group's financial reporting processes, including the preparation of consolidated accounts and compliance with relevant regulations. The Committee has engaged with the Financial Reporting Council during the period see further at page 48. The Committee also oversees the Group's systems of risk management and internal control as delegated by the Board and in line with the 2018 UK Corporate Governance Code requirements.

Financial Lenders

Alongside attending all Board meetings, the Chief Financial Officer is always available to inform the Board of any updates in relation to financial lenders. Working with the assistance of the Finance team, the Chief Financial Officer ensures that the Group works within the terms and conditions agreed in its credit facility agreements. The Chief Financial Officer regularly liaises with the Chair of the Remuneration Committee and the Chair of the Audit Committee to discuss the financial performance of the Group.

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

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

Shareholders

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

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

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

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

The opinions of shareholders are closely monitored through analyst and broker reporting as well as at meetings. All correspondence received from major investors is circulated to the Board upon receipt and is added to meeting agendas as deemed appropriate.

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

Further information on shareholder engagement can be located on page 55.

Community and Environment

We aim to minimise any detrimental impact that we may have on our immediate communities as well as wider ranging areas. The Group listens to the voice of the community and is committed to community engagement. In our Shirebrook headquarters we allow the NG20 Working Group use of our auditorium, free of charge. We also hold careers days where local residents can attend and explore available roles and opportunities within our Group.

Establishing the community as a high priority is important to the Board and we have demonstrated this throughout the year by sending truckloads of donations to the areas of Wales that flooded. During the past three years Sports Directory (which supplies sports equipment to the education sector) has continued with the use of the 'My School' scheme. The scheme, which issues vouchers for 25% of the schools' invoiced spend, also gives schools exclusive access to competitions and the opportunity of special deals before the remainder of the customer base. At 26 April 2020, vouchers issued were valued at approx. £2.5m.

During the year we have been pleased to continue our tree-planting partnership with The Woodland Trust. Our Karrimor brand currently works in partnership with The European Nature Trust, providing donations which will be used towards planting trees in Scotland. Our Gul brand delivers high performance apparel with an environmental conscience. Gul Recore sunglasses are designed and built around the principles 'repair, reuse, recycle'. The Recore range is made from plastic collected from the ocean, which undergoes a recycling process to create the sunglasses. Funds from the sales of the range are then reinvested into more ocean clean ups where the cycle repeats.

88% of waste from our Shirebrook distribution centre is currently recycled, and our bags for life contain 70% recycled materials, which we aim to increase to 85% during FY21. The introduction of 'voice picking' in our warehouse has reduced the amount of paper usage by

17m sheets, saving over 2,000 trees on average per year, and we are currently in the process of changing to card activated printers which we hope will encourage more responsible printing. Not only is our office paper 100% recycled but our own brand shoe boxes are made from 100% recycled card, with the Karrimor brand having done this for the last five years.

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

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

Further information on environmental matters can be located on pages 33 to 36. Information on our corporate citizen efforts, including assisting the NHS, can be located on page 8.

Chris Wootton

Chief Financial Officer

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to its corporate and social responsibility agenda and aims to operate in ways that create a positive impact, on the environment, its consumers, employees, and other stakeholders.

HUMAN RESOURCES (HR)

The Group employs and engages approx. 30,000 people and is committed to ensuring that all of our people have the opportunity to be inspired, motivated, and empowered in the workplace. The Group is developing a new performance appraisal and development process which will help ensure that staff are clear on the targets that are expected of them and have personal and performance development plans in place to support improvement and progression. The new process will be introduced across the Group in FY21.

The Group's approach is focused on continued development to nurture our people towards their full potential and to enable our teams to promote from within wherever possible. Rewarding staff, retaining our people and investment in talent are important to the Group.

The Group has several policies and systems in place to ensure staff welfare is monitored and maintained. In support of these, we have a number of communication methods in place to engage our workforce, for example, news update emails, letters, noticeboards, staff portal / staff app, Microsoft Teams, and the intranet, as well as through briefings by direct managers and through the Group's training programmes. The Group now increasingly uses SLACK as a communication tool following an initial successful trial by the Flannels team. Our HR department is also represented at Health & Safety Committee meetings for the Shirebrook campus, and is consulted and kept abreast of any issues, comments or suggestions through the 'Your Company, Your Voice' portal for both Shirebrook and Retail.

During the Covid-19 outbreak the Group commenced home-working and communicating extensively through video conferences, for example using Microsoft Teams. Our systems and ways of working have been resilient in maintaining effective and open channels of communication with our staff during this difficult period.

RETENTION

We like to train and retain our staff to ensure that valuable knowledge and experience remains within the Group. During FY20, 29% of our UK salaried staff left the Group, which is an increase of 6% on the FY19 figure.

Store Manager stability within Sports Direct is currently sitting at 85%, this is a decrease of 3% on the FY19 figure. Assistant Manager stability currently sits at 85%, an increase of 5% on the FY19 figure. Footwear Manager stability currently sits at 88%, an increase of 2% on the FY19 figure.

We remain committed to understand and evaluate the changes to our staff turnover and maintaining stability at an underlying level. We expected an increased level of staff turnover in the period due to the rationalisation of some of our business areas, for example, House of Fraser.

SALARIED STAFF TURNOVER

- FY18 - 23%
- FY19 - 23%
- FY20 - 29%

DIVERSITY AND INCLUSION

We believe diversity plays an important role in a successful business. We strive to ensure that our people reflect the diverse cultures and values of our customer base. We endeavour to provide equality of opportunity and will not tolerate discrimination on grounds of gender identity, sexual orientation, race, nationality, religion, age, disability or any other grounds.

People who have a first language other than English are important to our operations at Frasers Group and it is our aim to always be inclusive. We offer opportunities to improve the skills to participate and be successful in our workplace, and more broadly as citizens by providing free English language lessons, and since their introduction in January 2017, over 1,650 staff have attended. Five levels are available for each member of the team to work through including Business English which all nationalities attend. The lessons enable staff to

integrate more easily with the wider workforce and in the communities in which they live and work. We aim to equip our staff with the skills to progress their careers within the Company and a selection of those who attended the classes have used their new skills to secure new roles within various Head office positions such as Customer Service, Buying, Health & Safety and the Translation team. A number of course attendees have secured promotion into supervisory and management positions within the warehouse.

During FY21 we are partnering with SR Education to provide free English lessons to Shirebrook warehouse staff. The lessons are delivered by professional tutors and upon completing the course, students will receive an internationally recognised City & Guilds certificate.

Our senior management within the business currently comprises approx. 32% females (FY19: 28%). We are committed to our agenda of diversity and inclusion as we move forward. Approx. 56% of our overall UK workforce is female. We aim to ensure that both male and female candidates are provided with equal opportunities to apply for and work in all positions across the Group.

BREAKDOWN OF GENDER DIVERSITY

	Male	Female
Directors	5	2
Other senior managers	514	342
All UK workforce	7,772	9,847

GENDER PAY GAP

Our Gender Pay Gap Report for 2019 has not been published due to the Covid-19 outbreak. The average gender pay gap across the Group will be reviewed during FY21, with the 2020 figures published when reporting requirements recommence.

For information on diversity on the Board please see the Nomination Committee Report on pages 52 to 53.

TALENT AND CAPABILITY DEVELOPMENT

Apprenticeships

Our schemes aim to bring staff into our business at entry level and allow them to be promoted through the ranks of the business. Where possible we try to promote from within as we realise that current employees understand the culture and know the business.

Our aim moving forward is to grow our apprenticeship programme to give as many staff as possible the opportunity to gain qualifications and train. The apprenticeship levy was introduced April 2017 and allowed the Company to give staff the opportunity to work towards accredited qualifications. We currently work with SR Education and Estio to deliver apprenticeship courses to over 70 staff. During the year we have invested over £500,000 in Apprenticeships to enhance the quality of training delivered.

Apprenticeships studied towards during FY20 include:

- Customer Service Level 3
- Fitness ILM Team Leader Level 3
- Retail Supervisors ILM Team Leader Level 3
- IT Infrastructure Technician Level 3
- IT Software Developer Level 4
- Professional Accountant Level 7

During FY21 we are partnering with SR Education to provide Warehouse Apprenticeship programmes for Section Leaders and Supervisors.

Placement Years

We offer an opportunity for undergraduates to spend a year gaining valuable work experience during their university placement time. Year placements offer the chance to:

- Advance skills like team working, project management and organisational skills.
- Learn about implementing roles with real responsibility and challenges, which increase the likelihood of successful employment after University by gaining the skills graduate employers are looking for.

STAFF TRAINING AND DEVELOPMENT

Staff training and development have always been at the heart of the Group, empowering staff to perform at the highest level. The aim is to provide all staff with the tools and abilities to be successful in every aspect of their work. We strive to ensure staff feel inspired, confident, motivated and driven to make a real difference.

Our Shirebrook campus training centre provides a dedicated, state of the art facility. Having recently been elevated, we are confident that these facilities deliver a great training experience to everyone who attends. The campus is supported by our brand partners Nike, Puma and adidas, who have their own individual environments in the campus. These facilities offer an unrivalled training environment and remains the only training centre in the world for Nike, Puma and adidas. Training our staff here alongside the Shirebrook store gives staff the perfect mix of classroom and on the job training.

We are committed to offering a varied portfolio of training courses for our teams. The Group particularly focusses on developing staff who show high potential across all our Group fascias. The 'Home Grown' programme has now been successfully running since 2012 and is open to any internal member of staff moving up into a managerial role. The course concentrates on ensuring that staff have a high level of operational knowledge and developing their management style and behaviours, equipping

them with the confidence to deal with different types of people and ensuring they have the tools to not only get the best from themselves but also the team around them.

FY20 has seen the introduction of the Flannels Training Programme. This Programme provides staff with a greater understanding of store and business expectations, as well as increasing their knowledge on how to successfully deliver the high standards of service required in store.

The Brand Ambassador Programme is a further training opportunity integrated during FY20. On this Programme, key third-party brands share essential knowledge on key areas including merchandising customer skills and product training. The Programme provides staff with knowledge to always be in the right place, with the right product at the right time.

We are proud this year to re-launch the Nike SKU platform to staff. The platform has been redesigned to bring it up to date with product technology and motivational videos, and Nike will be keeping staff engaged by running competitions and creating new content to ensure that the site remains fresh and inspiring. We also offer the Asics academy platform to educate our staff on all of the latest Asics styles and technologies.

Training ensures that our teams have the knowledge they need to perform at the highest level, which is paramount to the continued success of the Group. Training therefore remains an area in which we continually invest and look forward to developing further in the year ahead.

MODERN SLAVERY ACT 2015

The Company aims to respect all people and is committed to equal treatment. We have long recognised the reality that modern slavery is an ongoing challenge for organisations, especially those dealing in consumer goods and we remain committed to addressing this risk. Ultimately, we strive to ensure that no slavery or human trafficking takes place within our business or supply chain. We have policies in place aimed at proactively identifying and mitigating these risks. These policies aim to

send a clear message that we do not tolerate these practices.

We have a range of tools in place including videos and literature to educate staff about their rights and a number of alternative channels of communication (including an internal telephone hotline and physical comments boxes on site) for reporting any feedback or concerns (on an anonymous basis if the individual making the report wishes to remain so). We continue to review and develop our staff training, monitoring processes and evaluation of outcomes from these learning and work with relevant employment agencies, and other relevant bodies, including the Gangmasters and Labour Abuse Authority and the police, to support our training and knowledge.

If we find, or suspect, that any organisations or individuals are participating in modern slavery we will take immediate action. Accordingly, we have a policy of reporting any suspicious activity to the police (which has historically assisted in successful convictions).

Our s54 Modern Slavery Act statement can be found on our website www.frasers.group.

HEALTH AND SAFETY

As the Group continues to grow there has been increased focus on creating a consistent method of implementing Health & Safety measures and evaluating the Group's safety performance. Policies are implemented, in conjunction with legal standards, to protect our staff and customers. During FY20, the Head of Health & Safety and the team continued to review its Health & Safety policies and procedures. The development of a bespoke online Accident / Incident reporting system has resulted in improved accident reporting, investigation and accident trend analysis. Significant improvement in compliance has been achieved through a series of audits and inspections.

The Group's Reporting of Injuries, Disease and Dangerous Occurrences Report (RIDDOR) rate has further reduced in FY20 compared to FY19. This has been achieved by improved communication and handling of incidents along with a more robust investigation process. The majority of reported incidents were relatively minor injuries which resulted in employees being absent from work for less than seven days.

All RIDDOR incidents are recorded and are reportable to the Local Authority. The Health & Safety team meet the Derbyshire Authority with responsibility for Shirebrook on a quarterly basis and work closely with other Authorities when required. All accidents and incidents are investigated in a timely manner and warehouse RIDDOR incidents are reviewed during these meetings.

In relation to the UK workforce, the number of accidents recorded involving the warehouse workforce as at April 2020 is down when compared to April 2019. There are ongoing phased automation works, and there has been a steady decrease in the number of accidents reported within the warehouse. This trend should continue as remaining works are completed.

In the previous period, the most frequent type of incidents involved manual handling. There are no specific trends, but we will expand our Manual Handling training this year to raise awareness.

The number of accidents recorded involving the store, office and distribution workforce in the UK also decreased in FY20 compared with FY19, which now also includes House of Fraser statistics. Reporting is now more accurate and timely, allowing us to take any necessary actions and secure investigatory evidence more efficiently.

The Company is a corporate member of the British Safety Council as well as a registered training centre. We attend a quarterly Retail Health & Safety forum facilitated by ORIS which promotes the sharing of ideas and solutions with like-minded businesses.

The Company continues to support its

Wellbeing Officer based in the warehouse and Head office at Shirebrook to promote physical and mental health programmes within the workplace and link with local community projects.

During FY20 there were no fire, Local Authority or environmental enforcement actions or prosecutions and no work-related fatalities.

GAME and Evans Cycles statistics are not included within this Report as they are relatively recent acquisitions. We anticipate being able to include them in next year's report.

Covid-19

During the Covid-19 pandemic, the Group put the health, safety and wellbeing of our colleagues at the top of our priority list, going above and beyond the Government guidelines. Financially we ensured that virtually all of our UK staff received 100% pay, far in excess of the 80% guaranteed by the Government. All members of staff over 60 years of age, those categorised as vulnerable, and those considered at risk were sent home prior to lockdown on full pay. We introduced an Operational Development Course for all retail staff upon their return to work from home working. A continual improvement plan is in place, incorporating regional Health & Safety visits, with a focus on evolving and adapting our working environments to the Covid-19 circumstances. A 'Retail Restart' implementation pack was also created and verified by an independent Health & Safety expert. A meet and greet host role has been created to work at the front of each store, advising customers on the new store measures in place and which are reinforced to them throughout the store visit. Investment has been made into Omni channel, which can be accessed by text, phone, email, and app. This is a collaborative approach where everyone can contribute to the Retail Restart Plan and have direct access to the Workers' Representative, Cally Price, to raise any points of concern. We have invested in personal protective equipment (PPE) for every store and PPE training for every member of staff. Access to wellbeing and mental health support, in conjunction with The Retail Trust, has been made available for all staff and those

within their respective households.

Further details of procedures and actions taken in order to mitigate the risk associated with Covid-19 across all sectors of our business are outlined below:

Warehouse

- Invited local Environmental Health Officer (EHO) and an independent H&S Consultant to review our controls and social distancing measures
- Start, finish and break times were staggered throughout warehouse shifts to reduce the amount of traffic in and out of the building and in key areas
- Number of tables reduced in canteen areas and a limit of 1 person per table introduced
- New entrance into Unit C office created to reduce the amount of traffic through unit A reception
- First aiders issued with additional advice and PPE to protect them whenever first aid was required. Additional guidance on correct use of PPE issued where required
- Introduced seven-day Health & Safety coverage to support the warehouse teams
- Agency staff reduced to a 4-day week rota to reduce number of shift patterns per day
- Security checks revised to ensure 'no contact' search procedures in place

Office

- Covid-19 office restart guidance issued to Head office staff through SLACK
- Kitchens limited to a maximum of 2 people at any one time
- Passenger lifts reduced capacity
- Increased cleaning schedule, including on and under workstations
- Hygiene stations added throughout the office and at key areas
- Staff working at home wherever possible and where shielding still required
- Authorised visitors only as meetings organisers encouraged to use digital platforms

Stores

- Retail restart pack created for stores reopening, which included signage, new PPE, increased cleaning schedules and new lower store occupancy levels. New training documents were included for all new procedures introduced
- Independent H&S consultant reviewed the documentation, signage etc. and visited Shirebrook store to see processes and procedures in action
- Start, finish and break times were staggered throughout store shifts to reduce the amount of traffic in and out of the building and in key areas
- Delivery and processing procedures revised to ensure social distancing maintained
- Sanitisation stations added throughout stores with signage encouraging use by staff and customers
- One-way systems introduced in stores and particularly at till areas
- Unannounced store Covid-19 visits conducted by Frasers Health & Safety team to ensure retail restart pack has been implemented correctly
- Several unannounced Local Authority visits at various locations since Retail Restart, all received positive feedback

General

- During the early days of the pandemic, regular updates sent to employees confirming current Government guidance. This was updated continually throughout the initial period as Government guidance changed
- Daily meetings with senior management during the lockdown period included Health & Safety
- Business meetings and business travel was limited to business critical only
- Covid-19 risk assessment created and updated following Government guidance. Separate documents created for stores, warehouse and offices
- Training and recruitment on hold, unless deemed business critical
- Vulnerable workers were requested to work from home wherever possible or self-isolate if not, on full pay. Work from home guidance created to support our staff

HEALTH AND SAFETY TRAINING

We take all reasonable steps to train staff in Health & Safety within the Group to the appropriate standards and as applicable in each relevant geography across our Group. Shirebrook Head office is now a registered training centre for First Aid and Health & Safety, with Qualsafe, Highfield Qualifications and the British Safety Council.

Training courses are regularly offered, and staff are encouraged to learn essential Health & Safety techniques. A revised staff induction, refresher training and Handbook are ongoing within our stores, along with revised task-based Risk Assessments and Safe Systems of Work. New and homegrown managers also receive further training from the Health & Safety team during their training at the Shirebrook Head office. Store management teams will receive further bespoke Health & Safety training throughout FY21.

Warehouse teams have also undertaken similar reviews and implemented improved

documentation and standards. Supervisors and Section Leaders within the warehouse have received training in Supervising Health & Safety Level 2, validated by Qualsafe, whilst the managers and some of the supervisors have gone on to also receive training in Supervising Safely Level 3 Validated by the British Safety Council. All contractors are now required to complete a site induction before they are given access to complete any works within the Shirebrook campus or Head office.

The team at Head office is always on hand to visit and assist stores with Health & Safety issues, assess incidents and report relevant matters to RIDDOR. All potentially serious incidents are escalated to the senior management team and any other relevant parties by the Head of Health & Safety, with a weekly follow-up meeting to discuss incident response. All Health & Safety audits, inspections and fire risk assessments have been centralised and are electronically completed so they can be retained automatically, and compliance issues can be dealt with more efficiently.

Accidents involving staff or customers are reported to the Board regularly, as are any legal claims that arise from these.

SUPPLIERS

We are committed to responsible business practices in our business and supply chain.

We recognise the potential risks associated with an international supply chain and we continue to take steps to assess and mitigate these risks.

We use two key "gateway" suppliers based in Singapore and South Korea to source Group branded products. The Group recognises the value of building long-term relationships with its suppliers and has worked closely with these two key suppliers for a number of years, over which time the suppliers have demonstrated that they share the Group's values in upholding responsible business practices. Our longstanding relationship with these key suppliers enables the Group to have an increased level of visibility and control over its supply chain. We also work with many well-known third-party brand owners who have

their own published approach to supply chain management which we monitor.

We have a zero tolerance approach to modern slavery and human trafficking and aim to ensure as far as possible that our suppliers comply with these values. This includes notifying our key suppliers of our Anti-Slavery and Human Trafficking policy, which sets out the high standards expected of our suppliers.

Our key suppliers are also required to provide warranties that their businesses (including any persons associated with them) have not been convicted of or been the subject of any investigation by a Governmental, administrative or regulatory body regarding any offence involving slavery or human trafficking. They are also required, amongst other things, to comply with auditing obligations and to provide annual reports setting out the steps they have taken to ensure that slavery and human trafficking are not taking place in their businesses or supply chains.

We comply with an internationally recognised list of chemicals that are banned for use in fabrics. Our supply chain partners conduct random tests on fabric which are then taken to a recognised laboratory for quality testing and to ensure that banned chemicals are not being used.

We continue with our policy of supporting responsibly sourced fur products in our retail stores.

OTHER STAKEHOLDERS AND COMMUNITY

Details of our relationships with other stakeholders and the community are described in the s172 Statement on pages 26 to 29.

ENVIRONMENT

We are consistently pro-active in ensuring we make a positive contribution to the environment. Our goal is to foster partnerships that will enhance our local economy using environmental improvements that create cleaner, safer neighbourhoods. This takes place in a number of different ways.

Recycling

88% of the waste from our Shirebrook distribution centre is recycled. Our trucks are back loaded with recyclable waste when they are making deliveries to our stores.

Cardboard

Our onsite recycling centre allows us to facilitate the recycling of approx. 95% of our cardboard.

We are currently a Triple A producer of waste KLN's (Cardboard) which means that we produce clean, high density bales, of a consistent quality. To maintain the high level of quality, the Group ensures that our cardboard is free of staples and plastics. Our cardboard is loaded correctly into either of two permanent stand containers or one permanent stand trailer, for reprocessing in mills both in the UK and Europe. This is done in conjunction with reputable service providers. The result of these measures is that on average, Frasers Group recycles approx. 850 tonnes of cardboard each month.

FY20 has seen changes in the way that we produce and sell our cardboard. During FY20 we invested in a new baler which produces shorter but heavier bales. This equates to an increase to 72 bales per container as opposed to previously 52 bales per container, an increase in weight to 26,000 tonnes as opposed to previously 20,000 tonnes. The automated baler feeds directly into the conveyor, increasing the speed of loading and creating labour savings by removing any need to manually tie off bales. We have further adapted the system by creating mezzanine gravity discharge chutes for packaging, which allow the simultaneous processing of two different waste streams. Our balers are located around the warehouse in order to increase productivity.

Paper

Wastepaper produced at our Shirebrook office is put into waste skips in the warehouse before being placed in a sealed waste container where it is collected by a partner company for recycling.

Plastic

The recycling of plastic has transformed into a totally separate baling operation using five HSM V Press balers handling plastic only which eliminate end of bale contamination. Currently the plastic we produce on site is of a high grade which supports the recycling process.

Metal

We recycle our metal through a partnership with two local companies. They supply 40-yard bins which we load with scrap metal that is generated from either Shirebrook or our retail stores. We are now actively sub-sorting different grades where possible to facilitate a faster more efficient process.

Dry Mixed products

Every month around 150 tonnes of dry mixed products are baled from our Shirebrook Campus. Once baled these products are sent on to a third party for recycling.

Transport

The Group's fleet has all been replaced with environmentally friendly trucks meeting Euro 6 standard, and in a bid to cut emissions we also use an engine fuel additive in our trucks and hire fleet. Since 2013 we have reduced our transport impact by an average of 790km lorry miles or 4,102 tonnes of carbon annually. One method of making such a substantial impact has been via the use of an automated forecast and ordering system. Using this alongside working with our factories and third-party brands means that we optimize our container space and reduce the number of containers shipped.

Energy efficiency

We have engaged the services of a number of leading consultancies to independently survey and review our sites which has resulted in a number of findings into how we can reduce our energy consumption across our property portfolio. We now have the vast majority of our sites upgraded to smart meters which send live and accurate data into a monitoring and alerts system. This allowed us to trial over a selected number of stores a monitoring and

bureau service, which has resulted in a 10.3% reduction in energy used over a 6 month trial period vs the prior year. We are also actively reviewing the business case for other energy saving initiatives including solar PV installations on sites, battery storage opportunities and EV charging stations at appropriate stores and Head office.

With the exclusion of Shirebrook, the electricity supplied to all of our stores and gyms is from 100% renewable sources. Our Shirebrook electricity source is a local independent power supplier which is supporting the Government during the transition to a green network.

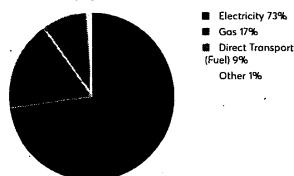
We recognise that we have a responsibility to manage the impact our business has on the environment and we are committed to reducing this both now and in the future.

We continue to comply with the Government's Carbon Reduction Commitment and have identified key areas where we can make a difference, in particular energy usage in our stores, transport and waste management. As a Group we realise that information and knowledge are key factors in helping the environment. During FY20 a number of our team members attended an event aimed at collaborating across entire supply chains to consider and resolve fundamental environmental problems such as plastics, circularity, climate and fair wages. We are putting our learnings from this event, into practice on a daily basis.

We have embarked on several energy efficiency projects during the period with heat recovery systems implemented in the gyms operated by the Group, trialling the use of LED lighting in stores and installing 'last man out' switches in our properties. The Group is committed to continually improving its emissions and new stores will be fitted with LED lighting and high efficiency air conditioning systems.

We regularly review our carbon footprint with an aim to making reductions. The implementation of our voice picking system has led us to successfully reduce our paper usage by 17m sheets, saving over 2,000 trees on average per year.

CARBON FOOTPRINT ANALYSIS 1 MAY 2019 – 30 APRIL 2020



The growth of our Company has increased the number of our stores and therefore the absolute GHG emissions. Our chosen intensity ratio of tonnes of CO₂e emissions per £m revenue has decreased by 6.2% due to the efficiency programmes noted above.

GREENHOUSE GAS (GHG) EMISSIONS REPORTING AND ENERGY CONSUMPTION (KWH)

Reporting period	1 May 2019 – 30 April 2020
Baseline year ⁽ⁱ⁾	FY19
Consolidation approach	Operational control
Boundary summary	All Global entities and facilities globally either owned or under operational control were included. Emissions from air conditioning and refrigeration units are excluded due to the cost of data collection. These are expected to be a negligible % of scope 1 emissions.
Consistency with Financial statements	Organisations are encouraged to align information to financial years as to aid comparability and consistency of information with financial performance. SECR reporting has been prepared on an annual basis to 30 April 2020 rather than to the Group's period end of 26 April 2020. The difference in emissions of these date ranges is expected to be negligible.
Emission factor data source	DEFRA GHG emission factors covering the period July 2019 – July 2020 have been used for all emissions sources.
Assessment methodology	The footprint is calculated in accordance with the Greenhouse Gas (GHG) Protocol and Environmental Reporting Guidelines, including streamlined energy and carbon reporting guidance. Scope 2 reporting uses the market-based calculation approach.
Estimations	10.3% of the energy data (kWh) and 7.6% of the emissions data used to conclude these results is based on estimations or extrapolations as calculated by a third-party provider.
Intensity ratio	Emissions per £m revenue

(i) Due to the impact of Covid-19, the base year chosen for all future SECR comparisons is FY19 (1 May 2018 – 30 April 2019) as this is more representative of a typical trading period.

The Group has engaged a third-party provider to assess emissions and energy consumption for the periods reported in these results. Scope 1 GHG emissions are comprised from the emissions associated with the combustion of fuels and operation of any facility by the Group. Scope 2 GHG emissions are comprised from the emissions associated with electricity consumption by the Group as well as emissions from any generated electricity. The non-UK emission factors are those published by IEA and specific to each country. Scope 3 GHG emissions are calculated based on the purchased quantities of commercial fuels using

published emission factors for the Well to Tank (WTT) impact and additionally from metered electricity consumption and published emission factors for the Transmission & Distribution (T&D) aspect of the delivered utilities.

CO₂ equivalent factors are used which ensures we have reported on all of the emission sources required under the Companies Act 2006 Regulations. Consumption considers all Group companies and no comparative adjustments have been made in prior periods for subsidiaries newly acquired in the period.

The Group's CO2 emissions and supporting metrics for the period and comparative period are detailed in the following table:

Year	2020	2019*
Scope 1 CO2 emissions	20,987	20,911
Scope 2 CO2 emissions (Market-based)	68,162	66,844
Scope 3 CO2 emissions	7,550	7,972
Total Scope 1, Scope 2 and Scope 3 CO2e emissions (Tonnes)	96,699	95,727
CO2 emissions (Tonnes / £m turnover)	24.4	25.9
CO2 emissions vs Turnover Index (2015: 100)	94.2	100.0

* In the prior period emissions were reported for the period 1 April 2018 – 31 March 2019 to be in line with the CRC Energy Efficiency Scheme. Due to the update in SECR reporting standards and as organisations are encouraged to report in line with financial periods, prior period emissions have been restated for consistency with current year reporting requirements.

63.19% of emissions relate to the UK and UK offshore areas.

The Group's kWh consumption for the period and comparative period are detailed in the below table. Scope 1 consumption relates to the consumption of fuel and consumption from facilities operated by the Group. This excludes

consumption from refrigerants due to the cost of data collection, though this is expected to be a negligible amount of energy in comparison to the total consumption of the Group. Scope 2 consumption is based on the amounts of electricity purchased through the period as well as heat and steam generated for personal use by the Group.

Year	2020	2019
Scope 1 consumption (kWh)	101,337,987	102,400,818
Scope 2 consumption (kWh)	276,648,984	276,678,338
Total Scope 1 and Scope 2 consumption (kWh)	377,986,971	379,079,156

The reduced consumption rates in the current period are a combined result of the energy efficiency programmes mentioned earlier in this

report section as well as the closure of some of the Group stores in March and April 2020 due to the impact of Covid-19.

The below consumption is consumption of kWh under Scope 1 and Scope 2 for UK and UK offshore areas only.

Year	2020	2019
Scope 1 consumption (kWh)	80,667,717	82,995,847
Scope 2 consumption (kWh)	195,475,533	193,944,869
Total Scope 1 and Scope 2 consumption (kWh)	276,143,250	276,940,716

WASTE REDUCTION

We are actively reducing the amount of waste we send to landfill and segregate waste to ensure that we recycle as much as possible.

THIS YEAR WE RECYCLED:

- 5,051 units of electrical equipment (2019: 6,577 units)
- 27 tonnes of waste paper (2019: 25 tonnes)
- 12,358 tonnes of cardboard (2019: 11,915 tonnes)
- 778 tonnes of metal (2019: 487 tonnes)
- 623 tonnes of plastic (2019: 891 tonnes)

All stores now use biodegradable carrier bags and provide the option of our "bags for life" which is actively promoted in-store through high levels of staff engagement. Our "bags for life" currently consist of 70% recycled materials, which we endeavour to increase to 85% during FY21. Our office paper is 100% recycled, and alongside this we participate in a tree-planting partnership with The Woodland Trust. Our Karrimor brand is currently working in partnership with The European Nature Trust by donating a percentage of certain product sales to be used to plant trees in Scotland.

We remain committed to minimising waste and improving energy efficiency across our stores and will continue to explore new ways in which to do this.

SUSTAINABILITY FOR THE FUTURE

We recognise that by taking small steps in the way that we work we, as a Group, can make a positive impact on the environment. As a Group we take our environmental responsibilities seriously and we are conscious that the decisions that we make now will affect future generations. With this in mind, the Group has taken active steps through the year to encourage environmental sustainability.

During the year we have worked with a third party to help us to understand and reduce our waste in a variety of areas across the business. This work has highlighted areas where we have

made strong positive steps to neutralise our footprint, and we will continue towards creating a cleaner environment for all.

It is unacceptable that so much waste and pollutants end up in the sea, harming fish and wildlife. As a result of this, over the course of the past two years we have reviewed our own brand footwear to eliminate excess packaging. We have removed all unnecessary micropak sheets and are looking at reducing other excess materials. We are currently actively engaging with our suppliers to ask them to consider using similar techniques to reduce waste.

We have taken active steps to reduce our impact in this area by the creation of Gul Recore Wetsuits. Gul Recore Wetsuits use 45 plastic bottles to make the fabric of one wetsuit, and use earth mined limestone to replace petrochemicals in neoprene. These processes and products result in the wetsuits having a 24% CO2 reduction per wetsuit compared to our other wetsuits, and a 26% carbon footprint reduction per kg of fabric, helping to both reduce waste and material consumption at the same time. For every kg of fabric used 104 litres of water is conserved. 5,000kg of neoprene waste is reduced every year, and the waste that is produced is turned into qualified products, thus further reducing the waste going into landfill. Our production facilities for finished goods are equipped with solar panels on the roof top to provide green energy, currently saving 130,845 trees per year.

FY20 saw the launch of Karrimor OM, a contemporary lifestyle brand designed for all types of workouts. Made with sustainable bamboo and bamboo organic cotton mix, it is sustainable activewear that has been conscientiously created. The period also saw our vegan footwear range become available for sale in stores.

April 2020 saw a change that all our USA Pro swing tags are now made from 100% recycled materials and are 100% recyclable. The tags are FSC compliant, which allows businesses and consumers to identify, purchase and use wood, paper and other forest products made with materials from well-managed forests and/or recycled sources. Our USA Pro accessories packaging is now being made from 70% recycled materials, printed with environmentally friendly inks and is recyclable. Fully recyclable packaging was also introduced in our eco products during the year, and we are looking to introduce this into further ranges throughout FY21.

During the year we launched a number of ranges which proudly exhibit the Oeko-Tex label. The Oeko-Tex label is a symbol to show that ranges are acting responsibly and making sustainable purchasing decisions. The label is available for textiles that have been tested for harmful substances and which are thus safe from a human-ecological perspective. Ranges exhibiting the label include USA Pro Move in Blue, USA Pro x Louisa and Sport FX Gabby Allan.

A number of our products display the Reprave logo – the leading, most trusted branded performance fibre made from recycled materials. For every kg of yarn used we have re-purposed 50 plastic bottles. During the year we have created 000,000s of garments using the fibres, the majority of which will go on general sale during FY21. The period has also seen the creation of a range of products designed and created in line with the Global Recycled Standard. The objectives of the Global Recycled Standard are to define requirements to ensure accurate content claims and good working conditions, and that harmful environmental and chemical impacts are minimised. These products will also go on sale during FY21. Garments using BCI approved yarn have also been manufactured during the period and will go on sale during the coming year.

We applaud brands who share our environmental conscience and are currently working with our suppliers to promote environmental sustainability. During the Year

Napapijri unveiled their 100% recycled Infinity Jacket and we dedicated an area of our flagship Oxford Street Flannels store to display the iconic innovation.

Our sustainability initiatives are not limited to solely the environment as we endeavour to improve the lives of the communities around us, not only in the UK but worldwide. In November 2019 we entered into a three-year partnership with the Professional Football Association to distribute free sports equipment to Community Club Foundations throughout the English Football League. Sports Directory is delivering the sports equipment packs on behalf of SPORTSDIRECT.com, who are the Official Community Equipment Sponsor of the Professional Football Association. Community Club Foundations from the English Football League (Community Support Partnerships) receive free equipment for three seasons, the first pack was supplied in November 2019. At period end the figure stood at 72 packs having been delivered since the commencement of the contract. We are delighted to be able to offer communities the opportunity access to free sports equipment and we have already received positive feedback from clubs. We truly believe that this small contribution through this partnership with the Professional Football Association will make a positive impact on so many lives, not only now, but for the future of generations to come. We endeavour that the partnership is helping communities to foster healthy lifestyles, to adopt an attitude of inclusion, and to embrace a love for sport.

Further details on our sustainability initiatives can be located in our s172 Statement on pages 26 to 29.

ANTI-BRIBERY AND CORRUPTION

The Group has an Anti-Bribery & Corruption Policy in place, which was originally created following the introduction of the UK Bribery Act. As a result of the Act, all policies and procedures were reviewed to ensure compliance measures were put in place to mitigate staff being offered and / or accepting bribes. We have a zero-tolerance approach to bribery and corruption at Frasers Group, and we encourage our people to speak-up if they have concerns that bribery or fraud is taking place. Since its introduction, our Anti-Bribery & Corruption policy has been reviewed by both internal staff and by the Board and deemed effective. No instances of bribery, corruption or fraud have been reported during FY20.

WHISTLEBLOWING

The Group has an approved whistleblowing policy and a number of processes operate which support our policy including Your Company Your Voice and our Retail Support Unit Asset Protection hotline.

A policy review and revision process commenced during early 2020 and which will now conclude in 2021. The updated whistleblowing policy and related processes will be subject to Audit Committee reporting, approval and oversight on an ongoing basis from FY21.

The Strategic Report on pages 7 to 36 was authorised by the Board on 20 August 2020 and signed off on its behalf by:

Mike Ashley

Chief Executive

20 August 2020

THE BOARD

DAVID DALY

Non-Executive Chair, Chair of the Nomination Committee

Appointed: 2 October 2017

Committees: Nomination and Remuneration Committees

Previous roles: David has held a number of positions during a 30-year international career with Nike, where his primary focus was the business of football. He started in a sales role in 1986 later becoming sales director for Nike UK / Ireland. He retired in 2015 as a Senior Director for Nike's Club and Federation business where he was responsible for the global merchandising business for all of Nike's leading Football Clubs.

Present roles: David is a Non-executive Director of Fulham Football Club.

Key skills, experience and contribution: David has significant knowledge of the sporting goods industry having worked at Nike for 30 years. He worked in senior roles in sales, marketing, product development and general management which has given him a thorough understanding of consumer trends and behaviour. He has spent 18 years working outside the UK and this international experience have proven crucial to the Board. David joined the Group as a Board member in October 2017, gaining a much needed understanding of the business, before being appointed as Chair in October 2018. His focus has been on improving best practices, corporate governance, promoting diversity and driving the elevation strategy. He ensures the Board functions effectively by facilitating an open and productive debate and providing constructive challenge.

MIKE ASHLEY

Chief Executive

Appointed: 1982 (founder)

Previous roles: Mike established the business of the Group on leaving school in 1982 and was the sole owner until the Group's listing in March 2007. He was Executive Deputy Chair prior to being appointed Chief Executive in September 2016.

Key skills, experience and contribution: Mike was the founder of the Group and has the necessary skills for formulating the vision and commercial strategy of the Group. With over 30 years in the sports retail business, he is invaluable to the Group. Mike's knowledge and experience in all areas of retailing, buying, warehousing and logistics ensures that he is crucial to the effective and efficient running of operations. During the Covid-19 crisis his decisive leadership has meant the Group has managed to come out of this crisis in good health and will be able to take advantage of future opportunities.

CHRIS WOOTTON

Chief Financial Officer

Previous roles: Chris worked at PwC for much of his accounting career in the assurance practice including work on large corporates and listed entities.

Key skills, experience and contribution: Chris is a Chartered Accountant and has quickly understood the business and helped it on its elevation path, progressing rapidly within the Finance team. He has also significantly improved the skills, experience and capabilities of the Frasers Group Finance team in the time he has been here. The Belgian Tax enquiry on historical VAT matters and pre-enforcement action for €674m cast a shadow over the Group during much of FY20, but the Group was always insistent that the size of any

risk was immaterial. Through the skilful coordination of both internal and external teams investigating the matters raised, and meetings with relevant experts and the Belgian Tax Authorities themselves on a number of occasions, Chris played a key role in bringing this issue to a commercial conclusion for an immaterial amount. A far greater threat to the Group was faced with the outbreak of the Covid-19 crisis. Cash management and stakeholder engagement, particularly with our banking group, was a key component in the Group's business continuity response and going concern assessments. Chris played a leading role together with other members of the senior management team in ensuring the Group was resilient through the crisis and is robust as we come out of it.

RICHARD BOTTOMLEY OBE

Senior Independent Non-executive Director, Chair of the Audit Committee

Appointed: 1 October 2018

Committees: Audit and Nomination Committees

Previous roles: Richard has over 25 years' experience working with listed companies during his time as a senior partner at KPMG, and continues to be a member of the Audit Committee Institute. Until recently Richard was a Non-executive Director of Newcastle Building Society where he chaired the Audit Committee.

Present roles: Richard is Chair of Trustees of the Greggs plc 1978 Retirement and Death Benefits Scheme. He is also a Non-executive Director of MSL Property Care Services Limited, Marsden Packaging Limited and Jessgrove Limited.

Key skills, experience and contribution: Richard has strong experience in corporate governance, corporate finance and strategy. Richard's experience in the audit sector has proven beneficial particularly following the resignation of the Group's previous External Auditor, Grant Thornton and in the re-tender and appointment of the new External Auditor for the FY20 period. Richard has been influential in the recruitment and appointment of a Head of Internal Audit & Risk Management to the Group.

DAVID BRAYSHAW

Independent Non-executive Director, Chair of the Remuneration Committee

Appointed: 8 December 2016

Committees: Audit, Nomination and Remuneration Committees

Previous roles: David is an experienced senior investment and commercial banker. He has over 30 years' experience with organisations such as Barclays Capital, HSBC, Citigroup and Pilkington plc.

Key skills, experience and contribution: David graduated from Oxford in 1975 with a Master of Arts in Chemistry. David has spent a long career in the field of corporate finance for a number of major financial institutions, and completed time as the Group Treasurer of Pilkington plc. David spent 15 years of his career at Barclays Capital, advising FTSE 350 Companies on all aspects of corporate, syndicated, and capital markets funding, together with Interest Rate, Foreign Exchange and Balance Sheet hedging. He has funded countless public company acquisitions and remains involved in an advisory role with several corporates and banks in a private capacity. He has a proven track record in the finance and acquisitions sector, providing sound advice in line with the Group elevation strategy.

NICOLA FRAMPTON**Independent Non-executive Director**

Appointed: 1 October 2018

Committees: Audit and Remuneration Committees

Previous roles: Nicola has spent most of her career in the professional services industry, most recently as a Director at Deloitte.

Present roles: Nicola is a senior executive at William Hill, where she is Managing Director of the UK Retail division. She has been with William Hill since April 2010, joining as Director of Corporate Risk working closely with William Hill's Board, Exco and operational management. Nicola was appointed to her current role in June 2014 during which time she has led and implemented a number of major innovation and transformation projects. Nicola is also the executive sponsor of William Hill's 30% club to increase the number of women in senior leadership positions throughout the business.

Key skills, experience and contribution: Nicola has extensive experience in risk management, assurance and corporate governance across a wide range of industries, having specialised in these areas of corporate activity at both William Hill and prior to that whilst at Deloitte. The Board benefits from Nicola's current retail experience as the serving Managing Director of a large non-competing retail business. Nicola serves as a Trustee Board member on a number of charities and brings an informed perspective on corporate responsibility to the Board.

CALLY PRICE**Non-Executive Workforce Director and Workers' Representative**

Appointed: 1 January 2019

Previous roles: Cally began her career with Frasers Group as a casual sales assistant in our Sports Direct Aberdare store in 2007.

Present roles: Company's Workers' Representative succeeding Alex Balacki from 1 May 2019.

Key skills, experience and contribution: With over twelve years' experience with Frasers Group, commencing on the shop floor working under a zero hours contract, Cally is ideally placed to help ensure that the voice of the workforce is at the forefront of the Board's discussions and decision-making. Cally has current knowledge of every aspect of the day-to-day measures involved in running a retail outlet and applies this to every aspect of her directorship. Cally has proven her commitment to ensuring full transparency across the Group. She has full control of the workforce Company app and confidential hotline – taking on the responsibility of answering every colleague personally. Cally reports to the Board on workers' issues, and consistently challenges the Board from her unique perspective. During Covid-19, Cally has played a pivotal role: she has worked tirelessly to ensure that the workforce had no financial burden; regularly and comprehensively updated the workforce via emails and social media; and has been instrumental in implementing safety measures and ensuring the provision of personal protective equipment for staff during these unprecedented times.

DIRECTORS' REPORT

The Directors of Frasers Group plc present their Annual Report and Accounts for the period ended 26 April 2020. The Group's Corporate Governance Statement is set on pages 43 to 48 and forms part of the Directors' Report.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Chief Executive's Report and Business Review on pages 11 to 17 provides a detailed review of the Group's current activities and potential future developments together with matters likely to affect future development, performance and conditions. Principal risks and uncertainties likely to affect the Group are set out on pages 21 to 24. The financial position of the Group, its cash flow, liquidity position and borrowing facilities are described in the Financial Review on pages 17 to 20. The Corporate Social Responsibility Report on pages 30 to 36 covers environmental matters, including the impact of the Group's businesses on the environment, the Group's workforce, and on community engagement.

The principal activities of the Group during the period were:

- retailing of sports and leisure clothing, footwear and equipment, lifestyle and luxury apparel;
- retailing through department stores, shops and online;
- wholesale distribution and sale of sports and leisure clothing, footwear and equipment, lifestyle and luxury;
- apparel under Group-owned or licensed brands; and
- licensing of Group Brands.

Frasers Group plc, through various subsidiaries, has established branches in a number of different countries in which the business operates.

Further information on the Group's principal activities is set out at the front of this document and in the Chief Executive's Report and Business Review on pages 11 to 17.

RESULTS FOR THE PERIOD AND DIVIDENDS

Revenue for the 52 weeks ended 26 April 2020 was £3,957.4m and profit before tax was £143.5m compared with £3,701.9m and £179.2m in the prior period. The trading results for the period and the Group's financial position as at the end of the year are shown in the attached financial statements and discussed further in the Chief Executive's Report and Business Review and in the Financial Review on pages 11 to 17 and 17 to 20 respectively.

The Board has decided not to propose a dividend in relation to FY20. The Board remains of the opinion that it is in the best interests of the Group and its shareholders to preserve financial flexibility, facilitating future investments and other growth opportunities. The current ongoing situation in relation to Covid-19 has resulted in a number of retailers finding themselves in extreme financial difficulties. We therefore feel that paying a dividend at this uncertain time would be inappropriate when facing such an unknown future. The payment of dividends remains under review.

SHARE CAPITAL AND CONTROL

As at 20 August 2020, there are 640,602,369 ordinary shares of 10p in issue and fully paid, of which 121,260,175 were held in treasury. As at the period end there were 121,260,175 ordinary shares held in treasury.

Further information regarding the Group's issued share capital can be found in note 25. Details of our share schemes are also set out in note 25.

There are no specific restrictions on the transfer of shares, which are governed both by the general provisions of the Articles of Association and prevailing legislation.

The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

The Directors were authorised to allot shares in the capital of the Group up to an aggregate nominal amount of £17,779,820 (being approx. one third of the then issued share capital) for the period expiring at 10 September 2020.

In line with guidance from the Association of British Insurers, the Company was also granted authority to issue a further third of the issued share capital to a total nominal amount of £35,559,641 in connection with a rights issue.

An authority to allot shares up to a maximum nominal value of £2,666,973 (being approx. 5% of the then issued share capital) as if statutory pre-emption rights did not apply, was also approved. In addition, the Directors were granted a further authority to allot up to a maximum nominal value of £2,666,973 (being approx. 5% of the then issued capital) as if statutory pre-emption rights did not apply when such allotment was for the purposes of financing (or refinancing, if the power is used within six months of the original transaction) a transaction which the Board determined to be an acquisition or other capital investment of a kind contemplated by the Pre-emption Group's Statement of Principles on disapplying pre-emption rights.

GOVERNANCE

The authorities expire at the close of the next AGM of the Company, but a contract to allot shares under these authorities may be made prior to the expiry of the authority and concluded in whole or part after the AGM, and at that meeting other authorities will be sought from shareholders.

The Group was authorised to make market purchase of ordinary shares of 10p each in the Company of up to a maximum aggregate number of 79,955,853 representing 14.99% of the Company's issued ordinary share capital at the 2019 AGM. The above authority expires at the close of the next AGM of the Company.

During the period to 26 April 2020 the Company has purchased 17,065,981 10p ordinary shares at a cost of £43.9m (excluding purchasing costs) and representing 2.66% of the issued share capital. The repurchase of shares is aimed at returning capital to our shareholders. The shares purchased were to be held in treasury pending cancellation or reissue. The maximum number of shares held in treasury by the Company as at 26 April 2020 is 121,260,175 representing 18.93% of the issued share capital. This is the maximum held during the year. No shares have been disposed of by the Company.

No further shares have been purchased or disposed of by the Company since 26 April 2020.

SHAREHOLDERS

No shareholder enjoys any special control rights, and, except as set out below, there are no restrictions in the transfer of shares or of voting rights.

As a controlling shareholder Mike Ashley has entered into a written and legally binding Relationship Agreement with the Company. This agreement ensures that the controlling shareholder complies with the independence provisions set out in Listing Rule 6.5.4. Under the terms of the Agreement Mike Ashley undertook that, for so long as he is entitled to exercise, or to control the exercise of, 15% or more of the rights to vote at general meetings of the Company, he will:

- conduct all transactions and relationships with any member of the Group on arm's length terms and on a normal commercial basis;

The Company has complied with this Agreement's independence provisions during the period and, as far as the Company is aware, the controlling shareholder and his associates have also complied with them.

As at 26 April 2020, the Company had been advised that the following parties had an interest in 3% or more of the issued share capital of the Company pursuant to Rule 5 of the Disclosure Guidance and Transparency Rules ("DTR"):

	Number of shares held	Percentage of issued Ordinary share capital with voting rights held	Nature of holding
Mike Ashley ⁽¹⁾	330,000,000	63.02%	Indirect
Phoenix Asset Management Partners Limited ⁽²⁾	37,692,148	7.09%	Direct
Odyssey Asset Management LLP ⁽³⁾	28,694,940	5.3%	Direct
Coltrane Asset Management LP ⁽⁴⁾	15,601,275	2.99%	Indirect

(1) Mike Ashley holds the shares through two companies, namely MASH Beta Limited and MASH Holdings Limited, which hold 203,507,460 ordinary shares (57.96% of the issued ordinary share capital of the Company) and 26,492,540 ordinary shares (5.06% of the issued ordinary share capital of the Company) respectively.

(2) These figures are as at 16 August 2019 being the last date on which the Company was notified of a change in the percentage of shares.

(3) These figures are as at 14 December 2018, being the last date on which the Company was notified of a change in the percentage of shares.

(4) Coltrane Master Fund L.P. has an interest in 15,601,275 shares through an equity contract for difference. These figures are at 13 February 2020 being the latest date the Company was notified of a change in the percentage of shares.

Between 26 April 2020 and 20 August 2020 (being the latest practicable date prior to the publication of this Report) there have been no changes in the interest held by the above parties.

We are aware of unsponsored American Depositary Receipt (ADR) programmes established from time to time in respect of our shares. We have not sponsored or authorised their creation and any questions should be directed to the relevant depository.

Frasers Group has not and does not intend to offer or sell its ordinary shares or other securities (in the form of ADR or otherwise) to the general public in the United States nor has it listed or intend to list its Ordinary Shares or other securities on any national securities exchange in the United States or to encourage the trading of its Ordinary Shares on any over the counter market located in the United States. The Group does not make arrangements to permit the voting of ordinary shares held in the form of ADRs and its publication of periodic financial and other information is not intended to facilitate the operation of any unsponsored ADR programme under Rule 12g3-2(b) of U.S. Securities Exchange Act of 1934, as amended or otherwise.

ARTICLES OF ASSOCIATION

The Company's Articles of Association may only be amended by special resolution at a general meeting of shareholders. Subject to applicable laws and the Company's Articles of Association, the Directors may exercise all powers of the Company.

TAKEOVERS

The Directors do not believe that there are any significant contracts that may change in the event of a successful takeover of the Company.

SHARE SCHEMES

Details of the Executive share scheme is set out in the Directors' Remuneration Report on pages 54 to 55.

STAFF INVOLVEMENT

The Group currently has approx. 30,000 staff in its stores, offices and warehouses.

The workforce is notified of announcements and major changes in the business via Company emails, SLACK, social media and our intranet, as well as information being communicated through line managers. The Company has elected a Workers' Representative, Cally Price, who attends all Board meetings and provides feedback from employees to the Board. The Company also has the "Your Company, Your Voice" scheme which enables staff to raise issues of concern via suggestion boxes. The contributions are read by senior management and the Workers' Representative who provides the Board with an overview and replies to staff as appropriate. A selection of questions received, and answers given by management are displayed in communal areas for staff. During the year a series of presentations was made by senior management to staff at our Shirebrook campus to keep staff appraised of developments within the Group. Topics covered included, property, the elevation strategy and finance.

Training programmes and induction courses provide the workforce with opportunities to keep up to date with the latest developments of the Group. Our retail conference offers attendees an opportunity to celebrate their successes, receive updates on how the Group's strategy is progressing, and for them to judge how the Group is performing via the 'Confident or Concerned' questionnaire.

There are various staff incentives available to our retail colleagues. These incentives include our 5 Star Commission Scheme, Turnover Bonus, PBT Bonus, Stocktake Bonus and other commission schemes. These schemes vary between fascias.

Further information on relationships with our people can be found in the Corporate Social Responsibility Report on pages 30 to 36 and on pages 9 to 10 of the Our Business section.

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 members of staff.

Further information on our approach to diversity can be found in the Corporate Social Responsibility Report on pages 30 to 36.

RESEARCH AND DEVELOPMENT

The Group designs some clothing and footwear for our in-house brands for sale in stores. External brands are purchased from third-party suppliers although we do work with them to agree on the specific pieces which we sell in-store.

CHARITABLE AND POLITICAL DONATIONS

During the year, the Group made charitable donations of £13k (2019: £210k) in the UK. No political donations were made (2019: nil).

DIRECTORS

Details of current Directors, dates of appointment, their roles, responsibilities and significant external commitments are set out on pages 37 to 38. Chris Wootton joined the Board as Chief Financial Officer with effect from 12 September 2019 following the resignation of Jon Kempster.

Although the Company's Articles of Association require retirement by rotation of one third of Directors each year, the Group complies with the 2018 UK Corporate Governance Code and at each AGM all of the Directors will retire and stand for reappointment.

Information on service contracts and details of the interests of the Directors and their persons closely associated (PCAs) in the share capital of the Company at 26 April 2020, and at the date of this Report, is shown in the Directors' Remuneration Report on pages 54 to 55.

Copies of the service contracts of Executive Directors and of the appointment letters of the Chair and Non-executive Directors are available for inspection at the Company's registered office during normal business hours and at the AGM.

No Director has a directorship in common or other significant links with any other Director.

Director appointments are governed by The Companies Act 2006, The 2018 UK Corporate Governance Code and the Group's Articles of Association.

DIRECTORS' CONFLICTS OF INTEREST

The Board has formal procedures to deal with Directors' conflicts of interest. During the year no conflicts of interest arose.

The Company has entered into a Relationship Agreement with Chief Executive, Mike Ashley, whose wholly-owned companies, MASH Holdings Limited and MASH Beta Limited, currently hold approx. 5.06% and 57.96% respectively of the issued share capital of the Company (excluding treasury shares) as at 26 April 2020. This agreement is described in the Directors' Report on page 39.

DIRECTORS' INDEMNITIES

The Group has qualifying third-party indemnity provisions within the meaning given to the term by s234 and s235 of the Companies Act 2006 for the Directors. This is in respect of any potential exposure of liability in their capacity as a Director of the Company and of any Company within the Group. Such indemnities were in force throughout the financial period and will remain in force.

SPORTS DIRECT EMPLOYEE BENEFIT TRUST

We note that the Trustees of the Sports Direct Employee Benefit Trust have waived their right to receive dividends on the ordinary shares comprised in the trust fund. No dividends were paid by the Company for the period ended 26 April 2020.

DISCLOSURES REQUIRED UNDER UK LISTING RULE 9.8.4

The information required by Listing Rule 9.8.4 is set out in the table below:

Applicable sub-paragraph within LR 9.8.4	Disclosure provided
(1) Interest capitalised by the Group	N/A
(2) Publication of unaudited financial information	N/A
(3) Requirement deleted from the Listing Rules	-
(4) Details of long-term incentive schemes only involving a Director	N/A
(5) Waiver of emoluments by a Director	N/A
(6) Waiver of future emoluments by a Director	page 55
(7) Non pro-rata allotments for cash (issuer)	N/A
(8) Non pro-rata allotments for cash (major subsidiaries)	N/A
(9) Parent participation in a placing by a listed subsidiary	N/A
(10) Contracts of significance	N/A
(11) Provision of services by a controlling shareholder	page 57
(12) Shareholder waivers of dividends	page 41
(13) Shareholder waivers of future dividends	N/A
(14) Agreements with controlling shareholders	page 39

GREENHOUSE GAS EMISSIONS AND ENERGY CONSUMPTION

See pages 34 to 36.

ANNUAL GENERAL MEETING

Further details on the date, time and format of proceedings will follow shortly after the finalisation of these Annual Report and Accounts, taking into account Government guidance surrounding the Covid-19 situation.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive's Report and Business Review on pages 11 to 17.

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 17 to 20. In addition, the financial statements include the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The Group is still profitable, highly cash generative and has considerable financial resources. The Group is able to operate within its banking facilities and covenants, which run until November 2022, and is well placed to take advantage of strategic opportunities as they arise. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the continued uncertain economic outlook.

Management have assessed the level of trading to date since the impact of Covid-19 and has forecast and projected a conservative base case and also a number of even more conservative scenarios taking into account a potential second wave over Winter, localised lockdowns, Government support, foreign exchange exposure and cost saving initiatives. 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 putting on hold

discretionary spend, liquidate certain assets on the Balance Sheet and pay down the Revolving Credit Facility. See the viability statement on page 25 for further details.

Having thoroughly reviewed the performance of the Group and Parent Company and having made suitable enquiries, the Directors are confident that the Group and Parent Company have 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 pandemic to require mitigating actions or a relaxation of covenants. Furthermore, as per the outlook statement on page 2 the Directors are confident of achieving between a 10% and 30% improvement in underlying EBITDA during FY21. 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.

ACCOUNTABILITY AND AUDIT

A statement by the External Auditor can be found on pages 62 to 69 detailing its reporting responsibilities. The Directors fulfil their responsibilities and these are set out in the Directors' Responsibilities Statement on page 61.

AUDITOR

RSM UK Audit LLP will be proposed for reappointment at the AGM. In accordance with s489(4) of the Companies Act 2006, resolutions to determine remuneration are to be agreed at the AGM.

POST BALANCE SHEET EVENTS

See note 37 of the Annual Accounts. By Order of the Board.

Tom Piper

Company Secretary

20 August 2020

CORPORATE GOVERNANCE REPORT

CHAIR'S INTRODUCTION

As Chair I am responsible for leading the Board to make decisions that will benefit the Group and ultimately its stakeholders. It is my role to ensure that high standards of corporate governance are adhered to, and allow the Group to thrive where so many others have fallen. During these particularly challenging times, from the downturn of the high street to the current Covid-19 pandemic, we have remained resilient and robust in our approach to corporate governance.

Our Non-executive Directors have a great depth of experience, remain independent throughout all discussions and are rigorous in challenging the Executives in the best interests of the Group. Our Executive Directors understand the values and behaviours of the Group. They work tirelessly to retain shareholder value, engage our workforce, and promote the strategy of the Group.

The period ended 26 April 2020 is the first year that we have fully adopted the 2018 UK Corporate Governance Code. Whilst we have been following the principles and provisions within the Code for many years, we are now reporting on this. Further information regarding our adherence to the Code can be found in our Corporate Governance Statement at page 43.

COVID-19

It has been a difficult end of period, not only in terms of trading but also for all of our stakeholders due to restrictive measures imposed by Covid-19. As a Board we have met more regularly to discuss the impact of the measures and to create a safe trading environment for our staff and customers. We have chosen measures to lessen the impact to our staff and committed to paying 100% salaries to virtually all UK employees; whilst the Board, along with our Head of Commercial accepted reduced salaries. We will continue to look into ways to improve our position during

this difficult time, not only for the business but also for all of our stakeholders.

STRATEGIC INVESTMENTS

It has been an eventful year of strategic investments, during which we have strengthened our portfolio in not only brands but also furniture and gaming. During the year the Group purchased shares in Mulberry Group plc and the remaining shares in GAME Digital plc. The entire share capital of Sofa.com was purchased and the Group acquired the trade and assets of Jack Wills from administration. Post year end shares were purchased in Hugo Boss AG reflecting our relationship with Hugo Boss and belief in the company's long-term future.

BOARD CHANGES

On 12 September 2019, Jon Kempster stood down as Chief Financial Officer to pursue other interests. Jon was succeeded by Chris Wootton, who had knowledge of the business due to his role of Deputy Chief Financial Officer. Chris received training in the form of mentoring by Jon, and his qualifications as a Chartered Accountant partnered with his extensive experience of assurance meant that he was an exceptional candidate for the role. Since Chris's appointment he has led the Finance team through to the conclusion of the Belgian tax matter, and ensured the availability of funding throughout the Covid-19 pandemic. The contribution made by Chris cannot be underestimated. Further information regarding the appointment of Chris Wootton is located in the Nomination Committee Report on pages 52 to 53.

DIVERSITY

We are committed towards having a diverse Board with the requisite experience and abilities to promote a healthy future for the Group. The Nomination Committee regularly reassesses the requirements of the Board in a

bid to understand how the skills of the current members could be complimented by those of new members. We keep in mind that the merits of candidates are our priority, and additional information relating to our recruitment of Board members can be found below, as well as in the Nomination Committee Report on pages 52 to 53.

NON-EXECUTIVE WORKFORCE DIRECTOR AND WORKERS' REPRESENTATIVE

Cally Price continues to make an impact as Non-executive Workforce Director and Workers' Representative, having taken up the role in January 2019. Cally acts as the voice of the workforce, having on-the-ground knowledge of working in a Group store. Since her appointment to the role Cally has proven that she is logical and balanced during discussions and debate, and she has gained momentum in enforcing decisions that she believes are right for the business. Cally has been fundamental in preparing the Group's workforce facing response to the Covid-19 pandemic, including creating videos for staff to understand how the Group has reacted to the crisis, informing staff of how to seek additional support during this difficult time, and working with retail managers to prepare for safe store re-openings. Further information on Cally's role and the changes that she has made can be located on page 11.

CULTURE

The culture of the Group includes preserving and developing talent, creating workforce succession and leaders of the future. During the year we have commissioned a report to fully understand the culture of the Group, including listening to how the workforce perceive this. In every instance we endeavour to align our workforce rewards and incentives with our culture and Board benefits are in line with those of the workforce. We endeavour to promote this fairness throughout all aspects of the Group. Further information on the culture of the Group can be located in the s172 Statement and Corporate Social Responsibility Report on pages 26 to 36.

STAKEHOLDER ENGAGEMENT

The Group has a number of stakeholders to consider and we use a variety of methods to ensure that we capture the views of our stakeholders and use these to shape our decisions. Stakeholder engagement is important to our performance, and we take on board both commendation and constructive criticism. However, whilst we are mindful of each stakeholder group, we have to balance these views against other competing factors.

'Your Company, Your Voice' is a successful communication process, and concerns raised by our workforce this way are reported to the Board by our Workforce Director and Workers' Representative for further discussion and action. The views of major shareholders are shared amongst the Board when received and responses are made when necessary. The Board also receive updates on stakeholder meetings and is happy to attend when it is appropriate and able to do so. We regularly liaise with regulators in order to understand how to best adhere to the principles and guidelines set and try to be pro-active in every situation. Further information on our stakeholder engagement can be found on page 44.

Throughout the year we have continued to focus on the long-term sustainability of the Group. We have been overwhelmed by the support that our team has shown over the difficult periods that we have faced, and we are engaging with our stakeholders to listen to how they see success is best achieved. Whilst the overall retail outlook remains difficult, we are continually investing in our stakeholders and we are confident that by delivering our strategy and operating strict corporate governance standards we can ensure a brighter future for all.

David Daly

Chair

20 August 2020

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Report and Statement sets out how the Company has applied the principles in the 2018 UK Corporate Governance Code during the financial year ended 26 April 2020. A copy of the Code is available at www.frc.org.uk.

Disclosures in relation to DTR 7.2.6 (share capital) and DTR 7.2.8 (diversity) are set out in the Nomination Committee Statement on pages 52 and 53 and in the Directors' Report on pages 38 to 41.

The Board considers it complied with the majority of the principles and provisions of the 2018 UK Corporate Governance Code for the period ended 26 April 2020. The lockdown measures created by Covid-19 have meant that a small number of corporate governance requirements have not been met fully throughout the year as the pressing nature of the pandemic has taken priority.

The following table sets out the provisions which have not been fully complied with during FY20:

Provision	Requirement	Reason for non-compliance	Resolution
12	The Board should appoint one of the Independent Non-executive Directors to be the Senior Independent Director to provide a sounding Board for the Chair and serve as an intermediary for the other Directors and shareholders. Led by the Senior Independent Director, the Non-executive Directors should meet without the Chair present at least annually to appraise the Chair's performance, and on other occasions as necessary.	This was specific to the appraisal of the Chair which was due to take place in April 2020, however with the lockdown measure created by Covid-19 this was delayed.	This has been completed subsequent to the period end.
13	Non-executive Directors have a prime role in appointing and removing Executive Directors. Non-executive Directors should scrutinise and hold to account the performance of management and individual Executive Directors against agreed performance objectives. The Chair should hold meetings with the Non-executive Directors without the Executive Directors present.	The review of the performance of the Non-executive Directors has not been completed during the period, this was due to take place in April 2020, however with the lockdown measure created by Covid-19 this was delayed.	This has been completed subsequent to the period end.
21	There should be a formal and rigorous annual evaluation of the performance of the Board, its Committees, the Chair and individual Directors. The Chair should consider having a regular externally facilitated Board evaluation. In FTSE 350 companies this should happen at least every three years. The External Evaluator should be identified in the annual report and a statement made about any other connection it has with the Company or individual Directors.	Whilst we appreciate that an external Board evaluation should take place every third year and an annual internal evaluation of the Board's effectiveness should take place, the lockdown situation linked to the Covid-19 pandemic meant that in order to benefit from a full evaluation, a delay was necessary.	We intend to resume plans for an external Board evaluation during FY21.
22	The Chair should act on the results of the evaluation by recognising the strengths and addressing any weaknesses of the Board. Each Director should engage with the process and take appropriate action when development needs have been identified.	This was due to take place in April 2020, however with the lockdown measure created by Covid-19 this was delayed.	This has been completed subsequent to the period end.

23	The annual report should describe the work of the nomination committee, including: - the process used in relation to appointments, its approach to succession planning and how both support developing a diverse pipeline; - how the Board evaluation has been conducted, the nature and extent of an External Evaluator's contact with the Board and individual Directors, the outcomes and actions taken, and how it has or will influence Board composition; - the policy on diversity and inclusion, its objectives and linkage to company strategy, how it has been implemented and progress on achieving the objectives; and - the gender balance of those in the senior management and their direct reports.	This was due to take place in April 2020, however with the lockdown measure created by Covid-19 this was delayed.	We intend to continue the evaluation and review processes of the nomination committee during FY21.
36	Remuneration schemes should promote long-term shareholdings by Executive Directors that support alignment with long-term shareholder interests. Share awards granted for this purpose should be released for sale on a phased basis and be subject to a total vesting and holding period of five years or more. The Remuneration Committee should develop a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares.	The Group does not have an LTP share scheme for the Executive Directors. The Remuneration Committee does not feel that issuing shares to the Executive Directors is productive for the Company at this time. Concentrating on shorter term share price movements must not detract the long-term elevation strategy in the view of the Committee. For details of shares held by Directors see pages 54 to 60 of the Remuneration report.	To be reviewed annually.

The appointment letters of Non-executive Directors state that they agree to consult with the Chair prior to accepting any directorships in publicly quoted companies or any major external appointments. Also, if any Non-executive Director becomes aware of any potential conflicts of interest the Chair and Company Secretary must be notified as soon as this becomes apparent. During the period neither the Chair or the Company Secretary were aware of any further appointments or potential conflicts of interest. The independence of Non-executive Directors will be reviewed by the Board during FY21.

BOARD LEADERSHIP AND COMPANY PURPOSE

Board Performance

On an annual basis the Non-executive Directors, led by Richard Bottomley, review the performance of the Chair taking into account the views of Executive Directors. This has not taken place during FY20 due to the Covid-19 pandemic, although it did take place in early FY21. The outcome of the review has been relayed to the Chair with constructive comments to improve his future performance. During the period, the performance of all Non-executive Directors was reviewed by the Chair 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 number of informal meetings also took place throughout the year between various Non-executive Directors and the Chair.

Controlling Shareholder

The Board is well aware that independence issues can arise when a controlling shareholder is on the Board of a company, as is the case with the Group. In order to manage this, the Group's Chief Executive, Mike Ashley, has entered into a written and legally binding Relationship Agreement which ensures that he complies with the independence provisions set out in Listing Rule 6.5.4. Further information regarding the controlling shareholder provisions can be located on page 39.

Business Model

The Group's business model remains consistent in providing customers with unrivalled range, availability and quality of products. In ensuring the sustainability of this we have applied the multi-channel elevation strategy in elevating not only our stores and brands, but also the customer experience. Further information on the Group's business model and strategy can be found in the Strategic Report on pages 7 to 36.

Governance plays a key role in the business model as a business cannot succeed without an independent, effective and efficient Board who understand the business.

Culture

The Board appreciate that the culture of the business needs to be regularly assessed and monitored. During the year the Board commissioned an in-depth report by We Are Wiser in order to measure the culture of the Group. The outcome of the report is due to be discussed by the Board in FY21 when it will focus more on the employer value proposition and culture of the Group. It is intended that the outcome of the report will allow the Board to consider staff retention, and offering suitable awards and incentives in line with the Group culture. The report should provide the Board with a good starting point towards aligning culture, strategy and values across the Group.

Engagement With Stakeholders

The Board welcomes dialogue with shareholders. During the year, letters received from major shareholders were circulated to the Board and responses made as appropriate. Engagement with major shareholders was offered on regular occasions including the results presentations, the general meeting and the annual general meeting. Liaising with shareholders takes place via a number of methods, although throughout the year it has mostly been done at an operational level. Major shareholders are regularly reviewed by the Board in order that they can become familiar with the shareholders' priorities and engage successfully.

Stakeholder engagement is crucial across the business and is essential for the long-term success of the Group. The s172 Statement shows how stakeholders have been engaged during the year, and can be found on pages 26 to 29.

During FY17 the Group appointed the first Workers' Representative, Alex Balacki. Following on from Alex's success, during FY19 Cally Price was appointed as Non-executive Workforce Director and Workers' Representative. Cally's contribution and knowledge of the retail aspect of the business has proven beneficial, and she

has helped to shape the role and ensure that guidelines are established for her eventual successor.

Workforce Concerns

Workforce concerns regarding the business and its operations are taken seriously. As a Group we provide a number of ways that staff can use to voice their issues. When issues arise, staff are encouraged to speak to their line managers, or they can seek advice from The Retail Trust. If staff want to express their concerns in a confidential or anonymous manner, they have options to use the whistleblowing hotline, or 'Your Company, Your Voice'. Cally Price works with staff members across the business to resolve issues and she reports issues to the Board during scheduled meetings.

Director Concerns

During the year no concerns were raised by the Board regarding the operation of the Board or the management of the Group.

DIVISION OF RESPONSIBILITIES

The Chair

The Chair leads the Board, ensuring constructive communications between Board members and also that all Directors are able to play a full part in the activities of the Company. The Chair is responsible for setting Board agendas and ensuring that Board meetings are effective and that all Directors receive accurate, timely and clear information.

The Chair communicates with shareholders effectively and ensures that the Board understands the views of major investors. The Chair also provides advice and support to members of both the Executive and the Non-executive Board members. Upon his appointment, the Chair met the independence criteria set out in provision 10 of the 2018 UK Corporate Governance Code.

The Chief Executive

The Chief Executive has a pivotal role within the Group in formulating and implementing strategy. He is responsible for the day-to-day running of the business, equipping himself with a team of executives to ensure that the Board's decisions are implemented. The Chief Executive is a main point of communication between the senior executives and the Non-executive Directors, and uses his position to regularly update the Board on the trading position of the business.

The Senior Independent Director

Richard Bottomley, OBE, is the Senior Independent Non-executive Director. He supports the Chair and other Non-executive Directors and is available to assist shareholders if they have concerns.

Role Of Non-executive Directors

The role of the Non-executive Directors is to understand the Group in its entirety and constructively challenge strategy and management performance, set executive remuneration levels and ensure an appropriate succession planning strategy is in place. Non-executive Directors must also ensure they are satisfied with the accuracy of financial information and that effective risk management and internal control processes are in place.

The Non-executive Directors have a breadth of experience from a wide range of sectors. The Non-executive Directors assist the Board with issues such as governance, internal control, remuneration and risk management.

Independence

There are currently three independent Non-executive Directors who sit on the board, as well as a Non-executive Chair, a Non-executive Workforce Director and Workers' Representative, and two Executive Directors. All Non-executive Directors, other than the Non-executive Workforce Director and Workers' Representative, were considered independent upon appointment. The Non-executive Workforce Director and Workers' Representative is not considered to be independent as she is employed by the Group.

Division Of Responsibilities

Alongside the main Board there are three sub-committees, namely the Audit Committee, Remuneration Committee and Nomination Committee. The Committees are governed by Terms of Reference which provide details of matters delegated to each committee. The Terms of Reference are available on the Group's website at www.frasers.group.

Matters Reserved For The Board

There is a formal schedule of matters that require Board approval as they could have significant strategic, financial or reputational impact on the Group as a whole. These include:

- Setting of budgets
- Setting of the Company's values and standards
- Approval of strategic aims and objectives
- Approval of acquisitions and disposals
- Appointments and removal of Board members
- Succession planning
- Overall responsibility for internal control and risk management, as described on page 21.

Conflicts Of Interest

Before accepting new appointments, Non-executive Directors are required to obtain approval from the Chair, who in turn requires the approval of the whole Board. It is essential

that no appointment causes a conflict of interest or impacts on the Non-executive Director's commitment and time spent with the Group in their existing appointment. Non-executive Directors are required to disclose prior appointments and other significant commitments to the Board and are required to inform the Board of any changes to or additional commitments agreed. Details of the Non-executive Directors' external appointments can be found on pages 37 to 38.

Director Commitment

Prior to accepting Board positions, prospective Directors are informed that following induction, they are required to dedicate between 15 and 20 days per annum to fulfil the role of a Non-executive Director. Non-executive Directors are aware that scheduled and unscheduled meetings may take place, as well as other events including site visits, shareholder meetings and strategy meetings. The time specified in Non-executive Directors' letters of appointment, to be committed to the role, is regularly reviewed by the Nomination Committee and was recently deemed to be appropriate. Regular training is offered to all Directors, and this is further considered during Director evaluations.

In order that they can agree the dates against their existing commitments, the Non-executive Directors are given prospective annual Board calendars during the early second half of each preceding year. The Board is expected to attend all scheduled board meetings and is asked to use best endeavours to attend unscheduled meetings. During the year, there were five scheduled and seven unscheduled Board meetings. Guest attendees are invited to present at Board meetings.

Appointment Documentation

Details of Executive Directors' service contracts, and of the Chair's and the Non-executive Directors' appointment letters, are given on pages 43.

Copies of service contracts and of appointment letters are available for inspection at the Company's registered office during normal business hours and at the Annual General Meeting. Neither of the Executive Directors hold a directorship of another FTSE 350 company.

Meeting Documentation

A detailed agenda is established for each scheduled meeting, and appropriate documentation is provided to Directors in advance of the meeting. Regular Board meetings provide an agenda that will include reports from the Chief Financial Officer, reports on the performance of the business and current trading, and specific proposals where the approval of the Board is sought. The Board will monitor and question performance and review anticipated results. The Board receives reports from the Non-executive Workforce Director and Workers' Representative who is in attendance at all Board meetings.

During Board meetings, presentations are made on business or strategic issues where appropriate, and the Board will consider at least annually the strategy for the Group. Minutes of the meetings from Committees of the Board are circulated to all members of the Board for agreement. When issued, copies of analysts' reports and brokers' notes are also provided to Directors.

Board Meeting Attendance

Attendance by Directors at Board and Committee meetings during the year and the total number of meetings that they could have attended are set out in the table below. All Directors attended all meetings of the Board and Committees of the Board of which they were members unless prevented from doing so by prior commitments. The meetings which took place throughout the year were a mixture of both scheduled meetings, general matters, and unscheduled/ad hoc meetings for more urgent matters.

The Board has a formal schedule of regular meetings where it approves major decisions, and utilises its expertise to advise and influence the business. The Board will meet on other occasions as and when required. During FY20 the Board met formally on five occasions and informally on seven occasions.

	Board Meetings Scheduled	Board Meetings Unscheduled	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings
Mike Ashley	5/5	7/7	-	-	-
Richard Battenley	4/5	7/7	5/5 ⁽¹⁾	-	2/2
David Brayshaw	5/5	7/7	5/5	3/3	2/2
David Daly	5/5	7/7	-	3/3	2/2
Nicole Frempton	5/5	7/7	4/5	3/3	-
Chris Wootton ⁽²⁾	3/3	7/7	-	-	-
Cally Price	5/5	7/7	-	-	-
Jon Kempster ⁽³⁾	2/2	1/1	-	-	-

(1) Meetings attended by Chris Wootton following his appointment on 12 September 2019.

(2) Meetings attended by Jon Kempster until his resignation on 12 September 2019.

(3) The final Audit Committee meeting of FY20 took place on 27 April 2020. Although this was one day after the period end the meeting was originally scheduled to take place during FY20. The delay was as a result of Covid-19.

Note: A number of Audit Committee, Remuneration Committee and Nomination Committee meetings were attended by Board members who were not members of the Committees. The Board members concerned attended these meetings at the invitation of the Committee Chairs. Board members attended these meetings for information rather than influence, and may not have attended for the full duration of the meetings.

Company Secretarial Support

The Company Secretary was appointed during the year, the selection being agreed on by the Board as a whole.

All Directors have access to the advice and services of the Company Secretary, and may take independent professional advice at the Company's expense, subject to prior notification to the other Non-executive Directors and the Company Secretary.

The Company Secretary ensures that appropriate insurance cover is maintained by the Company in respect of its Directors and Officers. They also have responsibility for advising the Board on corporate governance matters. During FY20, reports have been provided to the Board on the 2018 UK Corporate Governance Code and training was also provided to new Directors on Directors' duties, relevant obligations under the Listing Rules, and the Market Abuse Regulations.

COMPOSITION, SUCCESSION AND EVALUATION

Nomination Committee Composition

The Company has a Nomination Committee chaired by David Daly, the Chair of the Board. The Committee also comprises a further two Non-executive Directors. The members and work of the Nomination Committee is described on pages 52 to 53.

Committee Responsibilities

The Nomination Committee is responsible for regularly reviewing the structure, size and composition (including the skills, knowledge experience and diversity) of the Board and making recommendations to the Board with regard to any changes it deems appropriate. The Committee is also responsible for identifying and nominating candidates to fill Board vacancies, subject to Board approval.

Succession Planning

The succession of key executives was considered during FY20. A list of these key executives was provided to the Board to identify the positions that they hold and to consider options should they leave the business. All people included on the list must also be notified to the Board if they leave the business for whatever reason. Succession planning is a key risk to the Group, and is discussed in the Principal Risks and Uncertainties section of this Annual Report on pages 21 to 24.

Director Election

All Directors appointed to the Board during the year, after consideration of the recommendations of the Nomination Committee, must stand for re-election at the Annual General Meeting following their appointment. This applies to Chris Wootton in FY20, who was appointed to the Board in September 2019.

Director Re-Election

Non-executive Directors (with the exception of the Chair whose agreement continues until terminated in accordance with its terms) are appointed for an initial term of three years. Following their initial appointments, all Directors are subject to annual re-election at every Annual General Meeting. The Board has determined that all Directors seeking re-appointment, and recommended by the Nomination Committee, must put themselves forward for re-election at the 2020 AGM.

Chair Tenure

David Daly was appointed to the Board as a Non-executive Director during October 2017, and was appointed as Chair during September 2018. There is still considerable time before his term is viewed as non-compliant with the 2018 UK Corporate Governance Code. Further details regarding the appointment of the Board and their contributions can be located on pages 37 to 38.

Board Diversity

We understand that the key to a sustainable future is to ensure that the Board comprises a diverse team of Directors who have relevant knowledge and skills in the areas required by, and related to the business. We have an all-inclusive attitude when looking to appoint future members of the Board, and understand that a diverse Board will be beneficial to the future of the Group. However, we firstly look for the requisite abilities, merits and personal strengths in candidates rather than meeting set quotas. During FY20 and the prior year we have looked into recruiting additional Non-executive Directors. The technique that has been used has been to target specific individuals who meet the requirements of the Board, all of whom have no connection to the Group. Initial discussions have taken place with a recruiter who specialise in diverse board recruitment, although no formal appointment processes have commenced. The Board will remain transparent in reporting on the appointment of Non-executive Directors once a recruiter has been appointed.

Board Skills, Experience And Knowledge

The Board consists of the Non-executive Chair, David Daly, the Chief Executive, Mike Ashley, the Chief Financial Officer, Chris Wootton, and three independent Non-executive Directors and a Non-executive Workforce Director. The names, skills and short profiles of each member of the Board, together with details of membership of Board Committees are set out on pages 37 to 38. Each year the Board endeavours to consider the independence of each Non-executive Director in accordance with the 2018 UK Corporate Governance Code. The most recent review did not highlight any Non-executive Directors who lacked independence, although this excluded the Non-executive Workforce Director as an employee of the Group and the Chair.

Board Evaluation

The practices and processes of the Board and its Committees are usually evaluated on an annual basis. Following evaluations, the feedback obtained is considered and the Board acts on the issues raised. A comprehensive external evaluation was scheduled to take place during FY20, although this was postponed due to Government enforced social distancing guidelines as a result of the Covid-19 pandemic. The Board recognises that external evaluations should be formal and rigorous; allowing the evaluator time to review necessary documents, observe scheduled Board and Committee meetings, and conduct in-depth interviews. Therefore, although an external evaluator has been appointed, the Board felt that much of the benefits of the evaluation would be lost if these essential elements could not take place. The external evaluation will be re-scheduled to take place as soon as possible following the easing of social distancing measures. The evaluation will be undertaken by Belinda Hudson Limited, an independent consulting firm that works with Boards, Committees and Directors to assess their effectiveness and to identify opportunities for improvement. Belinda Hudson Limited has no links to the Company or individual Directors and is therefore deemed to be a suitable choice to evaluate the Board.

The most recent internal Board evaluation was in FY19, conducted using a questionnaire. The Chair reviews the results of the evaluation and discusses the outcome with the Board. The result of the questionnaire highlighted that the Directors believe that the Board and its Committees are working effectively. The Board is committed to undertake training and further learning as may be required. As a result of the Chair's evaluations of each individual Non-executive Director, training has been suggested for one Director. Throughout the year there have been several occasions where Non-executive Directors have met on a one-to-one basis. This has enabled the Non-executive Directors to discuss specific comments or raise any concerns they may have.

AUDIT, RISK AND INTERNAL CONTROL

Audit Committee Composition

The Audit Committee is chaired by the Senior Independent Non-executive Director, and comprises a further two independent Non-executive Directors. The Chair of the Board is not a member of the Audit Committee. The Chair of the Audit Committee has the requisite experience to hold this position, with over 25 years' experience as a senior partner in a Big 4 audit firm. The Audit Committee Chair is also a member of the Audit Committee Institute.

Committee Responsibilities

The Audit Committee is responsible for effective reporting to stakeholders and ensuring high standards of quality and effectiveness in the external audit process. The Committee also has delegated responsibility from the Board for reviewing and monitoring the effectiveness of the Group's systems of risk management and internal control. The Audit Committee Report is located on pages 48 to 52.

External Auditor

The Board approves the appointment of the Group External Auditor, RSM UK Audit LLP, who was appointed during the year following the resignation of the previous External Auditor, Grant Thornton. There are no further plans to retender external audit at present, although advance notice will be provided when this becomes a future consideration. The External Auditor has provided one permitted engagement of non-audit related work to the Group which was immaterial and engaged post the FY20 period end. The non-audit work was deemed necessary by the Group due to the nature of the work and relevant skills of RSM, and is in line with the Group's policy for the provision of non-audit services by the External Auditor, and the FRC's Ethical Standards 2019. The Board, in discussions with the External Auditor, agreed that the work would not impact External Auditor independence. Further information regarding the work of the External Auditor can be located on pages 62 to 69.

Internal Auditor

During FY19 the Audit Committee recommended to the Board that there was a need in the Group for an Internal Audit function. A Head of Internal Audit & Risk Management was appointed during FY20.

See further information in the Audit Committee Report on pages 48 to 52.

The Group's Position and Prospects

The Board is responsible for the preparation of the Annual Report and Accounts for FY20 and is in agreement that taken as a whole, they are fair, balanced and understandable. For the Board's statement on this matter please refer to page 61. We are confident that the Annual Report and Accounts provide sufficient detail that our shareholders have been provided with the necessary information on the Group's position, performance, business model and strategy, and further details of this can be found in the Strategic Report on pages 7 to 36. Detailed information on the financial position and performance can also be located in the Group financial statements located on pages 70 to 114.

During the year and throughout the preparation of the FY20 Annual Report and Accounts it became apparent that the impact of Covid-19 would be severely detrimental to high street retailers, including to some extent the Group. During this period, the Board has met on a number of occasions to discuss the impact of Covid-19 on trading and the Group's long-term future. Covid-19 is deemed to be a highly significant issue for the Group. The Board is confident that the Group has adequate resources to remain in operational existence for the foreseeable future and has continued to adopt the going concern basis of accounting in preparing the financial statements. See the Board's going concern statement for FY20 in the Directors' Report at page 41. The Directors have also assessed the prospects of the Group over a two and a half year period and the Viability Statement can be found at page 25.

Risk Management

The Board's responsibilities and procedures for managing risk and the supporting systems of internal control are set out in the Principal Risks and Uncertainties section of the Strategic Report on pages 21 to 24 and further information is included in the Audit Committee Report on pages 48 to 52.

Controls in respect of financial reporting and the production of the consolidated financial statements are well established. Group accounting policies are consistently applied and review and reconciliation controls operate effectively. Standard reporting packages are used by all Group entities to ensure consistent and standard information is available for the production of the consolidated financial statements. The Group Accounting Manual is under a cycle of ongoing review and forms part of our internal controls continuous improvement activity during FY21.

The Board has carried out a robust assessment of the Group's emerging and principal risks in the period and further detail can be found in the Strategic Report as noted above.

REMUNERATION

Remuneration Committee Composition

The Remuneration Committee is chaired by David Brayshaw, independent Non-executive Director and comprises a further independent Non-executive Director and the Chair of the Board, David Daly. David Brayshaw was appointed Chair of the Remuneration Committee in September 2018 following the departure of the previous Chair, David Singleton. Although David Brayshaw had not served on the Committee for one year prior to his appointment as Chair, at the time of the resignation of the outgoing Committee Chair, Mr Brayshaw was the longest serving Non-executive Director who did not chair another Committee. On this basis, David Brayshaw was deemed the most appropriate Non-executive Director to assume the role. The Company was not bound by the provisions of the 2018 UK Corporate Governance Code at this time. The Remuneration Report on pages 54 to 60 details how the Group has complied with s5 of the 2018 UK Corporate Governance Code relating to the Remuneration Committee.

Non-executive Director Remuneration

The remuneration of the Non-executive Directors is determined by the Board and remained unchanged during FY20. However, due to the impact of Covid-19 on Group trading, Non-executive Directors accepted pay reductions to their salaries for the time being commencing from 1 May 2020. The remuneration of Non-executive Directors does not include any share options or other benefits.

Incentives And Rewards

The Remuneration Committee is responsible for recommending Group and Executive incentive schemes. Whilst the Board has a duty to ensure that a scheme promotes the long-term success of the Group, during FY20 an incentive scheme has not been recommended. In addition, the Group is now of the view that any such scheme would not include the Chief Financial Officer or the Chief Executive, who holds a majority shareholding in the Group. The Remuneration Committee considers that issuing shares to

Executive Directors is counterproductive for the Company at this time. Concentrating on shorter term share price movements must not detract the long-term elevation strategy in the Board's view.

Directors' Remuneration Policy

The Remuneration Committee is responsible for setting the policy on Directors' remuneration. When setting this policy, the Remuneration Committee takes into account the remuneration and incentives of the wider workforce, whilst considering the culture of the Group. The Directors' Remuneration Policy is voted on by shareholders at every third Annual General Meeting (AGM). The current shareholder approved Remuneration Policy can be found on the Company's website at www.frasers.group, and an updated policy will be put to shareholders for approval at the FY21 AGM. The Group Remuneration Report is voted on by shareholders at every AGM.

Pension Alignment

The pension contributions of the Executive Directors are part of the Remuneration Committee's remit. During the year, the contributions remained in line with those of the wider workforce. Pension contributions made by the Group are kept to a basic level for all members of staff.

Independent Judgement And Discretion

The Remuneration Committee uses independent judgement throughout its decision-making on executive remuneration without interference from outside bodies, as do all Non-executive Directors regardless of whichever Committee they sit on. At all times the Committee prioritises the long-term success of the Group.

Further Information

Further information regarding the Group's compliance with the 2018 UK Corporate Governance Code principles and provisions can be located in the Strategic Report, the Directors' Report, the remainder of the Corporate Governance Report, the s172 Statement and the Committee Reports.

AUDIT COMMITTEE REPORT 2020

Dear Shareholder,

I am pleased to present the report of the Audit Committee (the 'Committee') for the 52 week period ended 26 April 2020.

As noted in the Chair's Statement, this has been a most challenging year for our business and the impacts of the Covid-19 pandemic have been a key area of focus for the Audit Committee. The Committee has had detailed oversight of management papers and assessments of the Group's position in response to these impacts. From this review, the Committee is satisfied that the going concern basis of accounting is appropriate, and that the Group is viable over its assessment period, see page 25.

The Committee has an important role to play in effective reporting to our stakeholders and ensuring high standards of quality and effectiveness in the external audit process. The Committee also has delegated responsibility from the Board for reviewing and monitoring the effectiveness of internal control and risk management policies and systems.

This report provides an overview of:

- The membership of the Committee and how often it met during the year;
- The main responsibilities of the Committee;
- What the Committee has done during the year, including those key areas of internal control it focused on;
- The Committee's view on audit quality and the business approach to estimates and judgements;
- The new External Auditor appointment process and how the Committee assesses the effectiveness of the External Auditor and its independence;
- The Committee's opinion on the Annual Report and Accounts when viewed as a whole;

- Re-scheduled plans for review of the Committee's effectiveness; and
- Forward plans for FY21.

In last year's Audit Committee Report, we confirmed the decision to pause the audit re-tender process that had previously commenced and instead to re-appoint Grant Thornton as our External Auditor for the prior period audit, FY19. This approach enabled us to spend more time considering our options during FY20 and a rigorous re-tender process resumed following the publication of the 2019 Annual Report and Accounts. The outcome of the re-tender; to appoint RSM UK Audit LLP (RSM), was approved by the Board on 23 October 2019 and we are building a strong and productive working relationship with RSM.

We are pleased to have received the help and support of the Financial Reporting Council (FRC) during our re-tender and also worked closely with the FRC's Corporate Reporting Review team on a thorough review of our 2019 Annual Report and Accounts which resulted in a positive outcome.

We appointed a Head of Internal Audit & Risk Management from January 2020 and are committed to continuous improvement across our governance, risk management and internal control systems and have developed good relationships with two Big 4 co-source partners, and other preferred suppliers, to complement the growth of our in-house team. We value the ongoing work of our Retail Support Unit and are seeking to ensure this continues as a strength in our Group.

The more recent effects of the global pandemic impacted our business primarily in the last two months of FY20 when we were otherwise on target to achieve our underlying EBITDA growth targets. Our risk profile is under continued review and discussion and our performance as a business has remained strong in these extremely challenging circumstances. It has been impressive to see the strength and depth of experience across all our business teams and their ability to withstand and manage the significant risks that materialised.

MEMBERSHIP

During the year, the Audit Committee comprised three Non-executive Directors, David Brayshaw, Nicola Frampton and myself as Chair. Biographies of each Committee member are set out in the Directors' profiles on pages 37 to 38 of this Annual Report.

As Chair of the Audit Committee and Senior Independent Non-executive Director, I am satisfied that the Committee's membership includes Directors with recent and relevant financial experience and competence in accounting, risk management and governance and that the Committee as a whole has competence relevant to the retail sector in which the Group operates.

MEETINGS

The Committee met five times during the year, namely three scheduled meetings and two further ad hoc meetings. Non-Committee members of the Board and the executive management team attended Audit Committee meetings during the year at my invitation to ensure the Committee is kept informed of important developments in the business and the risk and control environment. Attendance by members of the executive management team at these meetings also helps to reinforce a strong culture of risk management within the business. Non-Committee members do not participate in Audit Committee decision making.

Our External Auditors attended all Committee meetings during the year. Grant Thornton UK LLP attended the July 2019 meetings and RSM attended at December 2019 and April 2020 and then subsequent meetings in the 2021 financial period. The Committee meets without management present on a regular basis and meets privately with the External Auditor at least on an annual basis. In my capacity as Chair, I have regular meetings with the External Auditor prior to every Committee meeting during the audit planning process and as the audit progresses to address issues early and to avoid any unwanted surprises. I am also in continued contact with the Board Chair,

Chief Executive, Chief Financial Officer, External Audit Lead Partner and our Head of Internal Audit & Risk Management, who has an independent reporting line to me, on a regular basis.

THE MAIN RESPONSIBILITIES OF THE AUDIT COMMITTEE

The main responsibilities of the Audit Committee, as delegated by the Board, remain unchanged during the year and are set out in the Committee's Terms of Reference. These include oversight, assessment and review of:

- The integrity of the Group's financial reporting as a whole and any formal announcements relating to the Group's financial performance, including any significant judgements contained in them;
- The effectiveness of the external audit process and appropriateness of the relationship with the External Auditor including its independence and objectivity;
- Developing and implementing policy on the supply of non-audit services by the External Auditor and approving any such work;
- The effectiveness of the Group's internal financial controls and risk management and internal control systems, including the activities of the Internal Audit function, and driving continuous improvement;
- The effectiveness of whistleblowing arrangements.

The Committee:

- Provides advice to the Board on the outcome of the external audit and whether it considers the Annual Report and Accounts when taken as a whole are fair, balanced and understandable and provide information necessary to shareholders to assess the Group's position and performance, business model and strategy;
- Makes recommendations to the Board on the appointment, reappointment or removal of the External Auditor;
- Approves External Auditor fees and terms of engagement;
- Maintains strong relationships with the Board, executive management, the External Auditor and Internal Auditors in the execution of their respective responsibilities;
- Reports to the Board on how the Committee has discharged its responsibilities during the year.

WHAT HAS THE COMMITTEE DONE DURING THE YEAR?

Some of the Committee's work has been interrupted in the latter part of the reporting period due to the magnitude of response required to the Covid-19 pandemic. Whilst some activities have continued into the FY21 period, as a minimum, the Committee has:

- Reviewed the financial statements of the Group and assessed whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements;
- Reviewed the detailed scenarios and assumptions behind the going concern basis of accounting and longer-term viability;
- Specifically reviewed the business approach to estimates and judgements;
- Assessed the implementation of IFRS 16 relating to the presentation of leases and right-of-use assets, reviewing its impact on the Group's Balance Sheet and the appropriateness of assumptions, policies and disclosures;

- Undertaken a robust external audit tender exercise and recommended the appointment of RSM as the Group's External Auditor for FY20;
- Assessed the effectiveness of the external audit process and considered the reappointment of RSM as the External Auditor for FY21;
- Monitored the business response, internal controls, and impact on the Group's financial performance and reporting as the Covid-19 / pandemic risk materialised;
- Monitored the effectiveness of the Group's risk management and internal control systems and whilst the Committee's plans for continuous improvement paused during the height of the Covid-19 pandemic, these plans have resumed and are continuing into FY21. See further detail in the Strategic Report at pages 21 to 24;
- Advised the Board on its interactions with the FRC in respect of the external audit tender process and the FRC's Corporate Reporting Review team, as further described in the introduction to this Report;
- Met its objectives in supporting Chris Wootton in his role of Chief Financial Officer and evaluating the strength and depth of the Finance team; appointed a Head of Internal Audit & Risk Management and progressed the improvement of our risk identification, monitoring and mitigation measures across the Group;
- Commenced a broader review of the whistleblowing policy and supporting processes across the Group as referenced in the Strategic Report on page 36;
- Reviewed its Terms of Reference as updated to incorporate the provisions of the 2018 UK Corporate Governance Code;
- Together with the Board, considered the Committee's own effectiveness, although the planned external review has been re-scheduled into FY21.

RISK MANAGEMENT AND INTERNAL CONTROLS

Our plans for continuous improvement of our risk management and internal control systems have continued and information on our approach to risk management and internal control is set out in the Strategic Report on pages 7 to 36, and our conclusion is set out within the risk section of the Strategic Report on pages 21 to 24. Establishing a Group Internal Audit and Risk Management function adds to the strength of our progress. Central to the Group's system of internal control has been the continued work undertaken by our Retail Support Unit. The Retail Support Unit provides internal assurance on the efficacy of controls over our retail operational procedures and systems.

In the year, the Committee focused on a number of significant areas of internal control, including:-

- Solvency and liquidity;
- Business continuity and incident response;
- Key legislative and regulatory obligations;
- Cyber risk and data loss prevention;
- The valuation of assets and stock and the calculation of associated provisions;
- The effectiveness of hedge accounting and the management of foreign currency exposures;
- Property and the systems in place to ensure onerous lease provisions and right of use asset impairments (post adoption of IFRS 16) are recognised on a timely basis;
- External banking arrangements;
- The preparation and review of management accounts;
- Monitoring and reporting procedures in relation to budget variance.

See further at page 61 for the Board's statement on Corporate Governance.

AUDIT QUALITY

The UK audit sector has been subject to three significant reviews in the last couple of years; the Competition and Markets Authority (CMA) Market Study, the Kingman Review and the Brydon Review. The audit profession, audit regulation and the quality of the audit product are undergoing a root and branch review and have never been under greater scrutiny.

Frasers Group welcomes these reviews, in particular with reference to audit quality and the foundations of a plan on 'graduated findings' which would involve the auditor expressing an opinion on key management estimates and judgements in the accounts: the Committee believes the Group's accounting estimates and judgements to be conservative.

EXTERNAL AUDITOR

The Committee is pleased to welcome RSM as our new External Auditor for FY20 following a robust external audit re-tender process during 2019 which received the support of the FRC. During this process we encountered some conflict of interest challenges in respect of a number of potential providers and carefully considered each challenge on its merits. We invited four providers to tender which resulted in our recommendation to the Board to appoint RSM and which was approved by the Board on 23 October 2019. Both Grant Thornton UK LLP, and RSM UK Audit LLP attended all Committee meetings as relevant to their periods of tenure.

The Committee evaluates the effectiveness of the external audit process on an ongoing basis and annually makes recommendations to the Board on the External Auditor re-appointment. The External Auditor is then proposed for re-appointment (as applicable) each year at the AGM.

In making its recommendations to the Board, the Committee considers a number of factors relating to the level of service provided by the External Auditor, the quality of its work and its independence.

These include:

- The quality and scope of the planning of the external audit in assessing risks and how the External Auditor has planned to evolve the audit plan to respond to changes in the business;
- The quality and timeliness of reports provided to the Committee and the Board by the External Auditor during the year;
- The level of understanding that the External Auditor has demonstrated in relation to the Group's businesses and the retail sector;
- The objectivity of the External Auditor's view on any deficiencies in internal control which came to its attention during the course of its audit work, and the robustness of challenge and findings on areas which require management judgement;
- The contents of any external reports or regulatory statements published in respect of the External Auditor; and
- The nature and scope of non-audit services provided by the External Auditor and the level of fees charged for these services.

The Committee has discussed one permitted engagement with the External Auditor in respect of non-audit services. The engagement was of immaterial value and related to the post FY20 period end.

The Committee concluded that, due to the nature of the work and the safeguards in place, the provision of non-audit work did not compromise the independence or objectivity of RSM as the Group's External Auditor; due to the nature of the work being compliant with the FRC's Ethical Standards 2019 and the work being performed by a separate team. The Committee was also satisfied that it was in the interests of the Group to be provided with these non-audit services by the External Auditor because of RSM's expertise in the relevant area.

We have a stringent policy and approval process in place in respect of non-audit services engagement and our view is to keep this type of engagement minimal unless in exceptional but reasonable circumstances, and in line with policy.

OPINION ON THE ANNUAL REPORT AND ACCOUNTS

The Board has asked the Committee to advise it on whether the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

The Committee has reviewed the process for preparing this Annual Report in order to assess whether other information contained in it is consistent with the Group's financial statements for the 52 weeks ended 26 April 2020. This process has included the following key elements:

- Review of new regulations and reporting requirements with external advisers to identify additional information and disclosures that may be appropriate;
- Preparation of a detailed timetable and allocation of drafting responsibility to relevant internal teams with review by an appropriate senior manager;
- Provision of an explanation of the requirement for the Annual Report and Accounts, taken as a whole, to be fair, balanced and understandable, to those with drafting responsibility;
- Monitoring of the integrity of the financial statements and other information provided to shareholders to ensure they represent a clear and accurate assessment of the Group's financial position and performance;
- Review of significant financial reporting issues and judgements contained in the financial statements;
- Review of all sections of the Annual Report by relevant external advisers;
- Review by the senior manager working group responsible for the Annual Report process; and

- Overall review of the contents of the Annual Report and substantiation of why it provides a fair, balanced and understandable view of the period under review.

The Committee has reviewed this Annual Report and Accounts and has advised the Board that it considers them, taken as a whole, to be fair, balanced and understandable.

FINANCIAL REPORTING

The Committee has considered the following areas of significance during the period and held discussions with management in the review of these areas.

Going concern and viability	The Audit Committee has held extensive talks with management on going concern and viability, and the Committee as a whole has reviewed and challenged management analysis and assumptions used in both these assessments: this includes review of cash flow forecasts, sensitivity analysis, finance facilities and future funding plans. The Committee is satisfied that the going concern basis of accounting is appropriate and the Group is viable over its assessment period.
Revenue transactions	Based on detailed discussions with management, the Committee agrees that, whilst significant, revenue recognition is not complex across our Group. The Committee is satisfied with revenue recognition and processing controls in place as discussed and reviewed.
Inventory	The Committee has considered the work performed on inventory valuation, including provisioning, and has reviewed the methodology used by management. The Committee is satisfied the approach is consistent with the prior period and has appropriately considered the impact of Covid-19 on the Group's inventory position.
IFRS 16: accounting for leases	The Group has applied IFRS 16 lease accounting for the first time in FY20 and the Committee has considered all aspects of its adoption including the methodology, judgements and assumptions used by management and presentations made in the Financial statements. The Committee is satisfied the approach undertaken by management is reasonable.
Forward currency contracts	The Committee reviewed and discussed with management the valuation methodology used and accounting treatment applied to derivative contracts. The Committee also review delegated authorities in place for the execution of such transactions and is satisfied these are appropriate.
Accounting for investments and associates	Investments: the Committee has considered the work performed by management with regard to presentation and classification risk in respect of investment shareholdings in excess of 20%. This work involves management judgement on whether or not the Group has significant influence over these entities. The Committee has discussed with management and reviewed its representations in determining significant influence. Associates: the Committee has also considered the work performed by management with regard to presentation and classification risk in relation to associates. The Committee has similarly discussed with management and reviewed its representations in determining whether the Group has control over its associates. The Committee is satisfied that management judgements are appropriate and that there is no material change from the prior year position impacting its conclusion. Further details are provided within notes 19 and 20.
Related parties	The Committee has evaluated the appropriateness of related party disclosures through discussions with management and review of papers outlining the loan valuation to Four Holdings Limited and the FY20 payment and approach to provisioning in respect of MM Prop Consultancy Limited. The Committee is satisfied that the disclosures, payment and approach to provisioning are appropriate.
Business combination and acquisition accounting	The Committee reviewed the work performed by management in respect of the acquisition of GAME Digital plc. Specifically in relation to the valuation of net assets at the date of acquisition and fair value of intangibles. The Committee is satisfied that the acquisition and presentation of GAME Digital plc represents a true and fair view and that the date of control, estimates and judgements used by management are appropriate.
Legal and other provisions	The Committee has reviewed and discussed with management its judgements and determinations in respect of provisioning and accrual for legal, regulatory and commercial matters at the period-end. Given the inherent levels of uncertainty and estimation in these areas, the Committee has carefully considered and challenged management's conclusions. As a result, the Committee is satisfied the classification and presentation of legal and other provisions are appropriate.

CMA ORDER 2014 STATEMENT OF COMPLIANCE

Frasers Group confirms that it was in compliance with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 during the financial period ended 26 April 2020. The Committee has discussed all the items above in detail with the External Auditor.

REVIEW OF THE COMMITTEE'S EFFECTIVENESS

Annual review of the Committee's effectiveness was scheduled as part of the externally facilitated Board evaluation during the period. As noted in the Corporate Governance Report, this was delayed due to the immediate response required to the Covid-19 pandemic.

The Committee has improved the governance of its annual planning cycle in the year and will continue to build on this in 2021 as our plans during the year progress. I monitor and assess the effectiveness of the Committee regularly as Chair and invite input from the External Auditor on this.

KEY OBJECTIVES FOR FY21

The Committee's key objectives for FY21 are:

- Continuous improvement of the governance, risk management and internal controls systems across the Group;
- Establishing a strong relationship with our new External Auditor and a timely response process to points of control and improvement which came to the External Auditor's attention during the course of its audit work, with a focus on Financial Reporting controls;
- Development and delivery of Internal Audit and Risk Assurance plans;
- Completion of the Committee's annual effectiveness review.

Richard Bottomley

Chair of the Audit Committee and Senior Independent Non-executive Director

20 August 2020

NOMINATION COMMITTEE

The role of Chair of the Nomination Committee dictates that, in order to meet the needs of the Group it is necessary to ensure that the Board remains competent, diverse, well balanced and equipped to deal with any present or future issues which may arise. It is important that the Nomination Committee both support but challenge the decisions of the Executive Directors, which includes reviewing the leadership of the Group, and making recommendations regarding the appointment of new, and continuation of office, of existing Directors.

Biographical details of each Committee member are shown in the Board of Directors' profiles on pages 37 to 38.

The Nomination Committee will usually meet formally twice a year, although more meetings will also take place when deemed appropriate. The Committee formally met twice during FY20. A number of informal discussions also took place amongst members of the Committee. All members of the Nomination Committee are Non-executive Directors and, with the exception of the Chair, are considered to be independent.

THE RESPONSIBILITIES OF THE NOMINATION COMMITTEE INCLUDE:

- Reviewing the leadership needs of the Group, looking at both Directors and senior management;
- Reviewing the composition, structure and size of the Board, and making recommendations to the Board of adjustments that are deemed necessary having regard to diversity, skills, knowledge and experience;
- Reviewing the time required to be spent by Non-executive Directors;
- Identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise;

- Giving consideration to succession planning for Directors and senior management taking into account the challenges and opportunities facing the Group and the skills and expertise therefore needed on the Board;
- Formally documenting the appointment and re-appointment of Directors;
- Identifying potential candidates for senior posts, and making recommendations to the Board; and
- Considering the recommendation to shareholders of re-election of the Directors under the annual re-election provisions of the 2018 UK Corporate Governance Code.

For a full list of the responsibilities of the Nomination Committee, refer to its Terms of Reference available on the Group Corporate Website www.frasers.group.

WHAT HAS THE COMMITTEE DONE DURING THE YEAR?

Board nominations

The Committee considered and recommended to the Board the re-appointment of David Brayshaw, whose initial three-year term of office ended on 8 December 2019. In making its recommendation the Committee had due regard to David's performance and ability to continue to contribute to the Board in line with the knowledge, skills and experience required.

The Committee has considered and recommended the election or re-election of all Directors at the AGM, following consideration of their effectiveness and commitment.

Jon Kempster, Chief Financial Officer left the Group in September 2019 and was replaced by Chris Wootton who was promoted from Deputy Chief Financial Officer to Chief Financial Officer. After assessing his skills and knowledge against the role requirements, the Nomination Committee considered Chris to be the best candidate for the position of Chief Financial Officer and his appointment was recommended.

by the Committee for approval by the Board. Chris has quickly understood the business and helped it on its elevation path and was a natural successor for Jon.

Cameron Olsen, Head of Legal, and Company Secretary, left the Group in June 2019, and his position has been filled by existing team member, Tom Piper, whose knowledge of the business from his time with the Group has supported his transition into the role.

Composition of the Board

The Committee has reviewed the composition of the Board and has concluded that it may benefit from the addition of further Non-executive Directors with regulatory and HR experience. We are continuing our dialogue with an external agency that specialises in recruiting diverse talent as we look to continue to strengthen our skills and expertise at Board level. In considering new appointments to the Board, the Committee will identify suitable candidates to fulfil the skill-sets required by having regard to succession planning, and diversity objectives. Members of the Committee and executive management team will then meet with the candidate before the Committee considers a recommendation of appointment to the Board.

Board Evaluation

Belinda Hudson Limited has been engaged to conduct the FY20 external Board evaluation. Neither the Company nor any of its Directors has any other connection with Belinda Hudson Limited. The evaluation will be conducted via one to one interviews with individual Directors and key members of senior management. Unfortunately, due to Covid-19, the scheduled interviews had to be cancelled and re-arranged. The Committee believes it is most effective for the interviews to take place in person and therefore the Board evaluation will take place later in the year when it is safe to do so. The most recent Board evaluation was conducted internally in 2019 using a questionnaire. The result of the evaluation highlighted that the Directors believe that the Board and its Committees are working effectively.

Diversity and inclusion

Succession planning is regularly reviewed by the Nomination Committee, who appreciate that successful companies need to show compliance and understand their culture. The We Are Wiser report was commissioned during FY20 and is examining the culture within the Group. The findings of the report will be available during FY21 for the Board to review and act upon. The Board feels that a viable, documented and widely presented and understood culture will achieve the end goal of wider success, not only for the Company but for its stakeholders.

The Group's Diversity policy is to select employees based on merit and from a diverse range of backgrounds. Encouraging the development of existing internal talent is beneficial to both the Group and its people, and is something which is strongly promoted within the Group. During the year, the Committee has prioritised offering senior opportunities to individuals who perform to a consistently high level. As part of succession planning reviews, key individuals within the group are identified for future senior roles and training needs are also identified to support them transition into post.

The Group achieved its diversity policy objective in respect of gender and age by having a strong gender balance in senior management and their direct reports (see gender diversity table on page 30), and a varied representation of ages in middle and senior management.

The Board has two female Directors, representing 28% of the Board. We also note the content of the Parker Review, for FTSE 250 companies and we are continually seeking to increase diversity at Board level.

The Committee has also reviewed the composition of the senior management team including their direct reports and recognises the advantages of having a diverse team. A number of senior management roles in the Group are held by females including the Head of Internal Audit and Risk Management and UK Financial Controller. Our senior leadership team equates to a 32% female to male ratio, whilst across the

overall UK workforce the ratio is approx. 55% female. We were pleased that our most recent Gender Pay Gap Report showed a reduction in the median gender pay gap within our largest relevant subsidiary (SPORTSDIRECT.com Retail Limited) to 0%, however we will continue to explore ways to address other Gender Pay Gap differences within our business.

The Committee will also work with We are Wiser in relation to the Group's new graduate scheme to ensure a diverse mix of talent is recruited to the business.

To further strengthen the diversity of the Board, for non-executive roles the Company has consulted an agency specialising in recruiting diverse talent to identify suitable candidates to fulfil any future vacancies.

The Group's objectives in relation to diversity and inclusion are:

- To ensure Board appointments are made which reflect the skills and experience needed for the Board to be effective and to deliver the agreed strategy;
- To continue to maintain Board representation from the workforce, which brings the voice of employees into the boardroom and supports our strategy of investing in our people;
- To increase female representation on the Board to 33% in line with the Hampton Alexander Target; and
- To continue to give equal access and opportunities to all people irrespective of race, age, gender, disability, medical or other characteristic or need.

The Committee reviewed the Diversity policy during the period and this is currently being updated.

Further details on diversity and inclusion are set out in the Corporate Social Responsibility Report on pages 30 to 36.

Review of Terms of Reference

The Committee has reviewed its Terms of Reference in FY20 and these have been updated in line with the 2018 UK Corporate Governance Code.

Management Trainee Scheme

The Committee recommended the introduction of a new management trainee scheme and I am pleased that this will commence in Autumn 2020, initially providing opportunities in the Commercial Department.

David Daly

Chair of the Nomination Committee

20 August 2020

DIRECTORS' REMUNERATION REPORT

Dear Shareholder

On behalf of the Board I am pleased to present the Report on Directors' remuneration for the period ended 26 April 2020. The Remuneration Committee consists solely of Non-executive Directors who are considered independent, and the Chair of the Board. The purpose of the Remuneration Committee is to assist the Board to ensure that Executive Directors and Senior Executives receive appropriate levels of pay and benefits.

PRINCIPLES

A key priority is to ensure that our Remuneration Policy is aligned with strategy to achieve the long-term success of the Group. The Committee ensures that it complies with the requirements of regulatory and governance bodies including, but not limited to, the 2018 UK Corporate Governance Code whilst meeting stakeholder, shareholder and workforce expectations. The Remuneration Committee and Board remain committed to a fully transparent and simple Remuneration Policy that is aligned with the interests of all its shareholders. In the operations of the Remuneration Committee we reiterate our commitment to the following key principles:

- **Clarity**
We provide open and transparent disclosures regarding our executive remuneration.
- **Simplicity**
Our Remuneration Policy for our Executive Directors is straightforward and understood by both Directors and shareholders.
- **Predictability**
Our Remuneration Policy has not changed since its approval by shareholders in 2018. Directors' salaries remain unchanged since 2002.

- **Risk**
We ensure that in our operations we identify and mitigate reputational risks arising from our remuneration arrangements and behavioural risks related to incentive targets.
- **Proportionality**
Our executive director salaries are amongst the lowest in the FTSE 250. Our Remuneration Policy commits us to ensure that any increases are related to Total Shareholder Returns.
- **Alignment to Culture**
Increases to pay and bonuses are only awarded where the executive demonstrates high level behaviours and performance consistent with company purpose, values and strategy.

MEMBERSHIP

During FY20 the Committee consisted of David Brayshaw, David Daly and Nicola Frampton.

The role and main responsibilities of the Committee are detailed in the Corporate Governance Report on page 42. Attendance at the meetings held during the year is detailed on page 45.

The members of the Committee have no personal financial interest, other than as shareholders, in the matters to be decided, no actual or potential conflicts of interest arising from other Directorships and no day-to-day operational responsibility within the Company.

ADVISERS TO THE COMMITTEE

Mike Ashley, the Chief Executive, Chris Wootton, the Chief Financial Officer, and Jon Kempster, the former Chief Financial Officer, have advised or materially assisted the Committee throughout FY20 when requested. Executive Directors are not present during, nor do they take part in, discussions in respect of matters relating directly to their own remuneration. The Committee is considering appointing external remuneration advisers, no advisers have been appointed to date.

MEETINGS

The Remuneration Committee meets several times a year, with three formal meetings and a number of ad hoc meetings held in FY20.

RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

- Determining the Company's policy on Executive remuneration, including the design of bonus schemes and targets, share schemes when appropriate, and related payments;
- Determining the level of remuneration of the Chair and each of the Executive Directors;
- Setting the remuneration for the first layer of management below the Board level, including the Company Secretary;
- Monitoring the remuneration of senior management and making recommendations in that respect;
- Agreeing any compensation for loss of office of any Executive Director; and
- Ensuring that the Company's Remuneration Policy remains fit for purpose and takes note of any new regulatory requirements.

WHAT HAS THE COMMITTEE DONE DURING THE YEAR?

- Reviewed and approved the Committee's Terms of Reference;
- Reviewed the Company's Remuneration Policy;
- Reviewed and approved the Directors' Remuneration Report contained on pages 54 to 60;
- Reviewed Executive Directors' and senior executives' pay;
- Considered the appointment of independent remuneration consultants; and
- Discussed the introduction of a new employee bonus scheme.

The Remuneration Committee meets several times a year, with three formal meetings and a number of ad hoc meetings held in FY20. A full report on the remuneration of Directors appears on pages 54 to 60.

TOTAL REMUNERATION

The Committee considers that the current remuneration arrangements promote the long-term success of the Company within an appropriate risk framework and are suitably aligned to the Company's objective of delivering long-term sustainable growth in Total Shareholder Returns given bonuses are discretionary.

REMUNERATION POLICY CHANGES

The Company's current Remuneration Policy ("the Policy") was submitted to Shareholders and approved at the 2018 AGM on 12 September 2018 with over 98% of the votes cast in favour of it and a similar level of support for the FY18 Directors' Remuneration Report.

Our business model has not changed, and we believe that the structure of the existing policy continues to be the right one for the Company and its shareholders. It remains aligned to the Company's annual and long-term performance, to shareholder experience, and to the Company's strategy, objectives and business model.

There is one change proposed to the policy this year. The policy contains a statement that "Non-executive Directors do not and are not entitled to participate in any bonus or share scheme."

It is proposed that this statement be amended as follows: "Non-executive Directors (other than the Non-executive Workforce Director) do not and are not entitled to participate in any bonus or share scheme. The Non-executive Workforce Director is entitled to participate in employee bonus and share schemes for employees including any all-employee schemes."

This amendment to the policy is needed to allow the Non-executive Workforce Director (including any former Non-executive Workforce Directors) to participate in any Frasers all-employee schemes. In accordance with the Companies Act 2006 a memorandum showing the proposed changes to the policy will be available for inspection at the Company's registered office for 15 days prior to the AGM, on the Company's website www.frasers.group and at the AGM.

Other than the amendment set out above, the remainder of the policy will continue to apply on the same basis as was approved by the shareholders of the Company at the 2018 AGM.

AREA OF FOCUS FOR 2021

The Committee will be reviewing the Company's Remuneration Policy for 2021, which will be submitted for approval by shareholders at the 2021 AGM.

BASIC SALARIES AND BENEFITS

The base salary for Chris Wootton, the Chief Financial Officer, was set on his appointment in FY20 at the level of £150,000. This base level of reward for Executive Directors has remained the same since 2002 and is reflective of the Company philosophy that remuneration should be simple, transparent and support the long-term delivery of business strategy, high performance and shareholder return. Chris has continued to demonstrate tremendous expertise and loyalty in fulfilling the demanding role of Chief Finance Officer. The Committee felt his remuneration was significantly below the level of companies of similar scale and complexity and in the interests of retaining Chris and recognising his contribution to the Group reviewed his salary in regards to his responsibilities and contribution. However due to the impact of Covid-19, Chris, together with the Head of Commercial and the Non-executive Directors agreed, in order to assist the Company in this difficult time, to make the personal sacrifice of reducing their salary, or respective fees, to £40,000 per annum from May 2020 until further notice. His base salary

remains the same, this will be reviewed during FY21.

Mike Ashley has not received any remuneration from the Company since before the Public Offering in 2007 and has declined any remuneration in his role of Chief Executive.

INCENTIVE REMUNERATION

As referred to in the FY18 Directors' Remuneration Report, former Director Jon Kempster was eligible to earn a bonus in respect of FY20 of up to 200% of his salary. No bonus was earned in respect of the year.

Previous incentives have been strongly based upon the driving of long-term business performance through granting larger upfront awards which only vest if significant and consistent growth in line with annual published performance targets is delivered year on year. It is unlikely that this philosophy with regard to incentives will change significantly in the future, and any new share scheme benefiting the Executive Directors will be submitted to shareholders for approval.

BOARD CHANGES

As discussed on pages 52 to 53, Jon Kempster retired from the Board and left the business on 12 September 2019. Jon did not receive any payments for loss of office or any payments in respect of any period following his departure.

As discussed on pages 52 to 53, Chris Wootton was appointed as Chief Financial Officer with effect from 12 September 2019. The committee agreed that Chris would not be given a bonus for FY20 as he had not served as an Executive Director for a full financial year. This will be reviewed in 2021.

WORKFORCE REWARD

During FY20 the Committee has continued to explore the introduction of a new employee bonus scheme. It is worth reminding shareholders that our UK employees (excluding the Executive Directors) who have participated in our share schemes have received, subsequent to any IPO bonus payments, a total value of £230m of awards since their introduction.

In addition to share schemes, the Company operates other bonus and incentive awards for its workforce. By way of recent example, in FY20 workers in our UK retail operations received a total of £20.7m in bonus and incentive awards. A significant proportion of these other bonus and incentive awards were paid to our casual retail workers. The Remuneration Committee remains committed to a transparent and simple remuneration for Executive Directors based upon reward for significant financial and high personal performance only. The Committee also remains committed to appropriately rewarding our large and loyal workforce.

Our Workforce nominated Director, Cally Price engages with employees through regular and multi-channel communication mechanisms. This enables employees to understand the strategy of the Company, the vital role all employees play in contributing to the overall success of the Group and how this is rewarded and to raise any questions directly with a Board member. Cally has been directly involved in the review of retail staff pay during FY20. The Committee has reviewed the salaries, other remuneration and other employment conditions of senior and middle managers throughout the Group, and has taken them into account in considering Directors' salaries. The Committee has considered pay and employment conditions of employees (other than the Directors) and has aligned pension contributions and staff discounts of the Directors with employees. Whilst the Company has not directly consulted with employees on Directors' remuneration, the views of employees can be expressed by the Workers' Representative.

ENGAGEMENT WITH SHAREHOLDERS

General representations have been received from investors regarding overall FTSE remuneration. Our executive remuneration remains amongst the lowest in the FTSE 250 and significantly below the median. The Committee has due regard to the Investment Association principles, and as Chair of the Committee I am always happy to receive feedback from shareholders. There has been no changes to the Remuneration Policy as a result of shareholder engagement.

David Brayshaw

Chair of the Remuneration Committee

20 August 2020

DIRECTORS' REMUNERATION POLICY

The Directors' Remuneration Policy was approved by shareholders at the 12 September 2018 AGM. The full Remuneration Policy as approved by shareholders can be found on pages 117 to 124 of the 2018 Annual Report, a copy of which is also available on the Group's corporate website at www.sportsdirectplc.com.

For ease of reference, we have set out below the Future Policy Table for Executive Directors as included in the approved Remuneration Policy.

FUTURE POLICY TABLE

The table below describes each of the elements of the remuneration package for Executive Directors.

ELEMENT OF REMUNERATION: BASE SALARY	
PURPOSE / LINK TO STRATEGY:	Fixed element of the remuneration package, where the balance of fixed and variable remuneration is aligned to the commercial strategy of long-term profitable growth and reflects the Company remuneration philosophy of gearing reward to performance with a sharing of risk between Executive Directors and shareholders.
OPERATION:	Base salaries are normally reviewed annually and have not been increased since 2002. Mike Ashley does not currently receive a salary for his role.
MAXIMUM:	Although salaries for Executive Directors (other than Mike Ashley, who does not currently receive a salary) have been set at £150,000 since 2002, the Company retains discretion to set salaries at a level commensurate with other companies of a similar size and complexity.
	Salaries for new Executive Directors will be set in accordance with the Committee's approach to recruitment remuneration, as described on pages 121 to 122 of the 2018 Annual Report.
PERFORMANCE MEASURES:	Not applicable.
ELEMENT OF REMUNERATION: BENEFITS	
PURPOSE / LINK TO STRATEGY:	With the exception of a 20% staff discount on products purchased from the Group's retail stores, which is available to Executive Directors other than Mike Ashley, no additional benefits are available to Executive Directors. The purpose is to encourage them to shop in store and enables them to see the new format stores as part of the elevation strategy. The same level of discount is available to all staff.
OPERATION:	The current Executive Directors do not receive any benefits other than the staff discount, which is not available for Mike Ashley. Benefits may be provided in line with market practice to recruit a new Executive Director taking into account individual circumstances. Such benefits may include relocation expenses.
MAXIMUM:	Although the Remuneration Committee has not set an absolute maximum level of benefits Executive Directors may receive, the Company retains discretion to set benefits at a level which the Remuneration Committee considers appropriate against the market and to support the ongoing strategy of the Group.
PERFORMANCE MEASURES:	Not applicable.

ELEMENT OF REMUNERATION: RETIREMENT BENEFITS	
PURPOSE / LINK TO STRATEGY:	Provide post-employment benefits to recruit and retain individuals of the calibre required for the business.
OPERATION:	The Executive Directors are entitled to participate in a stakeholder pension scheme on the same basis as other employees.
MAXIMUM:	The current maximum employer contribution to the stakeholder pension effective from April 2019 is 3%. The Committee may increase employer contribution rates to reflect changes in the auto enrolment employer contribution rates. The Company retains the discretion to set retirement benefits (including pension contributions and / or a salary supplement in lieu of a pension contribution) for any Executive Directors in accordance with the Committee's approach to recruitment remuneration, as described on pages 121 to 122 of the 2018 Annual Report.
PERFORMANCE MEASURES:	Not applicable.
ELEMENT OF REMUNERATION: ANNUAL BONUS	
PURPOSE / LINK TO STRATEGY:	Rewards the Executive Director for performance which supports the Group's strategy and performance in role.
OPERATION:	Executive Directors, other than Mike Ashley, may earn a bonus. Any bonus earned in excess of 100% of salary may be deferred into shares for a period of two years, unless the amount to be deferred would be less than £10,000. However, if in the opinion of the Committee, the Executive Director's salary for the period in respect of which the bonus was earned is not commensurate with salaries paid by other companies of a similar size and complexity to the Company, the Committee may decide not to require any deferral (or to require deferral of a smaller amount). The Committee also has discretion not to require deferral if the amount to be deferred would be less than £10,000. Any bonus paid would be subject to clawback for a period of three years following its determination in the event of gross misconduct, material misstatement of the Company's financial statements or corporate failure.
MAXIMUM:	The maximum bonus that an Executive Director may earn shall be 200% of salary in respect of any financial year.
PERFORMANCE MEASURES:	Any bonus opportunity shall be assessed against one or more metrics determined by the Committee and linked to the Company's strategy and / or the performance of the Executive Director in role, with the weighting between the metrics determined by the Committee if relevant. Bonuses will be determined between 0% and 100% of the maximum opportunity based on the Committee's assessment of the applicable metrics. Bonuses are discretionary and are based on metrics determined by the committee at the time of award.

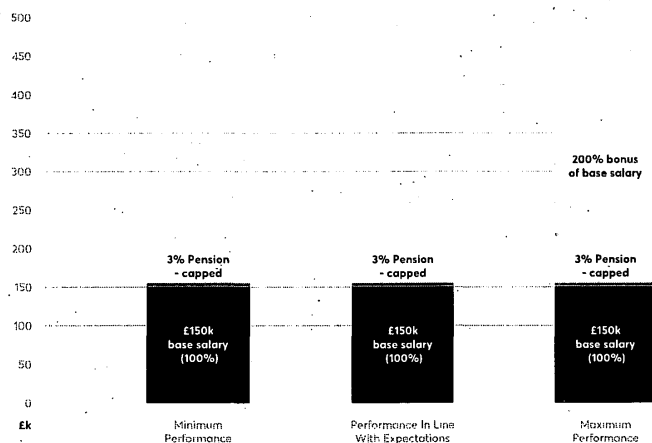
IMPLEMENTATION OF THE REMUNERATION POLICY

The Committee has implemented the Remuneration Policy approved by shareholders at the AGM in 2018. There are no significant changes in the way the policy will be implemented in FY21. When agreeing the components of remuneration for the appointment of new directors, consideration will be given to the policies set out above as applied for existing Executive Directors and fees for Non-executive Directors.

ILLUSTRATIONS OF APPLICATION OF REMUNERATION POLICY

The chart below sets out an illustration of the policy for FY21 in line with the future policy table above. The chart provides an illustration of the total remuneration opportunity that could arise under three different levels of performance. No chart is included for Mike Ashley, who does not receive any remuneration from the Company. As the proposed Remuneration policy does not currently include any long-term incentive scheme, no such scheme is included in the chart. Although the Committee has yet to determine whether Chris Wootton should be eligible to earn a bonus in respect of FY21 for the purposes of the chart it is assumed that he will be eligible to earn a bonus of up to 200% of salary.

CHRIS WOOTTON, CHIEF FINANCIAL OFFICER



For the purposes of the chart, the following assumptions have been made.

	Fixed Pay	Bonus
Minimum remuneration	Base salary of £150,000.	No bonus earned.
Performance in line with expectations	An employer pension contribution of 3% of salary, capped at first £50,000 of salary.	No bonus earned because in the opinion of the Committee, the performance metrics will be set such that any bonus earned would require the achievement of stretch performance.
Maximum remuneration	No benefits (as no benefits are currently proposed to be provided to the Executive Directors in FY21 other than the staff discount, which, in the opinion of the Committee, cannot be reflected in these charts as its value depends upon the value purchases made).	A bonus of 200% of salary is earned.

* Figures above exclude the waiver of salary to £40k until further notice. Bonus performance have not yet been set, therefore no bonus has been awarded relating to the period. This will be reviewed in FY21.

SERVICE CONTRACTS

The Company's policy is for Executive Directors to be employed on the terms of service contracts which may be terminated by the Company or the Executive Director on the giving of not less than six months' notice, all Directors are subject to annual re-election. Copies of service contracts and of appointment letters are available for inspection at the Company's registered office during normal business hours and at the AGM.

EXECUTIVE DIRECTORS

Details of each current service contract are set out below:

	Contract Date	Unexpired term / notice period	Proper law
Mike Ashley	11/02/2007	12 months*	England & Wales
Chris Wootton	06/03/2017	6 months*	England & Wales

*The Company may terminate Mike Ashley's service contract by giving 6 months' notice if he is unable to perform his duties for over 120 days in any consecutive 12 months.

NON-EXECUTIVE DIRECTORS

The Non-executive Directors enter into an agreement with the Company for a period of three years, other than the Chair whose agreement continues until terminated in accordance with its terms. The appointments of the Non-executive Directors may be terminated by either party on one month's written notice and in accordance with the Articles of Association of the Company.

Termination would be immediate in certain circumstances (including the bankruptcy of the Non-executive Director).

Non-executive Directors (other than the Non-executive Workforce Director) do not and are not entitled to participate in any bonus or share scheme. The Non-executive Workforce

Director is entitled to participate in employee bonus and share schemes for employees including all-employee schemes.

The approach to determining Non-executive Directors pay is to benchmark ourselves against other companies/retailers within the FTSE 250. Each year the remuneration of all Directors is put for shareholder approval at the AGM. Last year, 99.8% of shareholders voted in favour of the remuneration report.

Non-executive Directors are subject to confidentiality undertakings without limitation in time. Non-executive Directors are not entitled to receive any compensation on the termination of their appointment.

Details of the Non-executive Directors' letters of appointment are set out below.

	Position	Date of letter of appointment
David Daly	Non-executive Chair	11 July 2017
David Brayshaw	Non-executive Director	23 April 2020
Nicola Frampton	Non-executive Director	1 October 2018
Richard Battenfield	Non-executive Director	1 October 2018
Cally Price	Non-executive Director	15 April 2019

ANNUAL REPORT ON REMUNERATION

This part of the Directors' Remuneration Report sets out the actual payments made by the Company to its Directors with respect to the period ended 26 April 2020 and how the Directors' Remuneration Policy will be applied in the period commencing 27 April 2020.

SINGLE FIGURE TABLE (AUDITED)

The aggregate remuneration provided to individuals who have served as Directors in the period ended 26 April 2020 is set out below, along with the aggregate remuneration provided to individuals who have served as Directors during the prior financial period. The highest paid Director in the period was Chris Wootton. The number of Directors whom retirements accrued under money purchase schemes was 5 (2019: 3).

Director	Salaries and Fees			Other benefits			Bonus			Long-term incentives			Pension ¹			Total
	FY 20	FY 19	FY 20	FY 19	FY 20	FY 19	FY 20	FY 19	FY 20	FY 19	FY 20	FY 19	FY 20	FY 19	FY 20	FY 19
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
EXECUTIVE																
Mike Ashley	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Chris Wootton ⁽¹⁾	88	-	-	-	-	-	-	-	-	-	-	-	1	-	89	-
Jon Kempster ⁽²⁾	63	150	-	-	-	-	-	-	-	-	-	-	1	1	64	151
NON-EXECUTIVE																
David Daly ⁽⁴⁾	100	78	-	-	-	-	-	-	-	-	-	-	1	1	101	79
David Brayshaw	50	50	-	-	-	-	-	-	-	-	-	-	1	1	51	51
Nicola Frampton ⁽⁵⁾	50	25	-	-	-	-	-	-	-	-	-	-	1	-	51	25
Richard Bottomley ⁽⁶⁾	50	25	-	-	-	-	-	-	-	-	-	-	1	-	51	25
Cally Price ⁽⁷⁾	10	3	-	-	-	-	-	-	-	-	-	-	-	-	10	3
Keith Hellowell ⁽⁸⁾	N/A	70	-	-	-	-	-	-	-	-	-	-	N/A	-	N/A	70
Simon Bentley ⁽²⁾	N/A	23	-	-	-	-	-	-	-	-	-	-	N/A	-	N/A	23
Total	411	424	-	-	-	-	-	-	-	-	-	-	5	3	417	427

- (1) Chris Wootton's remuneration for FY20 as set out in the table is his remuneration for the period from the date of his appointment on 12 September 2019.
- (2) Jon Kempster's remuneration for FY20 as set out in the above table is his remuneration for the period from 29 April 2019 until 12 September 2019 when he ceased to be an Executive Director. No payment was made to Jon following his resignation.
- (3) David Daly's remuneration for FY19 as set out in the above table takes into account his increase in remuneration for his appointment to Chair of the Board on 12 September 2018.
- (4) Nicola Frampton's remuneration for FY19 as set out in the above table is her remuneration for the period from the date of her appointment on 1 October 2018 to the end of FY19.
- (5) Richard Bottomley's remuneration for FY19 as set out in the above table is his remuneration for the period from the date of his appointment on 1 October 2018 to the end of FY19.
- (6) Cally Price's remuneration for FY20 as set out in the above table is her remuneration for the period from the date of her appointment on 1 January 2019 as a Non-executive Director and does not include her salary as Store Manager.
- (7) Keith Hellowell's remuneration for FY19 as set out in the above table is his remuneration for the period from 29 April 2018 until 12 September 2018 when he ceased to be a Non-executive Director. No payment was made to Keith following his resignation.
- (8) Simon Bentley's remuneration for FY19 as set out in the above table is his remuneration for the period from 29 April 2018 until 12 September 2018 when he ceased to be a Non-executive Director. No payment was made to Simon following his resignation.

NOTES TO THE SINGLE FIGURE TABLE AND IMPLEMENTATION OF POLICY IN THE YEAR ENDING 25 APRIL 2021**BASE SALARY AND FEES**

Base salaries are normally reviewed annually and are set at a level well below the lower quartile for a business of the size and complexity of the Group.

Mike Ashley does not receive a salary for his role. Chris Wootton receives a base salary of £150,000 per annum.

Fees for Non-executive Directors are normally reviewed annually. In the FY20 review fees were not increased and have not previously been increased since 2007. The Company's approach to the fees for Non-executive Directors for FY21 is yet to be finalised, but will be subject to the Remuneration Policy.

ANNUAL BONUS SCHEME**FY20**

Jon Kempster was eligible to earn a bonus in respect of FY20 of up to 200% of salary. The bonus was subject to performance metrics linked to the Company's strategy and Jon's performance in role, with the metrics set such that a stretch level of performance was required for any bonus to be earned. The Committee reviewed performance against the metrics and concluded that, notwithstanding performance achieved in the year, no bonus was earned for Jon Kempster. Chris Wootton will not receive a bonus for FY20. Bonuses are discretionary and are based on metrics determined by the committee at the time of award.

Mike Ashley was not eligible to earn a bonus in respect of FY20.

FY21

The Committee has yet to determine whether Chris Wootton will be eligible to earn a bonus in respect of FY21. If he is eligible to earn such a bonus, any amount earned shall be determined by reference to one or more performance

metrics as determined by the Committee and linked to the Company's strategy and / or Chris's performance in role. Any such bonus shall be of up to 200% of salary, and any bonus earned in excess of 100% of salary may be subject to deferral. The committee will also consider with regard to any malus or clawback provisions as noted in the Remuneration Policy.

Mike Ashley is not eligible to earn a bonus in respect of FY21.

LONG-TERM INCENTIVES

The Company does not currently operate any long-term incentives for Executive Directors. The Committee continues to actively consider the introduction of a new Bonus Scheme to replace the 2015 share scheme which lapsed in FY16, and intends to consult with shareholders on the terms of a new scheme once details have been further developed.

DIRECTORATE CHANGES (AUDITED)

No payments for loss of office or payments to former Directors were made in FY20. Jon Kempster resigned as a Director with effect from 12 September 2019. Jon did not receive any payment for loss of office during the period ended 26 April 2020 and will not receive any such payment in the future.

SHAREHOLDING GUIDELINES AND TOTAL SHAREHOLDINGS OF DIRECTORS (AUDITED)

The Board does not set a minimum shareholding requirement for Directors, although a number of Directors have purchased shares in the Company.

The beneficial interests of the Directors who served during the year and interests of connected persons in both cases at the beginning of the financial year, or at the date of appointment if later, and at the end of the financial year, or at the date of resignation if earlier, in the share capital of the Company are shown below:

	Ordinary Shares 26 April 2020 or if earlier the date of resignation	Ordinary Shares 28 April 2019 or if later the date of appointment
Directors as at 26 April 2020		
Mike Ashley	330,000,000	330,000,000
Chris Wootton ⁽¹⁾	-	-
David Daly	21,007	11,007
Nicola Frampton ⁽²⁾	-	-
David Brayshaw	31,611	10,276
Richard Bottomley ⁽³⁾	10,000	-
Cally Price ⁽⁴⁾	-	-
Former Directors		
Jon Kempster ⁽⁵⁾	-	-
Keith Hallowell ⁽⁶⁾	-	50,000
Simon Bentley ⁽⁷⁾	-	10,000

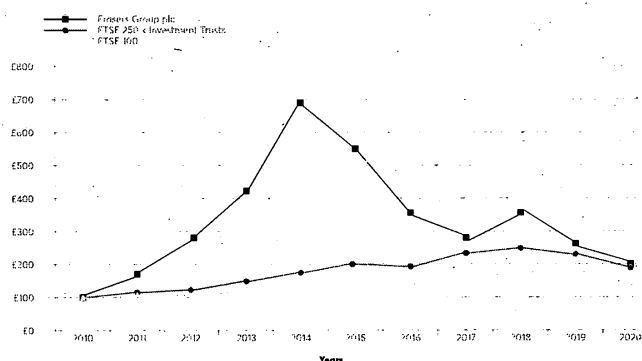
- (1) Chris Wootton was appointed as a Director on 12 September 2019.
 (2) Nicola Frampton was appointed as a Director on 1 October 2018.
 (3) Richard Bottomley was appointed as a Director on 1 October 2018.
 (4) Cally Price was appointed as a Director on 1 January 2019.
 (5) Jon Kempster resigned with effect from 12 September 2019.
 (6) Keith Hallowell resigned with effect from 12 September 2018. At that time these shares were held in the name of Keith Hallowell, as well as his wife.
 (7) Simon Bentley resigned with effect from 12 September 2018.

There has been no change to the interests reported above between 26 April 2020 and 20 August 2020. The Company did not receive any notifications under DTR 5 between 26 April 2020 and 20 August 2020.

Neither Chris Wootton nor Mike Ashley currently participate in any share scheme arrangement. Therefore, there are no outstanding share scheme interests held by any Director of the Company.

PERFORMANCE GRAPH AND TABLE

The following graph shows the Company's performance measured by the Total Shareholder Return compared with the performance of the FTSE 100 and FTSE 250 Index (excluding investment trusts).



The Committee considered these as appropriate indices against which to compare the Company's performance. They are widely accepted as national measures and include companies that investors are likely to consider alternative investments.

TOTAL CEO REMUNERATION AND PERFORMANCE-RELATED PAY

The table below shows details of the total remuneration and performance-related pay for the Company's Chief Executive over the last ten financial years.

	Total remuneration	Executive Share Scheme as a % of maximum opportunity
FY20	Nil	N/A
FY19	Nil	N/A
FY18	Nil	N/A
FY17 – Mike Ashley ⁽¹⁾	Nil	N/A
FY17 – Dave Forsey ⁽²⁾	£62,500	N/A
FY16 – Dave Forsey	£150,000	N/A
FY15 – Dave Forsey	£150,000 ⁽³⁾	0% ⁽⁴⁾
FY14 – Dave Forsey	£150,000	N/A
FY13 – Dave Forsey	£150,000	N/A
FY12 – Dave Forsey	£150,000	N/A
FY11 – Dave Forsey	£6,620,000	100%

(1) Mike Ashley was appointed as CEO with effect from 22 September 2016.

(2) Dave Forsey resigned with effect from 22 September 2016. His total remuneration is his remuneration earned in the period from 25 April 2016 until the date his resignation took effect.

(3) The figures for FY15 reflect Dave Forsey's decision on 6 June 2016 to forego an award over 1m shares which would otherwise have been due to vest on 6 September 2017.

(4) For these purposes the total remuneration in FY11 includes the value of Dave Forsey's award over 1m shares that vested on 19 August 2013 subject to the satisfaction of a performance condition based on EBITDA in FY11. For these purposes the value of a share is £6.47 being the closing price of a share on that date.

CEO PAY INCREASE AND PAY RATIOS IN RELATION TO ALL EMPLOYEES

The CEO is not remunerated through the Company and therefore disclosures of CEO pay increase in relation to all employees have not been provided. In line with new reporting requirements, the Company are required to disclose ratios which compare the total remuneration of the Chief Executive, to the remuneration of the 25th, 50th and 75th percentile of the Group's UK employees. The Company have not disclosed these ratios and associated supporting information on the basis that Mike Ashley is not remunerated by the Company.

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below sets out the Group's distributions to shareholders by way of dividends and share buybacks, investment (calculated as set out below) and total Group-wide expenditure on pay for all staff (as reported in the audited financial statements for FY20 and FY19) and the Company's share price (calculated as at the close of business on the last day of FY20 and FY19).

	FY20	FY19	% CHANGE
Distributions to shareholders by way of dividend and share buyback	£43,851,304	£16,663,459	2,536.2%
Investment [*]	£322,581,000	£264,152,000	22.1%
Group-wide expenditure on pay for all employees	£492,781,000	£457,100,000	7.8%
Share price (pence)	226.6 ^{**}	304.2 ^{**}	(25.5)%

^{*}Comprises of increases in working capital, acquisitions and capital expenditure in the year. (see Consolidated Cash Flow Statement and note 33: Cash inflow from operating activities) as the Board believes these to be the most relevant measures of the Group's investment in future growth.

^{**}For these purposes, the share price for FY20 and the share price for FY19 is calculated at the close of business on 24 April 2020 and 26 April 2019 respectively, being the last dealing days prior to the year ends.

SHAREHOLDER VOTING

The following table sets out actual voting in respect of the resolution to approve the Directors' Remuneration Report for the year ended 28 April 2019 at the 2019 AGM and the resolution to approve the Directors' Remuneration Policy at the 2018 AGM.

	Votes for	% for	Votes against	% against	Total votes cast	Votes withheld
Directors' Remuneration Report for the year ended 28 April 2019	463,147,261	99.80	934,093	0.20	462,081,354	36,713
Directors' Remuneration Policy	442,947,085	98.41	7,134,022	1.59	450,081,107	8,143

David Brayshaw

Chair of the Remuneration Committee

20 August 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report including the Strategic Report, Directors Report, the Remuneration Report and the Company and Group financial statements, in accordance with applicable laws and regulations.

Company law requires the Directors to prepare the Group and Company financial statements for each financial year. Under that law the Directors are required under the Listing Rules of the Financial Conduct Authority to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The Directors have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practices (UK GAAP) including FRS 102 and applicable law.

The Group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 Group and of the profit or loss of the Group for that period. In preparing the 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;
- for the Group financial statements, state whether the applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial

statements;

- for the Group financial statements, state whether they have been prepared in accordance with IFRSs adopted by the EU and for the Company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements, and the Directors Remuneration Report, comply with the Companies Act 2006 and as regards the Group financial statements Article 4 of the IAS Regulation. The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may

differ from legislation in other jurisdictions.

Each of the Directors whose names and functions are listed on pages 37 and 38 confirm that, to the best of each person's knowledge:

- a. the Annual Report, including the Strategic Report, prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit of the Company and of the undertakings included in the consolidation taken as a whole; and
- b. the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Annual Report and accounts, taken as a whole, is fair, balanced and understandable, and provides the necessary information for shareholders to assess the Group's position, performance, business model and strategy.

The DTRs 4.1 state that an annual financial report should include audited financial statements, a management report and responsibility statements. For the purposes of this Rule, the financial statements can be found on pages 70 to 115, the management report can be found on pages 7 to 36 and the Responsibility Statements can be found on this page.

Other information that applies to the Directors' Report, can be located in the following locations:

- the names of all Directors during the financial year are on pages 37 to 38
- a statement confirming that all relevant audit information has been provided to the Group's auditor can be found on page 61
- a statement that the Strategic Report includes information required by the 2008 Regulations is located on page 61
- a report on greenhouse gas emissions is located on pages 34 to 35
- the financial risk management objectives and policies and exposure to price, credit,

liquidity and cash flow risk are on page 85

- details of any post year end important events affecting the Group are on page 105
- the likely future developments in the business, research and development and details of branches outside UK are on pages 11 to 17
- the Directors' Responsibilities Statement is on page 61
- the Auditor's Independence Statement is on pages 62 to 69

Rule 9.8.4 of the Listing Rules state a number of requirements that a listed company must include in its annual financial report. For the purposes of good order, these can be found in the following places:

- statement of interest capitalised on page 41
- details of arrangements under which a Director has waived any emoluments and details of future emoluments waived on page 41
- waiver of dividends on page 41
- a statement made by the Board regarding the controlling shareholder agreement on page 39

s414C(11) of the Companies Act 2006 states that the Strategic Report may also contain such of the matters otherwise required by regulations to be disclosed in the Directors' report as the Directors consider are of strategic importance to the Company. In applying this the Group has included how we considered future developments and how we have engaged with:

- employees;
- customers; and
- suppliers;

The Strategic Report is located on pages 7 to 36.

On behalf of the Board

Chris Wootton

Chief Financial Officer

20 August 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRASERS GROUP PLC

OPINION

We have audited the financial statements of Frasers Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the period ended 26 April 2020 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, the Company Balance Sheet, the Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 26 April 2020 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulations.

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 Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities 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.

SUMMARY OF OUR AUDIT APPROACH

Key audit matters

Group – Recurring risks

- Inventory – valuation and existence
- Application of IFRS 16 and related impairment considerations – accuracy, completeness, valuation, presentation and disclosure
- Property, Legal and Other Provisions – existence, accuracy, completeness, presentation and disclosure
- Accounting for foreign currency forward contracts – accuracy, valuation, presentation and classification

- Classification of investments – presentation and disclosure
- Acquisition of GAME Digital plc – accuracy and valuation

Group – event driven

- Going concern and viability – basis and disclosure

Materiality

Group

- Overall materiality: £11.9m
- Performance materiality: £8.9m

Parent Company

- Overall materiality: £11.9m
- Performance materiality: £8.9m

Scope

Our audit procedures covered 89% of revenue, 87% of net assets and 86% of profit before tax.

CONCLUSIONS RELATING TO PRINCIPAL RISKS, GOING CONCERN AND VIABILITY STATEMENT

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 21 to 24 that describe the principal risks and explain how they are being managed or mitigated;
- the Board's confirmation set out on page 25 in the annual report that it has carried out a robust assessment of the Group's principal risks, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' Statement set out on page 41 in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group

and the Parent Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements;

- whether the Directors' Statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Board's explanation set out on page 25 in the annual report as to how it has assessed the prospects of the Group, over what period it has done so and why it considers that period to be appropriate, and its statement as to whether it has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

As described in the key audit matters below, in reaching our conclusions, we have taken account of the potential impact of the Covid-19 pandemic and Brexit. Because not all future events and conditions can be predicted, this statement is not a guarantee as to the Group's and Parent Company's ability to continue as a going concern or the Group's longer term viability.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group and Parent Company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the Group and Parent Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Inventory – valuation and existence

Key audit matter description

At 26 April 2020, the Group Consolidated Balance Sheet records inventory of £1,198.3m (2019: £978.4m). Inventory is held across a large number of product lines. This gives rise to complexity in verifying inventory existence and in determining the inventory provision. The Covid-19 pandemic heightened the risk of undetected inventory loss as a result of the deferral of the Group's usual inventory count routines due to Government restrictions. In addition, a reduction in the level of demand as a result of Covid-19 may increase the risk of inventory obsolescence. Furthermore, inventory levels at the year end are higher than budgeted due to the temporary closure of stores due to Covid-19.

As described in note 2 to the financial statements, management use a forward looking inventory provisioning model which calculates a provision by category of inventory based on historical experience, pricing and discounting strategies and management's assessment of risk. There is significant estimation involved in the calculation of inventory provisions to ensure that inventory is held at the lower of cost and net realisable value. This involves consideration of expected future losses on sale of inventory including assessing the likely impacts of Covid-19, inventory obsolescence and the additional costs to sell which need to be included in calculating the net realisable value of inventory. Due to the factors explained above, we have identified both the existence and carrying value of inventory as a key audit matter.

How the matter was addressed in the audit

In respect of inventory valuation we: -

- Assessed the appropriateness of management's inventory provision calculations, including testing the accuracy and completeness of the data used and the

mathematical accuracy of the provisioning model

- Critically challenged the assumptions made in the inventory provision model in respect of the expected level of discounting and the expected costs of sale, including:
 - The basis on which expected discounts were calculated and whether historical discounts were realistic based on historical experience, current commercial practices and the current trading environment
 - The assumptions regarding the expected volume and allocated costs of redistributing (tunnelling) and repricing product
 - Whether different assumptions and estimators should be applied for different fastcos given the differentiated product mix

As a result of our findings from challenging management's model, we independently developed an alternative model that applied historic inventory loss experience and factored in the impact of a declining margin to calculate a provision against current cost of season and clearance inventory and inventory that would be expected to remain unsold and fall into those categories in future periods. In addition, we recalculated the expected future tunnelling and repricing costs to take account of our assessment of the likely future costs of these activities in relation to products that would have a net realisable value which was below cost. We then formed an assessment, based on discussions with management and available market data of the impacts of the Covid-19 pandemic on future sales patterns and margins. Our alternative model allowed us to develop an estimate of the level of provision we considered appropriate and supportable against which we were able to assess management's estimates.

Key observations

Our audit work on inventory valuation, and in particular the development of our own alternative provision model, did not identify any overall material misstatement in the inventory provisions calculated by management. Our verification procedures over inventory existence did not identify any material misstatement.

Due to the factors explained above, we have identified accuracy, completeness, valuation, presentation and disclosure of leases as a key audit matter.

Application of IFRS 16 and related impairment considerations

Accuracy, completeness, valuation, presentation and disclosure

Key audit matter description

During the period to 26 April 2020 the Group applied IFRS 16, "Leases" for the first time, utilising the modified retrospective method of adoption. This new standard results in significant new right-of-use assets ("ROUAs") and lease liabilities being recognised on the Balance Sheet. The impact of IFRS 16 on the financial statements for the year to 26 April 2020, together with the key judgements made by management in accounting for and transitioning to IFRS 16 are set out in notes 1 and 2 to the financial statements.

The implementation of IFRS 16 involves a significant level of judgement in respect of the key assumptions including lease terms and the incremental borrowing rates (IBR) to be applied in calculating the lease liability. Accordingly, we determined that the valuation of right-of-use assets and lease liabilities had a high degree of estimation uncertainty.

During the year the Group entered into a significant sale and leaseback transaction in respect of the Shirebrook distribution centre as detailed in note 7. The calculation of the gain on disposal requires judgement in respect of the application of IFRS 16 including consideration as to the lease liability to be recognised and whether the proceeds were considered to represent fair value.

Due to the value of right-of-use assets capitalised under IFRS 16 relative to Group materiality and the current macroeconomic factors impacting the Group's operations, in particular the impact of Covid-19, there is also a risk that the right-of-use asset may be impaired.

Due to the factors explained above, we have identified accuracy, completeness, valuation, presentation and disclosure of leases as a key audit matter.

How the matter was addressed in the audit

We have tested the accuracy and completeness of the underlying data used within management's IFRS 16 models including agreement back to lease documentation.

We critically assessed the key assumptions utilised by management in determining the transition adjustments including the IBRs utilised, the length of the lease terms assumed in the model in calculating the lease liability and the judgements made regarding which lease arrangements fell outside IFRS 16.

We recalculated the lease liabilities and right-of-use assets at the date of transition across a sample of leases.

We tested the treatment of related balances including lease incentives, dilapidation and rent accruals / prepayments to confirm that these balances had been appropriately accounted for within the transition adjustments.

We audited the treatment of lease movements throughout the year including the treatment of new leases, lease modifications and the unwinding of interest and capital payments in respect of lease liabilities.

We critically assessed the assumptions made in respect of the Shirebrook distribution centre sale and leaseback transaction including the assessment of the lease liability. We critically challenged the assumptions made in respect of whether the proceeds were considered to represent fair value with reference to market data on similar transactions and considering whether the transaction was made to a connected party.

We tested the appropriateness of management's impairment calculations in respect of right-of-use assets held at both transition and year end with reference to underlying forecast store performance.

We assessed whether the disclosures within the financial statements are consistent with IFRS 16.

Key observations

Our audit work in respect of IFRS 16 leases and related impairment considerations concluded that the IFRS 16 related balances and adjustments were not materially misstated and the disclosures management have made are appropriate. However, our audit work did identify a number of errors in the calculation of transition adjustments, including in relation to the impairment of right-of-use assets. These errors were subsequently adjusted.

Property, Legal and Other Provisions**Existence, accuracy, completeness, presentation and disclosure****Key audit matter description**

The Group makes provision for liabilities where it identifies there is a present obligation as a result of a past event and where it is probable that there will be a resultant outflow of resources that can be reliably measured.

The Group has a significant provision in relation to legal and regulatory matters and property related provisions. As detailed in note 29 to the financial statements, the Consolidated Balance Sheet includes provisions of £225.4m (2019: £234.0m) relating to legal and regulatory matters and £107.9m, (2019: 198.5m) relating to property provisions which principally relate to dilapidations on leasehold properties.

The dilapidation provision requires significant judgements to be made as to future amounts payable based on historical experience, external advice and evolving conditions within the property sector.

Additionally, the Group faces a number of legal, tax and other commercial claims and significant judgement is required in determining whether a provision should be recorded and for what amount.

Due to the amounts involved and the significant judgements required in quantifying and assessing provisions we have identified existence, accuracy, completeness, presentation and disclosure of property legal and other provisions as a key audit matter.

How the matter was addressed in the audit

Our audit work included the following:

- Considering management's assessment in respect of provisions and assessing whether the recognition criteria of IAS 37 Provisions, Contingent Liabilities and Contingent Assets had been met
- Testing lease agreements for a sample of properties to confirm the terms relating to dilapidations
- We critically challenged the assumptions made in the dilapidation provision model in respect of the expected level of dilapidations on a store by store basis. As a result of our findings from challenging management's model, we independently developed an alternative model that applied historic dilapidation costs, and relevant factors such as geography and property type as well as considering the impacts of likely future changes in the property market. Our alternative model allowed us to develop an estimate of the level of provision we considered appropriate and supportable against which we were able to assess management's estimates
- Challenging provisions and assumptions with key management outside the finance function, including members of the property and legal teams and obtaining corroborative evidence from third parties in relation to material ongoing legal and tax matters
- Auditing the movement in provisions and checking for completeness through the review of ongoing claims for dilapidations and through circularisation of legal advisors in relation to other claims

Key observations

Our audit work in respect of Property, legal and other provisions concluded that the related balances were not materially misstated and the disclosures management have made are appropriate.

Following our challenge amendments were made to the dilapidations provision to recognise, derecognise and amend the

amounts provided in relation to a number of leases.

Accounting for foreign currency forward contracts**Accuracy, valuation, presentation and classification****Key audit matter description**

The Group utilises a number of types of derivative financial instruments including forward contracts and options to manage risks arising from currency fluctuations. These derivatives are accounted for under IFRS 9 Financial Instruments.

As explained in notes 1, 2 and 30 to the financial statements, the Group adopts hedge accounting for forward contracts, taking fair value gains and losses to Other Comprehensive Income. Fair value movement in other derivative financial instruments are taken directly to the Consolidated Income Statement.

We have identified the accuracy and valuation of accounting for derivative financial instruments, together with their presentation and classifications as a key audit matter because:-

- The criteria for hedge accounting set out in IFRS 9 are highly complex and the assessment of whether hedge accounting is or continues to be appropriate requires a number of significant judgements to be made
- The derivative financial instruments entered into and remaining open at the year end are for significant amounts and have terms that extend for a number of years, such that the impact of fair values and movements in fair values can have a material impact on the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income and on assets and liabilities within the Consolidated Balance Sheet both for the current and for future periods

- Forward contracts and written options which have the same critical terms are entered into at the same time and in contemplation of one another. This raises the risk that the two separate legal derivative contracts should, in substance, be treated as one contract, removing the ability to hedge account for the forward contracts

How the matter was addressed in the audit

Our audit work included the following: -

- Utilising the skills of IFRS 9 specialists in understanding management's approach to accounting for derivative financial instruments and hedged forward contracts. This included: -
 - Obtaining and understanding documentary evidence of the Group's foreign exchange and hedging strategy
 - Assessing whether the Group's documentation was complete and in accordance with the requirements of IFRS 9 - Financial Instruments
 - Challenging whether highly probable forecast transaction criteria were met and independently reperforming management's calculations of hedge effectiveness both at inception and at the year end, including considering management's analysis of the potential impact of Covid-19 on future hedged transactions
 - For a sample of contracts entered into and maturing during the year, checking the allocation accuracy of fair value movements in the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income
 - Critically assessing management's judgements regarding the separability of forwards and options including examining confirming and disconfirming evidence, noting that the written options require the Group to sell currency at an unfavourable rate when the contract is out of the money
- Challenging management's assertion that the strategy for entering into forwards and written option contracts at the same time with consistent critical terms was for simplicity only and the intention was to address a separate commercial purpose
- Engaging valuation experts to independently recalculate the fair value of a sample of derivative financial instruments and comparing the values obtained to the valuations provided by management's experts
- Assessing the accuracy and adequacy of disclosures in the financial statements, particularly in relation to management's judgements regarding the separability of the forwards and options contracts

Key observations

Sufficient appropriate audit evidence has been obtained over management's judgement that forward contracts and written options should be treated as separate financial derivative contracts. However, we draw attention to the disclosures around management's judgements which are set out at page 82 of the financial statements.

Classification of investments

Presentation and disclosure

Key audit matter description

The Group has a number of investments in which it holds more than 20% but less than 50% of the voting share capital of the investee.

IAS 28 Investments in Associates and Joint Ventures - requires that where an investment falls within this range it should be accounted for as an associate, unless management can rebut the presumption that significant influence exists and can clearly demonstrate that this is the case.

The Group has strategic investments in Studio Retail Group plc (36.85%) and French Connection Group plc (26.09%) and has rebutted the presumption that significant influence exists.

These investments have been accounted for at fair value through other comprehensive income as explained in notes 1, 2 and 20 to the financial statements.

Since the judgements that the Group has made, that it does not have significant influence over Studio Retail Group plc and French Connection Group plc, have a significant impact over the financial statements we have identified the presentation and disclosure of investments as a key audit matter.

How the matter was addressed in the audit

Our audit work included: -

- Assessing the accounting for the above investments under IAS 28 Investments in Associates and Joint Ventures and IFRS 9 Financial Instruments
- Obtaining and critically challenging management's papers addressing the accounting for the above investments against the requirement of the accounting standards and the judgements made in addressing the questions of significant influence
- Discussing management's strategy for holding the investments and challenging whether this was consistent with the accounting treatment
- Assessing the five criteria set out in IAS 28 as suggesting whether significant influence may exist by examining both confirming and disconfirming evidence

In particular we: -

- Obtained and examined certain agreements and correspondence between the Group and the investees to corroborate management's assertion that no significant influence exists
- Reviewed investee financial statements, press announcements, Articles of Association, shareholder agreements and media reports to assess whether there was evidence of significant influence

- Made enquiries of the Group's Head of Strategic Investments to understand the Group's interaction with those investments, including in particular, the nature and purpose of the observer role on the board of Studio Retail Group plc
- Considered whether transactions between the Group and the investees were indicative of significant influence
- Challenging whether the judgements made are clearly disclosed in the financial statements

Key observations

We considered management's judgements that they did not have significant influence over Studio Retail Group plc and French Connection Group plc to be supportable and the related disclosures made in the financial statements to be appropriate.

Acquisition of GAME Digital plc

Accuracy and valuation

Key audit matter description

On 8 July 2019, the Group acquired a controlling stake in GAME Digital plc ("GAME"). Prior to the date of acquisition, on 5 June 2019, ownership was increased to 37.7% from 29.9%. Accounting for the transaction must therefore follow IFRS 3 Business Combinations, for an acquisition achieved in stages, which in this case required recognising a gain on the deemed disposal of the interest in the associate. Details of the acquisition are given in note 32 to the financial statements.

Judgement is applied by management in assessing the fair value of the assets and liabilities acquired in the business combination, including any identified intangibles, in accordance with IFRS 13: Fair Value Measurement. We therefore identified business combination and acquisition accounting as a key audit matter for both the accuracy and valuation assertions.

How the matter was addressed in the audit

Our audit work included:

- Obtaining and reviewing management's assessment of the date at which control was obtained and obtaining appropriate evidence to support this
- Obtaining and reviewing management's accounting paper in relation to the acquisition of GAME to verify that the acquisition accounting and fair value adjustments are appropriate and in accordance with IFRS 3 - Business Combinations
- Agreeing the consideration paid to purchase agreements and bank statements
- Critically challenging management's judgements in relation to fair value adjustments and recognition of separately identifiable intangible assets
- Obtaining management's independent valuation of separately identifiable intangibles and engaging with our internal valuations team to review the reasonableness of the assumptions within the model adopted
- Considering whether the financial statement disclosures in relation to the acquisition provide users with an accurate and balanced understanding of the transaction and are in accordance with IFRS 3 - Business Combinations

Key observations

As a result of our audit procedures we identified a number of immaterial errors but have concluded that the acquisition and all material fair value adjustments have been recognised appropriately in accordance with IFRS 3 and IFRS 13.

Following our challenge, the gain on the deemed disposal of the associate investment was reclassified from 'Other Comprehensive Income' and correctly recognised separately on the face of the Income Statement.

Going concern and viability**Basic and disclosure****Key audit matter description**

Significant judgements are always required around the assumptions underpinning future cashflow projections. These judgements are heightened in the current retail environment given the uncertainties surrounding Brexit and the impact of the Covid-19 pandemic. The pandemic has resulted in the mandated temporary closure of retail stores, including most of the Group's fascias under which it operates. Whilst retail stores have opened post year end, and web sales have performed well, the longer term impacts on shopping habits and the risks of a global recession are impossible to accurately predict.

Taking account of these sensitivities, the Directors have acknowledged there will be potentially material variations in forecast financial performance, but concluded that the Group has sufficient resources available to meet its liabilities as and when they fall due and that therefore there are no material uncertainties that cast significant doubt on the Group's ability to continue as a going concern.

In undertaking their assessment of going concern, the Directors have reviewed forecast future performance and anticipated cashflows for the Group. Their assessment has considered cashflow forecasts and financing and covenants in place for the period to November 2022, which is the date at which the current Revolving Credit Facility expires.

As part of the assessment, as disclosed in the Viability Statement on page 25 and in note 1 to the financial statements, the Directors have determined appropriate sensitivities to the forecasts, including a reverse stress test of the Group's ability to meet its covenants.

We have identified a key audit matter related to going concern as a result of the judgement required in undertaking a going concern assessment in the current uncertain trading environment; the adequacy and accuracy of disclosures and the conclusion that there is not a material uncertainty related to going concern.

How the matter was addressed in the audit

Our audit work included: -

- Obtaining an understanding of management's going concern models, discussing key assumptions with management and assessing whether those assumptions were consistent with those applied elsewhere, such as in relation to inventory valuation and the assessment of property related provisions
- Checking the mathematical accuracy of management's cashflow models, and agreeing opening balances to 26 April 2020 actual figures.

- Checking management's covenant compliance calculations to determine whether there is a risk of breach and assessed whether the assumptions in management's base model appeared realistic, achievable and consistent with other internal and external evidence
- Comparing forecast sales with recent historical information to consider the accuracy of forecasting

- Considering post year end sales patterns to assess whether they were consistent with those assumed in the base model

- Testing management's sensitivity analysis and reverse stress test and performing our own analysis based on further sensitising of the models to take account of reasonably possible scenarios that could arise from the risks identified

- Challenging management regarding their identification of discretionary spend that could be reduced should mitigating actions become necessary

- Reviewing agreements and correspondence relating to the availability of financing arrangements

- Evaluating the Group's disclosures on going concern against the requirements of IAS 1

Key observations

Based on the information available we consider the Directors' conclusion that there is no material uncertainty that casts significant doubt over the Group and Parent Company's ability to continue as a going concern to be appropriate and that the associated disclosures are in accordance with accounting standards.

However, the impact of Covid-19 on future performance is difficult to predict with any certainty and no audit can be relied upon to identify all possible scenarios that may have future implications for the Group.

There are no key audit matters relating to the Parent Company.

OUR APPLICATION OF MATERIALITY

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality for the financial statements as follows:

	Group	Parent Company
Overall materiality	£11.9m	£11.9m
Basis for determining overall materiality	5% of adjusted profit before tax	1% of total assets (capped at overall Group materiality)
Rationale for benchmark applied	Adjusted profit before tax excludes the impact of items of a one-off nature. We consider adjusted profit before tax to be the primary measure used by the shareholders in assessing the performance of the Group.	The Parent Company does not trade and therefore total assets is considered to be the most appropriate benchmark.
	£8.9m	£8.9m
Performance materiality	We set performance materiality at a level lower than overall materiality for the financial statements as a whole to reduce to an appropriately low level the probability that, in aggregate, uncorrected and undetected misstatements exceed overall materiality.	We set performance materiality at a level lower than overall materiality for the financial statements as a whole to reduce to an appropriately low level the probability that, in aggregate, uncorrected and undetected misstatements exceed overall materiality.
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £0.6m and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £0.6m and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

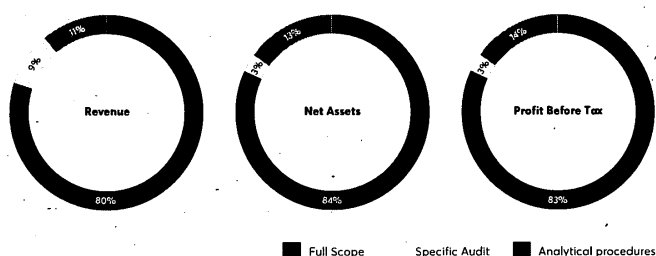
Our audit approach was based on a thorough understanding of the Group's business and is risk based, and in particular included:

- Evaluation of identified components to assess the significance of each component and to determine the planned audit response based on a measure of materiality. This included significance as a percentage of the Group's revenue, net assets and profit before tax;
- For those components that were evaluated as significant, or likely to include significant risks, either a full-scope or targeted approach was taken based on their relative materiality to the Group, and our assessment of the audit risk. For significant components requiring a full-scope approach, we evaluated controls over the financial reporting systems identified as part of our risk assessment and addressed critical accounting matters. Substantive testing was performed on significant classes of transactions and balances, and other material balances, determined during the Group scoping exercise;
- Full scope audit procedures have been performed on the financial statements of Frasers Group plc, and on the financial information of the main trading companies within the UK Sports Retail segment, SPORTSDIRECT.com Retail Limited and Wareshop 2 Limited. We have also performed full scope audit procedures on GAME since the date of acquisition.
- Full scope audit procedures have been performed over the financial information of components in the Premium Lifestyle segment (which includes House of Fraser Limited, Cruise Clothing Limited, The Flannels Group Limited and van mildert (Lifestyle) Limited), Republic.com Retail Limited which is held within the UK Sports Retail segment, International Brand Management Limited in the Wholesale & Licensing segment and Sports Direct International Holdings Limited within the

European Sports Retail segment;

- In relation to overseas components we engaged RSM member firms in Austria and Ireland, and component auditors in Spain and Estonia to perform full scope component audits and RSM in the United States to perform targeted audit procedures. Additionally, RSM member firms attended inventory counts in a number of locations;
 - The Group team reviewed the work performed by the component auditors. We determined the level of involvement we needed to have in their audit work at those reporting units to be able to conclude whether sufficient, appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.
- The operations that were subject to full-scope audit procedures made up 80% of consolidated revenues, 84% of net assets and 83% of profit before tax.
- The operations that were subject to targeted audit procedures made up 9% of consolidated revenues, 3% of net assets and 3% of profit before tax; and
 - The remaining operations of the Group were subject to analytical procedures over the Balance Sheet and Income Statements of the relevant entities with a focus on applicable risks identified above. This made up 11% of consolidated revenues, 13% of net assets and 14% of profit before tax.

The coverage achieved by our audit procedures was:



Full scope audits were performed for 18 components (some of which included a number of legal entities which were combined for Group reporting purposes), specific audit procedures for 4 components and analytical procedures at Group level for the remaining components.

	Number of components	Revenue	Net assets	Profit before tax
Full scope audit	18	80%	84%	83%
Specific audit procedures	4	9%	3%	3%
Total	22	89%	87%	86%

Analytical procedures at Group level were performed for the remaining components.

The Group team had planned to visit component locations in Austria, the Baltics, Spain and the United States. However, these visits were prevented by travel restrictions imposed as a result of the Covid-19 pandemic and instead the Group team held conference calls and performed remote file reviews to assess the audit risk and the work planned and performed in response.

The Parent Company was subject to a full scope audit for the purposes of the Group and Parent Company financial statements.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the annual report on pages 1 to 61 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does

not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable** set out on page 61 - the statement given by the Directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit Committee reporting** set out on page 48 - the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- **Directors' statement of compliance with the 2018 UK Corporate Governance Code** set out on page 43 - the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the 2018 UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the 2018 UK Corporate Governance Code.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' remuneration report to be audited 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 61, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit, we will consider the susceptibility of the Group and Parent Company to fraud and other irregularities, taking account of the business and control environment established and maintained by the Directors, as well as the nature of transactions, assets and liabilities recorded in the accounting records. Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs. However, the principal responsibility for ensuring that the financial statements are free from material misstatement, whether caused by fraud or error, rests with management who should not rely on the audit to discharge those functions.

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.

OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

Following the recommendation of the Audit Committee, we were appointed by the Audit Committee and the Board on 18 November 2019 to audit the financial statements for the

year ending 26 April 2020 and subsequent financial periods.

The period of total uninterrupted engagement is 1 year including the audit for the year ended 26 April 2020.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit. The only non-audit services performed, which were approved by the Audit Committee, and compliant with the Ethical Standard, comprised a review of the financial position of the Group in connection with a matter which did not proceed.

Our audit opinion is consistent with the additional report to the Audit Committee.

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.

Mark Harwood
(Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP,
Statutory Auditor

Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

20 August 2020

CONSOLIDATED INCOME STATEMENT

For the 52 weeks ended 26 April 2020

	Note	52 weeks ended 26 April 2020 (FRS 16 ⁽¹⁾)	52 weeks ended 26 April 2019 IAS 17
		(£m)	(£m)
Revenue	14	3,937.4	3,701.9
Cost of sales		(2,294.8)	(2,118.4)
Gross profit		1,642.6	1,583.5
Selling, distribution and administrative expenses		(1,564.3)	(1,412.8)
Other operating income	5	32.5	23.4
Exceptional items	6	(13.3)	(41.0)
Profit on sale of properties	7	\$4.2	8.4
Operating profit	4.8	371.9	160.5
Investment income	10	15.2	15.0
Investment costs	11	(49.8)	(8.3)
Finance income	12	31.0	40.0
Finance costs	13	(29.3)	(19.4)
Share of loss of associated undertakings	19	(15.9)	(8.4)
Fair value gain on step acquisition	19	20.4	-
Profit before taxation		342.5	179.2
Taxation	14	(42.5)	(63.2)
Profit for the period	4	101.0	116.0
ATTRIBUTABLE TO:			
Equity holders of the Group		93.8	112.0
Non-controlling interests		7.2	4.0
Profit for the period	4	101.0	116.0
EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS			
		Pence per share	Pence per share
Basic earnings per share	15	18.5	21.6
Diluted earnings per share	15	18.5	21.5

(1) IFRS 16 modified retrospective approach has been initially applied. Using this method comparative figures have not been restated and the cumulative effect of adopting IFRS 16 is recognised in retained earnings at the date of initial application, further disclosures on the impact of IFRS 16 can be found in note 1 on pages 80 to 81.

The Consolidated Income Statement has been prepared on the basis that all operations are continuing. The accompanying accounting policies and notes form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 52 weeks ended 26 April 2020

	Note	52 weeks ended 26 April 2020 (FRS 16 ⁽¹⁾)	52 weeks ended 26 April 2019 IAS 17
		(£m)	(£m)
Profit for the period	4	101.0	116.0
OTHER COMPREHENSIVE INCOME			
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Fair value movement on long-term financial assets	20	(19.7)	(198.0)
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Exchange differences on translation of foreign operations		9.8	(10.3)
Fair value movement on hedged contracts - recognised in the period	26.30	16.4	31.5
Fair value movement on hedged contracts - ineffectiveness	26.30	0.2	(4.5)
Fair value movement on hedged contracts - reclassified and reported in sales	26.30	(1.7)	19.7
Fair value movement on hedged contracts - reclassified and reported in cost of sales	26.30	(37.4)	14.5
Fair value movement on hedged contracts - taxation taken to reserves	26.30	3.8	(22.7)
OTHER COMPREHENSIVE INCOME / (COST) FOR THE PERIOD, NET OF TAX		(28.6)	(69.8)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		72.4	46.2
ATTRIBUTABLE TO:			
Equity holders of the Group		65.2	42.2
Non-controlling interest		7.2	4.0
		72.4	46.2

(1) IFRS 16 modified retrospective approach has been initially applied. Using this method comparative figures have not been restated and the cumulative effect of adopting IFRS 16 is recognised in retained earnings at the date of initial application, further disclosures on the impact of IFRS 16 can be found in note 1 on pages 80 to 81.

The accompanying accounting policies and notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET

At 26 April 2020

	Note	26 April 2020 IFRS 16 ⁽¹⁾ (£m)	28 April 2019 IAS 17 (£m)
ASSETS - NON CURRENT			
Property, plant and equipment	16	1,347.6	823.2
Investment properties	17	18.9	22.2
Intangible assets	18	143.4	153.0
Investments in associated undertakings	19	-	11.0
Long-term financial assets	20	83.8	84.6
Deferred tax assets	28	49.9	23.7
		1,643.6	1,117.7
ASSETS - CURRENT			
Assets held for sale	21	-	68.0
Inventories	22	1,198.3	978.4
Trade and other receivables	23	434.2	432.5
Derivative financial assets	30	78.1	104.2
Cash and cash equivalents	24	534.0	448.0
		2,224.6	2,031.1
TOTAL ASSETS		3,868.2	3,148.8
Share capital	25	64.1	64.1
Share premium		874.3	874.3
Treasury shares reserve		(295.7)	(28.7)
Permanent contribution to capital	26	0.1	0.1
Capital redemption reserve	26	8.0	8.0
Foreign currency translation reserve		77.9	68.1
Reverse combination reserve	26	(987.3)	(987.3)
Own share reserve		(67.0)	(67.2)
Hedging reserve	26	28.0	46.7
Retained earnings		1,564.9	1,521.5
Issued capital and reserves attributable to owners of the parent		1,267.3	1,246.6
Non-controlling interests		13.0	5.8
TOTAL EQUITY		1,280.3	1,252.4
LIABILITIES - NON CURRENT			
Borrowings	27	900.0	826.5
Lease liabilities	1,27	476.2	-
Retirement benefit obligations		1.9	1.9
Deferred tax liabilities	28	25.6	29.0
Provisions	29	336.0	440.5
		1,739.7	1,297.9
LIABILITIES - CURRENT			
Derivative financial liabilities	30	44.2	16.3
Trade and other payables	31	602.5	541.1
Lease liabilities	1,27	147.9	-
Current tax liabilities		53.6	41.1
		848.2	598.5
TOTAL LIABILITIES		2,587.9	1,896.4
TOTAL EQUITY AND LIABILITIES		3,868.2	3,148.8

(1) IFRS 16 modified retrospective approach has been initially applied. Using this method comparative figures have not been restated and the cumulative effect of adopting IFRS 16 is recognised in retained earnings at the date of initial application, further disclosures on the impact of IFRS 16 can be found in note 1 on pages 80 to 81.

The accompanying accounting policies and notes form part of these financial statements. The financial statements were approved by the Board on 20 August 2020 and were signed on its behalf by:

Chris Wootton
Chief Financial Officer

Company number: 06035106

CONSOLIDATED CASH FLOW STATEMENT

For the 52 weeks ended 26 April 2020

	Note	52 weeks ended 26 April 2020 IFRS 16 ⁽¹⁾ (£m)	52 weeks ended 28 April 2019 IAS 17 (£m)
CASH INFLOW FROM OPERATING ACTIVITIES	33	425.2	213.3
Income taxes paid		(48.5)	(40.0)
NET CASH INFLOW FROM OPERATING ACTIVITIES		376.7	273.3
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		152.6	20.8
Proceeds on disposal of listed investments		4.9	54.9
Purchase of associates		(5.6)	-
Purchase of subsidiaries, net of cash acquired	32	(7.3)	(98.7)
Purchase of property, plant and equipment	16	(323.5)	(158.5)
Purchase of investment properties	17	-	(0.7)
Purchase of intangible assets	18	-	(1.1)
Purchase of listed investments		(24.8)	(57.9)
Investment income received		0.5	3.4
Finance income received		9.8	0.3
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(193.4)	(227.5)
CASH FLOW FROM FINANCING ACTIVITIES			
Lease payments ⁽¹⁾	1	(113.6)	-
Finance costs paid		(16.3)	(12.0)
Borrowings drawn down	27	510.0	464.4
Borrowings repaid	27	(436.5)	(395.0)
Purchase of own shares		(43.9)	(7.3)
NET CASH INFLOW FROM FINANCING ACTIVITIES		(102.3)	49.1
NET INCREASE IN CASH AND CASH EQUIVALENTS INCLUDING OVERDRAFTS		81.0	84.9
Exchange movement on cash balances		5.0	3.1
CASH AND CASH EQUIVALENTS INCLUDING OVERDRAFTS AT BEGINNING OF PERIOD		448.0	260.0
CASH AND CASH EQUIVALENTS INCLUDING OVERDRAFTS AT THE PERIOD END	24	534.0	448.0

(1) IFRS 16 modified retrospective approach has been initially applied. Using this method comparative figures have not been restated and the cumulative effect of adopting IFRS 16 is recognised in retained earnings at the date of initial application, further disclosures on the impact of IFRS 16 can be found in note 1 on pages 80 to 81.

The accompanying accounting policies and notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 52 weeks ended 26 April 2020

	Share capital	Share premium ⁽¹⁾	Treasury shares	Foreign currency translation	Own share reserve	Retained earnings	Other ⁽²⁾	Total attributable to owners of parent	Non-controlling interests	Total
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
At 29 April 2019 (restated in period ended 28 April 2019)	64.1	874.3	(290.0)	78.4	(69.0)	1,567.5	(1,031.0)	1,194.3	1.7	1,196.0
Exercise of share options	-	-	-	-	7.4	-	-	7.4	-	7.4
Purchase of own shares	-	-	(1.7)	-	(5.6)	-	-	(7.3)	-	(7.3)
Reversal of FY18 fair valuation of share buyback contractual obligation	-	-	40.0	-	-	-	-	40.0	-	40.0
Fair valuation of share buyback contractual obligation	-	-	(30.0)	-	-	-	-	(30.0)	-	(30.0)
Non-controlling interests - acquisitions	-	-	-	-	-	-	-	-	0.1	0.1
Transactions with owners	-	-	8.3	-	1.8	-	-	10.1	0.1	10.2
Profit for the financial period	-	-	-	-	-	112.0	-	112.0	4.0	116.0
OTHER COMPREHENSIVE INCOME										
Cash flow hedges - recognised in the period	-	-	-	-	-	-	91.5	91.5	-	91.5
Cash flow hedges - ineffectiveness	-	-	-	-	-	-	(4.5)	(4.5)	-	(4.5)
Cash flow hedges - reclassified and reported in sales	-	-	-	-	-	-	19.7	19.7	-	19.7
Cash flow hedges - reclassified and reported in cost of sales	-	-	-	-	-	-	14.5	14.5	-	14.5
Cash flow hedges - taxation	-	-	-	-	-	-	(22.7)	(22.7)	-	(22.7)
Fair value adjustment in respect of long-term financial assets - recognised	-	-	-	-	-	(158.0)	-	(158.0)	-	(158.0)
Translation differences - Group	-	-	-	(10.3)	-	-	-	(10.3)	-	(10.3)
Total comprehensive income for the period				(10.3)		(44.0)	98.5	42.2	4.0	46.2
At 28 April 2019	64.1	874.3	(281.7)	68.1	(67.2)	1,521.5	(932.5)	1,346.6	5.8	1,251.4
IFRS 16 Transition Adjustment ⁽³⁾	-	-	-	-	-	(37.9)	-	(37.9)	-	(37.9)
Taxation on items taken directly to equity	-	-	-	-	-	7.2	-	7.2	-	7.2
At 29 April 2019	64.1	874.3	(281.7)	68.1	(67.2)	1,490.8	(922.5)	1,215.9	5.8	1,221.7
Purchase of own shares	-	-	(44.0)	-	0.2	-	-	(43.8)	-	(43.8)
Reversal of FY19 fair valuation of share buyback contractual obligation	-	-	30.0	-	-	-	-	30.0	-	30.0
Transactions with owners	-	-	(14.0)	-	0.2	-	-	(13.8)	-	(13.8)
Profit for the financial period	-	-	-	-	-	92.8	-	92.8	7.2	100.0
OTHER COMPREHENSIVE INCOME										
Cash flow hedges - recognised in the period	-	-	-	-	-	-	16.4	16.4	-	16.4
Cash flow hedges - ineffectiveness	-	-	-	-	-	-	0.2	0.2	-	0.2
Cash flow hedges - reclassified and reported in sales	-	-	-	-	-	-	(1.7)	(1.7)	-	(1.7)
Cash flow hedges - reclassified and reported in cost of sales	-	-	-	-	-	-	(37.4)	(37.4)	-	(37.4)
Cash flow hedges - taxation	-	-	-	-	-	-	3.8	3.8	-	3.8
Fair value adjustment in respect of long-term financial assets - recognised	-	-	-	-	-	(19.7)	-	(19.7)	-	(19.7)
Translation differences - Group	-	-	-	9.8	-	-	-	9.8	-	9.8
Total comprehensive income for the period				9.8		74.1	(18.7)	65.2	7.2	72.4
At 26 April 2020	64.1	874.3	(295.7)	77.9	(67.0)	1,564.9	(951.2)	1,287.2	12.0	1,289.3

(1) The share premium account is used to record the excess proceeds over nominal value on the issue of shares.

(2) Other reserves comprises permanent contribution to capital, capital redemption reserve, reverse combination reserve and the hedging reserve. All movements in the period related to the hedging reserve (note 26).

(3) IFRS 16 modified retrospective approach has been initially applied. Using this method comparative figures have not been restated and the cumulative effect of adopting IFRS 16 is recognised in retained earnings at the date of initial application, further disclosures on the impact of IFRS 16 can be found in note 1 on pages 80 to 81.

The accompanying accounting policies and notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 26 April 2020

1. ACCOUNTING POLICIES

The consolidated financial statements of Frasers Group plc (the "Company") and its subsidiaries (together the "Group") have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). Frasers Group plc (Company number: 06035106) is a company incorporated and domiciled in the United Kingdom, its shares are listed on the London Stock Exchange. The registered office is Unit A, Brook Park East, Shirebrook, NG20 8RY. The principal activities and structure of the Group can be found in the 'Our Business' section on page 9.

Basis Of Preparation

The consolidated financial statements have been prepared in accordance with IFRS as adopted for use in the European Union (including International Accounting Standards ("IAS") and International Financial Reporting Standards Interpretations Committee ("IFRSIC") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS as adopted for use in the European Union. The consolidated financial statements have been prepared under the historical cost convention, as modified to include fair valuation of certain financial assets and derivative financial instruments.

The accounting policies set out below have been applied consistently to all periods in these financial statements and have been applied consistently by all Group entities with the exception of IFRS 16.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive's Report and Business Review on pages 11 to 17.

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 17 to 20. In addition, the financial statements include the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The Group is still profitable, highly cash generative and has considerable financial resources. The Group is able to operate within its banking facilities and covenants, which run until November 2022, and is well placed to take advantage of strategic opportunities as they arise. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the continued uncertain economic outlook.

Management have assessed the level of trading to date since the impact of Covid-19 and has forecast and projected a conservative base case and also a number of even more conservative scenarios taking into account a potential second wave over winter, localised lockdowns, Government support, foreign exchange exposure and cost saving initiatives. 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 have a number of mitigating actions which could be taken if required such as putting on hold discretionary spend, liquidating certain assets on the Balance Sheet and paying down the Revolving Credit Facility. See the viability statement on page 25 for further details.

Having thoroughly reviewed the Group's performance and having made suitable enquiries, the Directors are confident that the Group has adequate resources to remain in operational existence for at least 12 months from the date of these financial statements. Trading would need to fall significantly below levels observed during the 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.

Basis Of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) each year.

Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;

- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/ permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is

measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

For business combinations achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and recognises the resulting gain or loss, if any, in the Income Statement as appropriate.

Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets

and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue Recognition

Revenue with customers is measured based on the five-step model under IFRS 15: 'Revenue from Contracts with Customers':

1. identify the contract with the customer;
2. identify the performance obligations in the contract;
3. determine the transaction price;
4. allocate the transaction price to separate performance obligations in the contract; and
5. recognise revenues when (or as) each performance obligation is satisfied.

Revenue is measured at the fair value of the consideration received, or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. Customers have a right of return within a specified period and this gives rise to variable consideration under IFRS 15. The right of return asset is recognised within inventory, with the refund liability due to customers on return of their goods recognised within trade and other payables.

In the case of goods sold through retail stores, revenue is recognised when we have satisfied the performance obligation of transferring the goods to the customer at the point of sale, 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.

In the case of goods sold on the internet where the customer has opted for delivery, revenue is recognised when we have satisfied the performance obligation of transferring the goods to the customer, which is the point of delivery to the customer. Transactions are settled by credit card or payment card. Provisions are made for internet credit notes based on the expected level of returns using the expected value method, which in turn is based upon the historical rate of returns. In the case of internet click and collect orders which are collected in store, the performance obligation is deemed to have been satisfied when the goods are dispatched from the warehouse.

In the case of goods sold to other businesses via wholesale channels, revenue is recognised when we have satisfied the performance obligation of transferring the goods to the customer upon delivery. Payment terms are generally 30-60 days with no right of return.

In the case of income generated from trademarks and licences, revenue is recognised based either on a fixed fee basis or based on sales with specified minimum guarantee amounts in accordance with the relevant agreements. If the sales-based royalty is not expected to clearly exceed the minimum guarantee threshold, revenue is recognised over the rights period measured on the basis of the fixed guaranteed consideration. Revenue above the minimum guarantee threshold is recognised as earned based on the contractual royalty rate applied to the sales.

Revenue from Gym membership fees is recognised on the accruals basis over the related membership period.

In the case of revenue from third party commission on concession sales within the House of Fraser department stores this is recognised when goods are sold to the customer. As we act as the agent this is stated at the value of the commission that the Group receives on the transaction rather than the gross revenue from the sale of the concessionaires' goods.

The Group operates loyalty programmes which allow members to accumulate points on purchases and receive exclusive offers and benefits. The fair value of the points awarded to customers is determined relative to the total transaction price and accounted for as a separate identifiable component of a sales transaction. Revenue is deferred to match the estimate value of earned loyalty points. Deferred revenue is adjusted for the value of points that are not expected to be redeemed by customers based on historical redemption rates. When the points are redeemed and the Group fulfils its obligations pursuant to the programmes, the revenue that was deferred is recognised. In the UK points awarded expire following a period of 12 months of inactivity, in Spain they are valid until the end of the following calendar year.

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.

Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in the Income Statement in the period in which they become receivable.

Exceptional Items

The Group presents exceptional items on the face of the Income Statement. These are significant items of income and expense which, because of their size, nature and infrequency of the events giving rise to them, merit separate presentation to allow shareholders to better understand the elements of financial performance in the year, so as to facilitate comparison with prior periods and assess trends in financial performance more readily.

Interest Income

Interest income is reported on an accruals basis using the effective interest method.

Taxation

Tax expense comprises of current and deferred tax. Tax is recognised in the Income Statement, except to the extent it relates to items recognised in other comprehensive income or directly in equity.

Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from the initial recognition of goodwill or initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets. Deferred tax is determined using tax rates and laws that have been enacted (or substantively enacted) by the Balance Sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are provided in full.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

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 deferred tax is also charged to other comprehensive income or credited directly to equity. Deferred tax assets and liabilities are not discounted.

Goodwill

Goodwill arising on consolidation is recognised as an asset and reviewed for impairment at least annually or when a change in circumstances or situation indicates that the goodwill has suffered an impairment loss. The need for impairment is tested by comparing the recoverable amount of the cash-generating unit (CGU) to the carrying value. Any impairment is recognised immediately in the Income Statement. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of a business include the amount of goodwill relating to that business.

When the non-controlling interest of an existing subsidiary is acquired the carrying value of the non-controlling interests in the Balance Sheet is eliminated. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid is recognised directly in equity.

Other Intangible Assets

Brands, trademarks and licences that are internally generated are not recorded on the Balance Sheet. Acquired brands, trademarks and licences are initially carried on the Balance Sheet at cost. The fair value of brands, trademarks and licences that are acquired by virtue of a business combination is determined at the date of acquisition and is subsequently assessed as being the deemed cost to the Group.

Expenditure on advertising and promotional activities is recognised as an expense as incurred.

No amortisation is charged on those brands, trademarks or perpetual/renewable licences with an indefinite life as the Group believes that the value of these brands and trademarks can be maintained indefinitely. The Group carries out an impairment review of indefinite life intangibles, at least annually, or when a change in circumstances or situation indicates that those intangibles have suffered an impairment loss. Impairment is measured by comparing the carrying amount of the intangible asset as part of the CGU with the recoverable amount of the CGU, that is, the higher of its fair value less costs to sell and its value in use. Value in use is calculated by 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.

Amortisation is provided on other brands, trademarks and licences with a definite life on a straight line basis over their useful economic lives of between 5 to 15 years and is accounted for within the selling, distribution and administrative expenses category within the Income Statement. The Everlast brand is now being amortised over 15 years, for further details refer to note 18.

Property, Plant And Equipment

Property, plant and equipment are stated at historical cost less depreciation less any recognised impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of these items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the costs can be measured reliably.

All other costs, including repairs and maintenance costs and labour costs are charged to the Income Statement in the period in which they are incurred.

Depreciation is provided on all property, plant and equipment other than freehold land and is calculated on a reducing balance basis or straight-line basis, whichever is deemed by the

Directors to be more appropriate, to allocate cost less assessed residual value, other than assets in the course of construction, over the estimated useful lives, as follows:

- Freehold buildings - between 4% and 10% per annum - straight line
- Leasehold improvements - 20% or over the term of the lease, whichever is shortest - straight line
- Plant and equipment - between 20% and 33% per annum - straight line

The assets' useful lives and residual values are reviewed and, if appropriate, adjusted at each Balance Sheet date. The gain or loss arising on disposal or scrapping of an asset is determined as the difference between the sales proceeds, net of selling costs, and the carrying amount of the asset and is recognised in the Income Statement.

Property, plant and equipment where the carrying amount is recovered principally through a sales transaction and where a sale is considered to be highly probable is stated at the lower of carrying value and fair value less costs to sell.

Investment Properties

Investment properties, which are defined as property held for rental income or capital appreciation, are initially measured at cost being purchase price and directly attributable expenditure. Where the intention is to hold property as owner occupied, this is recognised as property, plant and equipment.

Subsequently investment properties are held at cost less accumulated depreciation and impairment losses. Investment properties are depreciated over between 10 and 25 years other than the land element which is not depreciated.

Fair values of the investment properties are disclosed.

Impairment Of Assets Other Than Goodwill And Intangible Assets With An Indefinite Life

At each Balance Sheet date, the Directors review the carrying amounts of the Group's tangible and intangible assets, other than goodwill and intangible assets with an indefinite life, 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 Group 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.

Impairment losses recognised for CGU's to which goodwill has been allocated are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU.

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) excluding goodwill, is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior periods. A reversal of an impairment loss is recognised in the Income Statement immediately.

Assets Held For Sale

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes the purchase price of the manufactured products, materials, direct labour and transport costs. Cost is calculated using the weighted average cost method. Net realisable value is based on the estimated selling price less all estimated selling costs.

The Company receives trade discounts and rebates from suppliers based upon the volume of orders placed in a given time window. Where there is sufficient certainty that a discount or rebate will be received in the future that relates to historic purchases this is reflected in the cost of inventories.

Cash And Cash Equivalents

Cash and cash equivalents include cash in hand and deposits held on call, together with other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to

the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial Assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or finance income, except for impairment of trade receivables and amounts due from related parties which is presented within selling distribution and administrative expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVOCI)

On initial application of IFRS 9 the Group made the irrevocable election to account for long-term financial assets at fair value through other comprehensive income (FVOCI). The

election has been made on an instrument-by-instrument basis, only qualifying dividend income is recognised in profit and loss, changes in fair value are recognised within OCI and never reclassified to profit and loss, even if the asset is impaired, sold or otherwise derecognised.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, other receivables, amounts due from related parties, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Other receivables and amounts due from related parties

Recognition of credit losses to is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and
 - financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").
- "Stage 3" would cover financial assets where the credit risk has increased to a point at which it is considered credit impaired

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade receivables

The Group makes use of a simplified approach in accounting for trade receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Financial Liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, fair value changes in currency derivative instrument's that are reported in profit or loss are included within finance costs or finance income. Fair value changes in equity derivative financial instruments are recognised in investment income or investment costs.

Derivative financial instruments and hedge accounting

Derivative financial instruments are accounted for at fair value through profit and loss (FVTPL) except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- there is an economic relationship between the hedged item and the hedging instrument
- the effect of credit risk does not dominate the value changes that result from that economic relationship
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

Written option contracts do not qualify for hedge accounting and fair value movements are recognised directly in the Income Statement.

For the reporting periods under review, the Group has designated certain forward currency contracts as hedging instruments in cash flow hedge relationships. These arrangements have been entered into to mitigate foreign currency exchange risk arising from certain highly probable sales transactions denominated in foreign currencies.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

Provisions

A provision is recognised when the Group 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 Group 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 Group or its landlord. 'Wear and tear' costs are expensed to the Income Statement. Provisions for onerous lease contracts are recognised when the Group 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 Group's lawyers when it is probable that there will be an outflow of resources and a reliable estimate can be made.

Other provisions include management's best estimate of restructuring, employment related costs and other claims.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

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.

Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments such as revenue linked property leases are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain that the option will be exercised;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

The lease liability is presented as a separate line in the consolidated statement of financial position.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at the effective rate on the balance outstanding and are reduced for lease payments made.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives (payments made by a lessor to a lessee associated with a lease, or the reimbursement or assumption by a lessor of costs of a lessee) received or impairment, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset, providing it meets the Groups property, plant and equipment capitalisation policy.

Right of use assets are tested for impairment at each reporting date in line with IAS 36 Impairment. The right-of-use assets are presented within property, plant and equipment in the consolidated statement of financial position.

Subsequent to initial measurement right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at a revised discount rate. The carrying value of lease liabilities is revised using the original discount rate when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment

is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of use asset being adjusted by the same amount
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Sale and leaseback

On entering into a sale and leaseback transaction the Group determines whether the transfer of the assets qualifies as a sale (satisfying a performance obligation in IFRS 15 'Revenue from Contracts with Customers'). Where the transfer is a sale and providing the transaction is on market terms than the previous carrying amount of the underlying asset is split between:

- a right-of-use asset arising from the

leaseback (being the proportion of the previous carrying amount of the asset that relates to the rights retained), and

- the rights in the underlying asset retained by the buyer-lessor at the end of the leaseback.

The Group recognises a portion of the total gain or loss on the sale. The amount recognised is calculated by splitting the total gain or loss into:

- an unrecognised amount relating to the rights retained by the seller-lessee, and
- a recognised amount relating to the buyer-lessor's rights in the underlying asset at the end of the leaseback.

The leaseback itself is then accounted for under IFRS 16.

Rental income from operating leases where the Group acts as a lessor is recognised on a straight-line basis over the term of the relevant lease.

Treasury Shares

The purchase price of the Group's own shares that it acquires is recognised as 'Treasury shares' within equity. When shares are transferred out of treasury the difference between the market value and the average purchase price of shares sold out of treasury is transferred to retained earnings.

Employee Benefit Trust

An Employee Benefit Trust has been established for the purposes of satisfying certain share-based awards. The Group has 'de-facto' control over the special purpose entity.

This Trust is fully consolidated within the accounts. The cost of shares acquired by the Sports Direct Employee Benefit Trust is recognised within 'Own Share reserve' in equity.

Share-Based Payments

The Group issues equity-settled share-based payments to certain Directors and employees. These are measured at fair value at the date of grant, which is expensed to the consolidated Income Statement on a straight-line basis over

the vesting period, with the corresponding credit going to equity.

Non-market vesting conditions are not taken into account in determining grant date fair value. Instead, they are taken into account by adjusting the number of equity instruments to vest.

Fair value is based on the market share price on the grant date. The expected staff numbers used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

For cash-settled share-based payment transactions, the Group measures the services received and the liability incurred at the fair value of the liability. Until the liability is settled, the Group 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 Income Statement for the period.

The credit for the share based payment charge does not equal the charge per the Income Statement as it excludes amounts recognised in the Balance Sheet in relation to the expected notional insurance contributions for the shares.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of any direct issue costs.

Foreign Currencies

The presentational currency of the Group is sterling. The functional currency of the Company is also sterling. Foreign currency transactions are translated into sterling using the exchange rates prevailing on the dates of the transactions. Exchange differences of the Company arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the Income Statement for the period.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the Income Statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Balance Sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items that are held at valuation are translated at the foreign exchange rate at the date of the valuation.

On consolidation, the assets and liabilities of foreign operations which have a functional currency other than sterling are translated into sterling at foreign exchange rates ruling at the Balance Sheet date. The revenues and expenses of these subsidiary undertakings are translated at average rates applicable in the period. All resulting exchange differences are recognised in other comprehensive income and documented in a separate component of equity.

When a foreign operation is sold, the cumulative exchange differences that have been recognised as a separate component of equity are reclassified from equity to the Income Statement when the disposal is recognised.

In order to mitigate its exposure to certain foreign exchange risks, the Group enters into forward contracts (see Chief Executive's Report and Business Review and the cash flow hedging accounting policy on pages 77 to 78).

Dividends

Dividends are recognised as a liability in the Group's financial statements and as a deduction from equity in the period in which the dividends are declared. Where such dividends are proposed subject to the approval of shareholders, the dividends are regarded as

declared once shareholder approval has been obtained.

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.

The Board has applied a typical materiality threshold of 5% of the underlying EBITDA, the Group's primary profit measure, in order to calculate materiality levels. For the Financial period ended 26 April 2020, the current period underlying EBITDA of £302.1m gives a materiality level for FY20 of £15.1m.

New Accounting Standards, Interpretations And Amendments Adopted By The Group

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not effective. The Group applies for the first time the following new standards:

- Annual improvements to IFRSs 2015-2017 Cycle
- Amendments to IAS 28 Long-term interests in Associates and Joint Ventures
- IFRIC 23 Uncertainty over Income Tax Treatments

By adopting the above there has been no material impact on the financial statements.

IFRS 16

IFRS 16 Leases replaces IAS 17 Leases and several related interpretations. It completes the International Accounting Standards Board's long-running project to overhaul lease accounting. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability.

There are two important reliefs provided by IFRS 16 for assets of low value and short-term leases of 12 months or less.

The Group only has property leases within the scope of IFRS 16, including retail stores, offices and warehouses. Lease are typically for a period between 1 - 15 years with break clauses. It is management's intention to continue to enter into turnover linked leases in the future.

Transition

The Group adopted IFRS 16 on 29 April 2019 (date of initial application) using the modified retrospective approach for its portfolio of leases. As a result, the lease liability has been calculated as the present value of future lease payments from the date of initial application. The Group has applied the practical expedient under the modified retrospective approach for the initial right-of-use asset values to equal the present value of the future lease payments as at the date of initial application adjusted by the amount of any prepaid or accrued lease payments. An impairment review has been carried out at the date of transition. The right-of-use asset will be depreciated over the life of the lease. Comparative information is not restated.

The Group has applied the following transition

Lease Term	UK	Europe	Rest of World
Up to 5 years	18%	0.3%	3.3%
Greater than 5 years and up to 10 years	2.0%	0.5%	3.5%
Greater than 10 years and up to 15 years	2.2%	0.8%	3.7%
Greater than 15 years and up to 20 years	2.5%	1.1%	3.8%
Greater than 20 years and up to 25 years	2.5%	1.1%	3.8%
Greater than 25 years	2.5%	1.1%	3.8%

expedients:

- To not reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to existing leases at the date of initial application
- Single discount rate for portfolio of similar leases
- Treat long-term leases with less than 12 months remaining at the date of initial application as short-term leases
- Exclude direct costs from ROU asset measurement
- Hindsight to determine lease term

In addition to the two recognition exemptions:

- Short term leases
- Low value leases

The Group has used the incremental borrowing rate rather than the interest rate implicit in the lease, as the interest rate implicit in the lease cannot be readily determined. The weighted average discount rate based on incremental borrowing rates at the date of initial application across the Group lease portfolio are shown below. The discount rate for each lease is dependent on lease start date, term and location.

Impact

The impact of IFRS 16 on the financial statements for the period ending 26 April 2020 is summarised in the below table:

	Property Leases			
	Under IAS 17 (£m)	Transition impact (£m)	Impact in the period (£m)	Under IFRS 16 (£m)
Consolidated Income Statement:				
Selling, distribution and administrative expenses	(1,518.3)	-	(46.0)	(1,564.3)
Exceptional items	(6.3)	-	(6.8)	(13.1)
Profit on sale of properties	109.3	-	(55.1)	54.2
Finance costs	(18.4)	-	(10.9)	(29.3)
Taxation	(63.8)	-	21.3	(42.5)
Consolidated Balance Sheet:				
Property, plant and equipment	1,057.3	416.3	(126.0)	1,347.6
Deferred tax assets	21.4	7.2	21.3	49.9
Trade and other receivables	418.2	(7.2)	3.2	414.2
Retained earnings	(1,693.1)	20.7	97.5	(1,564.9)
Foreign currency translation reserve	(78.4)	0.4	0.1	(77.9)
Lease liabilities	-	(570.5)	(53.6)	(624.1)
Provisions	(480.7)	106.2	38.5	(336.0)
Trade & Other Payables	(638.4)	16.9	19.0	(602.5)

There has been no impact on cash flows, although the presentation of the Consolidated Cash Flow Statement has changed significantly, with an increase in cash inflows from operating activities being offset by an increase in cash outflows from financing activities.

Amounts recognised in the Income Statement in relation to variable and short term leases can be found in note 8, the gain arising on sale and leasebacks in the period can be found in note 7 and the total cash outflow for lease payments can be found in the Consolidated Cash Flow Statement on page 71.

The table below shows a reconciliation of the right of use asset from transition to closing for the 52 weeks ending 26 April 2020:

Right of Use Asset	26 April 2020 (£m)
Transition	422.5
Additions	101.1
Acquisitions	18.8
Re-measurements	2.8
Disposals	(20.9)
Depreciation	(122.6)
Impairment	(96.9)
Exchange differences	0.9
	305.7

The table below shows a reconciliation of the lease liability from transition to closing for the 52 weeks ending 26 April 2020:

Lease liability	26 April 2020 (£m)
Transition	(570.5)
Additions	(156.2)
Acquisitions	(28.0)
Re-measurements	(2.7)
Disposals	35.6
Lease payments	113.6
Interest expense	(10.9)
	(624.1)

The maturity analysis of lease liabilities is shown in note 30e.

The below table reconciles the prior year operating lease liability disclosure to the opening lease liability under IFRS 16:

	26 April 2020 (£m)
Operating lease commitment	(927.4)
Exchange differences - restate last year disclosure to FY20 close rate	(6.2)
Discounted using the incremental borrowing rate	77.3
Leases exempt from IFRS 16 at transition	190.1
Restatement of lease terms and omitted leases	96.2
Lease liability on transition	(570.5)

The lease liability in relation to short term leases not recognised under IFRS 16 as at the period end 26 April 2020 was £11.5m.

The estimated total lease liability for variable rent property leases not recognised under IFRS 16 as at the period end 26 April 2020 was £10.0m.

There were no leases committed to at the year-end which had not yet commenced.

International Financial Reporting Standards ("Standards") In Issue But Not Yet Effective

At the date of authorisation of these consolidated financial statements, there are no standards in issue from the International Accounting Standards Board or International Financial Reporting Standards Committee which are effective for annual accounting periods beginning on or after the stated effective date that will have a significant impact on these financial statements.

2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The critical accounting estimates and judgements made by the Group regarding the future or other key sources of estimation, uncertainty and judgement that may have a significant risk of giving rise to a material adjustment to the carrying values of assets and liabilities within the next financial period are:

Key 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 IAS 24 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.

Control And Significant Influence Over Certain Entities

Under IAS 28 Investments in Associates and Joint Ventures if an entity holds 20% or more of the voting power of the investee, it is presumed that the entity has significant influence, unless it can clearly demonstrate that this is not the case. The Group holds greater than 20% of the voting rights of Studio Retail Group plc and French Connection Group plc, whereby management consider that the Group does not have significant influence over these entities for combinations of the following reasons:

- The Group does not have any representation on the Board of Directors of the investee other than an Frasers Group representative having an observer role on the Board of Studio Retail Group plc. Management have reviewed the terms of the observer arrangement and have concluded that this does not give them the right to participate in or influence the financial or operating decisions of Studio Retail Group plc. Studio Retail Group plc can terminate this arrangement at any time,

and can determine which parts of the Board meetings the representative can be present at and what information they are given access to;

- There is no participation in decision making and strategic processes, including participation in decisions about dividends or other distributions;
- There have been no material transactions between the entity and its investee companies;
- There has been no interchange of managerial personnel;
- No non-public essential technical management information is provided to the investee.

In assessing the level of control that management have over certain entities, management will consider the various aspects that allow management to influence decision making. This includes the level of share ownership, Board membership, the level of investment and funding and the ability of the Group to influence operational and strategic decisions and effect its returns through the exercise of such influence.

The Group holds 49% of the share capital Four (Holdings) Limited which is accounted for using the equity method. The Group does not have any representation on the Board of Directors and no participation in decision about relevant activities such as establishing operating and capital decisions, including budgets, appointing/remunerating key management personnel or service providers and terminating their services or employment. However, in prior periods the Group has provided Four (Holdings) Limited with a significant loan. At the reporting date, the amount owed by Four (Holdings) Limited totalled £67.5m (£33.8m net of amounts recognised in respect of expected credit losses). The Group is satisfied that the existence of these transactions provides evidence that the entity has significant influence over the investee but in the absence of any other rights, in isolation it is insufficient to meet the control criteria of IFRS 10, as the Group does not have power over Four (Holdings) Limited.

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 judgment 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 IFRS 9 in order to achieve cash flow hedge accounting, forecast transactions (primarily Euro denominated sales and 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 IFRS 9 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 taken to the Income Statement.

Management considers various factors when determining whether a forecast transaction is highly probable. These factors include detailed sales 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, the Hedging reserve of £28.0m (excluding deferred tax) would be shown in Finance Income.

Defining Operating Segments

Management determines its operating segments with reference to the Chief Operational Decision Maker's process for making key decisions over allocation of resources to the segment and in assessing a segment's performance.

This is based on:

- The nature of the operation type and products sold
- The type of class of customer targeted
- Product distribution methods

Similar operations are amalgamated into operating segments for the purposes of segmental reporting. See also note 4.

Key Estimates

Provision For Obsolete, Slow Moving Or Defective Inventories

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

- Continuity inventory
- Seasonal inventory lines – specifically seasons that have now finished
- Third party versus own brand inventory
- Ageing of inventory
- Sports Retail or Premium Lifestyle
- Local economic conditions
- Divisional specific factors

- h. Increased cost of inventory and lower margins with the devaluation of the Pound
- i. Over-stock and out of season inventory as a result of Covid-19

Provision estimates are forward looking and are formed using a combination of factors including historical experience, management's knowledge of the industry, group discounting, sales pricing protocols and the overall assessment made by management of the risks in relation to inventory. Management use a number of internally generated reports to monitor and continually re-assess the adequacy and accuracy of the inventory provision. The additional cost of repricing inventory and handling charges in relation to relocating inventory (tunnelling) are considered in arriving at the appropriate percentage provision. The testing performed to check that the assumptions applied remain valid by management produces a range of outcomes and the provision is set within this range.

Key assumptions used to create the estimates are:

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

Total Group inventory provision at 26 April 2020 is 15.7% (2019: 15.5%). A 1% change in the total provision would impact underlying EBITDA by approx. £14.2m.

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 Group 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 (FY19: £80,000) for large leasehold stores, £50,000 (FY19: £50,000) for smaller leasehold stores (£25,000 per store for GAME UK and GAME Spain stores) and \$/€50,000 (FY19: \$/€50,000) for non-UK stores. Management do not consider these costs to be capital in nature and therefore dilapidations are not capitalised, except for in relation to the sale and leaseback of Shirebrook in the year in which a material dilapidations provision has been recognised.

A 10% increase per store would result in an approx. £8.0m charge to the Income Statement.

Other Provisions

Provisions are made for items where the Group 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 relate to management's best estimates of provisions required for legal and regulatory claims and ongoing non-UK tax enquiries. Other provisions relate to management's best estimates of provisions required for restructuring, employment and commercial. Where applicable these are inclusive of any estimated penalties, interest and legal costs. See note 29.

In relation to the non-UK tax enquiries during FY20 management have made a judgement to consider all claims collectively, applying the following key estimates to the gross amounts (Excluding re-imbursement assets):

- 10% penalty (FY19: 10%). A 5% increase would result in approx. £7m increase in the provision.
- 3% interest on the liability (FY19: 3%). A 1% increase would result in approx. £10m increase in the provision.

Management are satisfied that the judgement to consider all claims collectively is the only reasonable approach because they are all dependant on the outcome of a court ruling on the interpretation of the non-UK tax enquiries. Management are satisfied that with regard to timing a reasonable range of outcomes are all greater than one year and so are satisfied with including the provisions as non-current.

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 Group's intentions for the companies to which monies have been advanced.

The key estimate within the loan assessment for the Four (Holdings) Limited amounts owed by related parties is the discount rate applied and management have based the discount rate on a market rate of 6.5%. The discount rate would need to be increased by 2% for a further loss allowance to be recognised.

IFRS 16

The key areas of judgement in relation to property leases recognised under IFRS 16 are below:

- IFRS 16 defines the lease term as the non-cancellable period of a lease together with the options to extend or terminate a lease, if the lessee were reasonably certain to exercise that option. The Group will assess the likelihood of extending lease contracts beyond the break date by taking into account current economic and market conditions, current trading performance, forecast profitability and the level of capital investment in the property.

- IFRS 16 states that the lease payments shall be discounted using the lessee's incremental borrowing rate where the rate implicit in the lease cannot be readily determined. Accordingly, all lease payments have been discounted using the incremental borrowing rate (IBR). The IBR has been determined by using a synthetic credit rating for the Group which is used to obtain market data on debt instruments for companies with the same credit rating, this is split by currency to represent each of the geographical areas the Group operates within and adjusted for the lease term.

- Management have performed an assessment of core and non-core entities to which management have applied the IBR to core entities. The remaining non-core entities are not significant to the Group and therefore the core IBR has also been applied to these.

- Exit costs have not been capitalised within the right of use asset (except for Shirebrook), this is in line with the Group's property, plant and equipment capitalisation policy.

- The right of use asset will be reviewed for impairment at each reporting period in line with IAS 36 impairment to review whether the carrying amount exceeds its recoverable amount. For impairment testing purposes the Group has determined that each store is a separate CGU. The recoverable amount is calculated based on the Group's latest forecast cash flows which are then extrapolated to cover the period to the break date of the lease taking into account historic performance and knowledge of the current market, together with the Group's views on future profitability of each CGU. The key assumptions in the calculations are the sales growth rates, gross margin rates, changes in the operating cost base and the pre-tax discount rate derived from the Group's weighted average cost of capital using the capital asset pricing model, the inputs of which include a risk-free rate, equity risk premium and a risk adjustment (Beta). Impairments in the period have been recognised in the amount of £97.8m due to the ongoing impact of Covid-19 and the challenges in the retail sector on the forecast cash flows of the CGU.

The key assumptions, which are equally applicable to each CGU, in the cash flow projections used to support the carrying amount of the right of use asset were as follows:

As at 26 April 2020	Key assumptions used
Sales decline – year 1	10.0%
Sales decline – years 2 – 5	1.0%
Gross margin reduction in basis points – year 1	3.0%
Operating costs increase	3.0%
Discount rate	6.0%

A sensitivity analysis has been performed in respect of sales as management consider this to be the most sensitive of the key assumptions. A change in the year 1 sales assumption from 10% to 11% would result in an increase in impairment of £5.4m, a change in the year 2 sales assumption from 1% to 2% would result in an increase in impairment of £12.2m.

Key Estimates In Relation To Alternative Performance Measures

The Directors believe that underlying EBITDA, underlying profit before tax and underlying basic EPS provide further useful information for shareholders on the underlying performance of the Business in addition to the reported numbers and are consistent with how business performance is measured internally. They are not recognised profit measures under IFRS and may not be directly comparable with "adjusted" profit measures used by other companies.

EBITDA is earnings before investment income, finance income and finance costs, tax, depreciation, amortisation and impairment. It includes the Group's share of losses from associated undertakings and joint ventures. Underlying EBITDA excludes the impact of IFRS 16, foreign exchange gains/losses in selling and administration costs, exceptional costs, and the profit/loss on disposal of subsidiaries, strategic investments and properties. Underlying EBITDA also excludes fair value adjustments on step acquisitions.

The following are further key estimates used with regard to the alternative performance measures used by the Group.

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 include:

- Forecast sales and margin in stores, reflecting historic and expected future performance including the impact of the Elevation of Sports Retail strategy across the Group
 - UK forecasts are currently expecting a sales drop of -10% in FY21 (FY19: -5% in FY20) and then -1% (FY19: -1%) for future years and a margin impact of -300bps (FY19: -250bps)
 - European forecasts are currently expecting a sales drop of -10% (FY19: -2% in FY20) and then -1% (FY19: -1%) for future years and a margin impact of -300bps (FY19: -250bps)
- Forecast wages and direct store cost inflation
 - UK wage and operating costs inflation assumes 3% (FY19: 3%) and Europe assumes 3% (FY19: 2%)
 - UK rent increases are expected at 2% (FY19: 16%)
 - European rent increases are expected at 2% (FY19: 2%)
- Other
 - Discount rate 2% (FY19: 3%) across the Group
 - Store profitability includes 100% contribution towards central overheads
 - A get out cap of 10-years (FY19: no cap)

d. Planned store closures, relocations and re-brandings

e. Lease obligations calculated to the end of the lease or where applicable break clause, or earlier estimate of expected exit date where this can be reliably estimated

Sensitivity of estimates:

Forecast:	Impact of:	£m
Sales year 1	1% change	5.0
Margin	100bps	10.0
Wages and operating costs	1% change	19.5
Rent increase	1% change	0.7
Discount rate	1% change	10.0

Further information on the basis of the estimation of provisioning for dilapidations and onerous lease contracts is detailed in the provisions accounting policy and note 29.

3. FINANCIAL RISK MANAGEMENT

The Group's current activities result in the following financial risks and set out below are management's responses to those risks in order to minimise any resulting adverse effects on the Group's financial performance.

Foreign Exchange Risk

The Group is exposed to foreign exchange risk principally via:

- Transactional exposure from the cost of future purchases of goods for resale, where those purchases are denominated in a currency other than the functional currency of the purchasing company. Transactional exposures that could significantly impact the Income Statement are hedged. These exposures are hedged via forward foreign currency contracts which are designated as cash flow hedges. The notional and fair value of these contracts is shown in note 30;
- Transactional exposure from the sale of goods, where those sales are denominated in a currency other than the functional currency of the selling company. Transactional exposures that could significantly impact the Income Statement are hedged. These exposures are hedged via forward foreign currency contracts which are designated as cash flow hedges. The notional and fair value of these contracts is shown in note 30;

c. Loans to non-UK subsidiaries. These are hedged via foreign currency transactions and borrowings in matching currencies, which are not formally designated as hedges, as gains and losses on hedges and hedged loans will naturally offset; and

d. The Group 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 IFRS 9 Financial Instruments. Exposures in respect of written options to sell Euros or buy USD as explained in the Financial Review. These are not hedged and movements in fair value could significantly impact the Income Statement in future periods. See note 30.

Interest Rate Risk

The Group has net borrowings, which are principally at floating interest rates linked to bank base rates or LIBOR. The Group uses interest rate financial instruments to hedge its exposure to interest rate movements using interest rate swaps. The Group regularly monitors and reacts accordingly to any exposure to fluctuations in interest rates and the impact on its monetary assets and liabilities.

Credit Risk

The Directors have a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

At each Balance Sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Balance Sheet.

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating and investment criteria approved by the Board.

Liquidity Risk

The Group has sufficient liquid resources to manage the operating requirements of the business it does this through utilisation of its revolving credit facilities together with equity and retained profits thereby achieving continuity of funding and short-term flexibility, while keeping interest to a minimum.

Management regularly review forecasts to ensure there is adequate headroom on the facilities and to ensure the Group is operating within its financial covenants.

Price Risk

The Group is exposed to price risk in respect of its long-term financial assets (in relation to listed company shares).

The price risk relates to volatility in the market, and how other comprehensive income and equity would have been affected by changes in market risk that were reasonably possible at the reporting date. If the quoted stock price for these securities increased or decreased, other comprehensive income and equity would have changed. The listed securities are classified as long-term investments at fair value through other comprehensive income so there would be no effect on profit or loss.

The investments in listed equity securities (long-term financial assets) are considered medium to long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments.

Capital Management

A description of the Group's objectives, policies and processes for managing capital are included in note 30.

4. SEGMENTAL ANALYSIS

Management has determined to present its segmental disclosures consistently with the presentation in the 2019 Annual Report with the exception that the House of Fraser fascia has been included within the Premium Lifestyle segment. This is due to management's assessment of the operating characteristics of the House of Fraser retail activities. Management considers operationally that the UK Retail divisions (UK Sports Retail and Premium Lifestyle) are run as one business unit in terms of allocating resources, inventory management and assessing performance. Under IFRS 8 we have not at this reporting date met the required criteria with enough certainty to aggregate these operating segments. We will continually keep this under review at subsequent reporting dates. We continue to monitor the impacts of Covid-19, Brexit, and the continued uncertainties this has brought relating to the political and economic environments, and market and currency volatility in the countries we operate in. European countries have been identified as operating segments and have been aggregated into a single operating segment as permitted under IFRS 8. The decision to aggregate these segments was based on the fact that they each have similar economic characteristics, similar long-term financial performance expectations, and are similar in each of the following respects:

- The nature of the products;
- The type or class of customer for the products; and
- The methods used to distribute the products.

In accordance with paragraph 12 of IFRS 8 the Group's operating segments have been aggregated into the following reportable segments:

1. UK Retail:

- i. UK Sports Retail – includes core sports retail store operations in the UK, plus all the Group's sports retail online business (Excluding Bobs' Stores, Eastern Mountain Sports and Sports Direct Malaysia), the gyms, the Group's Shirebrook campus operations, retail store operations in Northern Ireland, Evans Cycles and GAME UK stores acquired in the year.
 - ii. Premium Lifestyle – includes the results of the premium retail businesses Flannels, Cruise, van mildert, Jack Wills, House of Fraser and Sofa.com along with related websites.
2. European Retail – includes all the Group's sports retail stores, management and operations in European distribution centres in Belgium and Austria as well as GAME Spain stores acquired in the year.
 3. Rest of World Retail – includes the results of US based retail activities, Asia based retail activities along with their e-commerce sites.
 4. Wholesale & Licensing – includes the results of the Group's portfolio of internationally recognised brands such as Everlast, Karrimor, Lonsdale and Slazenger.

It is management's current intention to run the Group as four operating segments being UK Retail (including UK Sports Retail and Premium Lifestyle), European Retail, Rest of World Retail and Wholesale & Licensing. Management is satisfied that the UK Sports Retail and Premium Lifestyle will meet the criteria permitted under IFRS 8 to aggregate as one segment in due course.

Information regarding the Group's reportable segments for the 52 weeks ended 26 April 2020, as well as a reconciliation of reported profit for the period to underlying EBITDA, is presented on pages 13 to 15, and within the Glossary on pages 119 to 120.

Segmental information for the 52 weeks ended 26 April 2020:

	UK Sports Retail (£m)	Premium Lifestyle (£m)	UK Retail Total (£m)	European Retail (£m)	Rest Of World Retail (£m)	Total Retail (£m)	Wholesale & Licensing (£m)	Eliminations (£m)	Group Total (£m)
Sales to external customers	2,203.3	722.0	2,925.3	697.7	174.2	3,797.2	160.2	-	3,957.4
Sales to other segments	-	-	-	-	-	-	17.8	(17.8)	-
Revenue	2,203.3	722.0	2,925.3	697.7	174.2	3,797.2	178.0	(17.8)	3,957.4
Gross profit	903.2	348.6	1,251.8	267.9	77.4	1,597.1	65.5	-	1,662.6
Operating profit/(loss) before foreign exchange, exceptional items and IFRS 16	145.6	(18.0)	127.6	14.5	(11.6)	120.5	11.4	-	141.9
Exceptional	(2.7)	(6.9)	(9.6)	(3.5)	-	(12.1)	-	-	(12.1)
Disposal of property	33.2	-	33.2	21.0	-	54.2	-	-	54.2
Foreign exchange realised	29.5	1.4	30.9	4.1	0.4	35.4	(0.5)	-	34.9
IFRS 16 adjustments	2.3	(9.7)	(7.4)	(46.5)	7.9	(46.0)	-	-	(46.0)
Operating profit/(loss)	207.9	(12.2)	174.7	(10.4)	(3.3)	161.0	10.9	-	171.9
Other investment income	-	-	-	-	-	-	-	-	15.2
Investment costs	-	-	-	-	-	-	-	-	(49.8)
Finance income	-	-	-	-	-	-	-	-	31.0
Finance costs	-	-	-	-	-	-	-	-	(29.3)
Share of loss of associated undertakings	-	-	-	-	-	-	-	-	(15.9)
Fair value gain on step acquisition	-	-	-	-	-	-	-	-	20.4
Profit before taxation	-	-	-	-	-	-	-	-	162.5
Taxation	-	-	-	-	-	-	-	-	(42.5)
Profit for the period	-	-	-	-	-	-	-	-	101.0

Other segment items included in the Income Statement for the 52 weeks ended 26 April 2020:

	UK Sports Retail (£m)	Premium Lifestyle (£m)	UK Retail Total (£m)	European Retail (£m)	Rest Of World Retail (£m)	Total Retail (£m)	Wholesale & Licensing (£m)	Group Total (£m)
Depreciation	98.5	20.7	119.2	39.4	4.8	163.4	1.4	164.8
IFRS 16 ROU depreciation/impairment	113.1	16.1	129.2	77.0	13.3	219.5	-	219.5
IFRS 16 disposal of lease liabilities	(2.7)	(0.2)	(2.9)	(6.4)	(0.4)	(9.7)	-	(9.7)
Exceptional impairment	2.7	6.9	9.6	3.5	-	13.1	-	13.1
Amortisation/impairment	2.1	2.0	4.1	3.9	-	8.0	12.4	20.4

Information regarding segment assets and liabilities as at 26 April 2020 and capital expenditure for the 52 weeks then ended:

	UK Sports Retail (£m)	Premium Lifestyle (£m)	UK Retail Total (£m)	European Retail (£m)	Rest Of World Retail (£m)	Total Retail (£m)	Wholesale & Licensing (£m)	Eliminations (£m)	Group Total (£m)
Total assets	3,324.9	474.7	3,799.6	455.9	128.6	4,384.1	344.3	(860.2)	3,868.2
Total liabilities	(1,986.8)	(556.1)	(2,542.9)	(627.0)	(195.1)	(3,365.0)	(83.1)	850.2	(2,597.9)
Tangible asset additions	236.8	25.4	262.2	48.7	12.5	323.5	-	-	323.5
Right of use asset additions	50.6	22.9	73.5	25.5	2.2	101.2	-	-	101.2
Intangible assets acquired	2.7	8.9	11.6	3.1	-	14.7	-	-	14.7

Segmental information for the 52 weeks ended 28 April 2019:

	UK Sports Retail (£m)	Premium Lifestyle ⁽¹⁾ (£m)	UK Retail Total (£m)	European Retail (£m)	Rest Of World Retail (£m)	Total Retail (£m)	Wholesale & Licensing (£m)	Eliminations (£m)	Group Total (£m)
Sales to external customers	2,187.3	535.4	2,722.7	599.8	215.9	3,538.4	163.5	-	3,701.9
Sales to other segments	-	-	-	-	-	-	10.5	(10.5)	-
Revenue	2,187.3	535.4	2,722.7	599.8	215.9	3,538.4	174.0	(10.5)	3,701.9
Gross profit	919.9	247.3	1,167.2	261.5	86.8	1,515.5	68.0	-	1,583.5
Operating profit/(loss) before foreign exchange and exceptional items	184.0	(48.9)	135.1	9.6	(5.2)	129.5	31.5	-	171.0
Operating profit/(loss)	195.4	(51.4)	144.0	18.9	(6.0)	156.9	3.6	-	160.5
Other investment income	-	-	-	-	-	-	-	-	15.0
Investment costs	-	-	-	-	-	-	-	-	(8.2)
Finance income	-	-	-	-	-	-	-	-	40.0
Finance costs	-	-	-	-	-	-	-	-	(19.4)
Share of loss of associated undertakings	-	-	-	-	-	-	-	-	(8.4)
Profit before taxation	-	-	-	-	-	-	-	-	179.2
Taxation	-	-	-	-	-	-	-	-	(63.2)
Profit for the period	-	-	-	-	-	-	-	-	116.0

(1) The prior period has been re-categorised to include House of Fraser within the Premium Lifestyle segment.

Sales to other segments are priced at cost plus a 10% mark-up.

Other segment items included in the Income Statement for the 52 weeks ended 28 April 2019:

	UK Sports Retail (£m)	Premium Lifestyle (£m)	UK Retail Total (£m)	European Retail (£m)	Rest Of World Retail (£m)	Total Retail (£m)	Wholesale & Licensing (£m)	Group Total (£m)
Depreciation	89.4	10.8	100.2	19.7	4.3	124.2	0.1	124.3
Amortisation	0.1	-	0.1	-	-	0.1	1.0	1.1
Impairment	10.6	-	10.6	0.8	-	11.4	29.5	40.9

Information regarding segment assets and liabilities as at 28 April 2019 and capital expenditure for the 52 weeks then ended:

	UK Sports Retail (£m)	Premium Lifestyle** (£m)	UK Retail Total (£m)	European Retail (£m)	Rest Of World Retail (£m)	Total Retail (£m)	Wholesale & Licensing (£m)	Eliminations (£m)	Group Total (£m)
Investments in associated undertakings	11.0	-	-	-	-	-	-	-	11.0
Other assets	2,787.6	76.7	2,864.3	373.9	125.5	3,363.7	314.9	(540.8)	3,137.8
Total assets	2,798.6	76.7	2,875.3	373.9	125.5	3,374.7	314.9	(540.8)	3,148.8
Total liabilities	(1,509.1)	(130.7)	(1,639.8)	(532.6)	(188.3)	(2,360.7)	(76.5)	540.8	(1,696.4)
Tangible asset additions	109.2	29.1	138.3	14.2	9.2	161.7	1.5	-	163.2
Intangible asset additions	1.9	2.1	4.0	-	-	4.0	1.1	-	5.1
Total capital expenditure	111.1	31.2	142.3	14.2	9.2	165.7	2.6	-	168.3

(*) The prior period has been re-categorised to include House of Fraser within the Premium Lifestyle segment.

Geographic Information

Segmental information for the 52 weeks ended 26 April 2020:

	UK (£m)	Other Non-UK (£m)	US (£m)	Asia (£m)	Eliminations (£m)	Total (£m)
Segmental revenue from external customers	2,951.0	722.3	235.2	48.9	-	3,957.4
Total capital expenditure	262.5	56.8	1.9	2.3	-	323.5
Non-current segmental assets*	1,072.6	112.1	210.4	13.8	-	1,509.9
Total segmental assets	3,861.1	473.3	354.5	39.5	(860.2)	3,869.3

*Excludes deferred tax and financial instruments.

Segmental information for the 52 weeks ended 28 April 2019:

	UK (£m)	Non-UK (£m)	Eliminations (£m)	Total (£m)
Segmental revenue from external customers	2,764.2	937.7	-	3,701.9
Total capital expenditure	144.5	23.4	-	167.9
Non-current segmental assets*	703.2	306.2	-	1,009.4
Total segmental assets	2,958.2	720.9	(530.3)	3,148.8

*Excludes deferred tax and financial instruments.

Material non-current segmental assets – by a non-UK country:

	United States (£m)	Belgium (£m)	Austria (£m)	Estonia (£m)	ROI (£m)	Spain (£m)
FY20	173.8	41.2	30.3	24.2	52.9	36.7
FY19	168.5	16.1	55.4	12.4	41.3	-

The following table reconciles the reported operating profit to the underlying EBITDA as it is one of the main measures used by the Chief Operating Decision Maker when reviewing performance:

Reconciliation of operating profit to underlying EBITDA for the 52 week period ended 26 April 2020:

	UK Sports Retail (£m)	Premium Lifestyle (£m)	UK Retail Total (£m)	European Retail (£m)	Rest Of World Retail (£m)	Total Retail (£m)	Wholesale & Licensing (£m)	Group Total (£m)
Operating profit / (loss)	207.9	(33.3)	174.7	(10.4)	(3.3)	161.0	10.9	171.9
IFRS 16 Disposal of lease liability	(2.7)	(0.3)	(3.0)	(6.4)	(0.4)	(9.8)	-	(9.8)
IFRS 16 ROU depreciation/impairment	113.1	16.1	129.2	77.0	13.3	219.5	-	219.5
IFRS 16 PPE impairment	3.2	-	3.2	6.0	-	9.2	-	9.2
Depreciation	95.2	20.6	115.9	33.5	4.8	154.2	1.4	155.6
Amortisation/impairment	2.1	2.0	4.1	3.9	-	8.0	12.5	20.5
Share of loss of associated undertakings	(15.9)	-	(15.9)	-	-	(15.9)	-	(15.9)
Reported EBITDA	402.0	5.2	408.2	103.6	14.4	526.2	24.8	551.0
Profit on sale of properties	(33.2)	-	(33.2)	(21.0)	-	(54.2)	-	(54.2)
Exceptional items	2.7	6.9	9.6	3.5	-	12.1	-	12.1
IFRS 16 adjustments**	(115.9)	(6.1)	(122.0)	(30.1)	(20.8)	(172.9)	-	(172.9)
Realised FX (gain) / loss	(29.2)	(1.5)	(30.7)	(4.2)	(0.4)	(35.3)	0.4	(34.9)
Underlying EBITDA	227.4	4.5	231.9	51.8	(6.8)	276.9	25.2	302.1

(*) Relates to the reversal of IFRS 16 rent and onerous lease provisions.

Reconciliation of operating profit to underlying EBITDA for the 52 week period ended 28 April 2019:

	UK Sports Retail (£m)	Premium Lifestyle** (£m)	UK Retail Total (£m)	European Retail (£m)	Rest Of World Retail (£m)	Total Retail (£m)	Wholesale & Licensing (£m)	Group Total (£m)
Operating profit / (loss)	195.4	(51.4)	144.0	18.9	(6.0)	156.9	3.6	160.5
Depreciation	89.4	10.8	100.2	19.7	4.3	124.2	0.1	124.3
Amortisation	0.1	-	0.1	-	-	0.1	1.0	1.1
Share of loss of associated undertakings	(8.6)	-	(8.6)	-	-	(8.6)	-	(8.6)
Reported EBITDA	276.3	(40.6)	235.7	38.6	(1.7)	272.6	4.7	277.3
Profit on sale of properties	-	-	-	(8.4)	-	(8.4)	-	(8.4)
Exceptional items	10.6	-	10.6	0.9	-	11.5	29.5	41.0
Realised FX (gain) / loss	(22.2)	2.7	(19.5)	(1.8)	0.8	(20.5)	(1.6)	(22.1)
Underlying EBITDA	264.7	(37.9)	226.8	29.3	(0.9)	255.2	32.6	287.8

(*) The prior period has been re-categorised to include House of Fraser within the Premium Lifestyle segment.

5. OTHER OPERATING INCOME

	52 weeks ended 26 April 2020 (£m)	52 weeks ended 28 April 2019 (£m)
Rent receivable	16.3	13.6
Other	16.2	9.8
	32.5	23.4

Other operating income relates to charges for aircraft, lease surrender premiums, ad hoc income and sundry charges to third parties.

6. EXCEPTIONAL ITEMS

	52 weeks ended 26 April 2020 (£m)	52 weeks ended 28 April 2019 (£m)
Impairments	(13.9)	(41.0)

The impairment in the year relates to goodwill, whereby the discounted present value of future cash flows do not support the full value of the assets.

In FY19, following the loss of a licensee the majority of the impairment recognised related to Everlast goodwill where the discounted present value of future cash flows do not support the full value of the asset.

7. PROFIT ON SALE OF PROPERTIES

	52 weeks ended 26 April 2020 (£m)	52 weeks ended 28 April 2019 (£m)
Profit on sale of properties	54.2	8.4

The profit on sale of properties in the period largely relates to the gain on the sale and leaseback of the Shirebrook distribution centre (units A, B, C, D and F Brook Park East, Shirebrook, NG20 8RY) which was sold on the 21 June 2019 to Kwasa Logix Sportivo Limited for cash consideration of £120,050,000 to support the ongoing elevation strategy of the Group. On the same date a 15 year lease (with a 10 year break clause) of the property was taken out and the Group intends to continue to operate the property as a distribution centre, offices and retail units. The profit on the sale of properties also includes gains on the sale of European properties. If the profit on the sale of properties had been accounted for under IAS 17, a profit of £109.3m would have been shown (see page 81).

8. PROFIT FOR THE PERIOD

Profit for the period is stated after charging/(crediting):

	52 weeks ended 26 April 2020 (£m)	52 weeks ended 28 April 2019 (£m)
Foreign exchange gain	(34.9)	(22.1)
Depreciation and amortisation of non-current assets:		
- Depreciation of property, plant & equipment	381.0	122.8
- Depreciation on investment properties	3.3	1.5
- Amortisation of intangible assets	14.5	1.1
- Impairment of intangible assets	5.9	-
- Disposal of lease liabilities	(9.7)	-
IFRS 16 leases:		
Variable lease payments	15.8	-
Short term and low value lease expenses	56.0	-

The amount charged to the Income Statement in the prior period under IAS 17 in relation to operating lease rentals was £244.5m. The impairment of intangible assets relates to Everlast, where the discounted present value of future cash flows do not support the full value of the asset.

SERVICES PROVIDED BY THE GROUP'S AUDITOR

For the 52 weeks ended 26 April 2020 the remuneration of the auditors, RSM UK Audit LLP and associated firms, was as detailed below (FY19: Grant Thornton UK LLP and associated firms):

	52 weeks ended 26 April 2020 (£m)	52 weeks ended 28 April 2019 (£m)
AUDIT SERVICES		
Audit of the Group and Company - recurring	1.6	0.9
Audit of the Group and Company - non-recurring	0.4	-
Audit of subsidiary companies	0.8	0.5
Audit related assurance services	0.1	0.1
NON-AUDIT SERVICES		
Taxation compliance services	-	0.2
	2.9	1.7

An explanation of how auditor objectivity and independence is safeguarded when non-audit services are provided by the auditors is set out in the Audit Committee Report on page 48.

9. PAYROLL COSTS

The average monthly number of employees, including Executive Directors, employed by the Group during the period was:

	52 weeks ended 26 April 2020	52 weeks ended 28 April 2019
Retail stores	25,505	23,484
Distribution, administration and other	4,674	4,047
	30,179	27,531

The average monthly number of full time equivalent employees, including Executive Directors, employed by the Group during the period was:

	52 weeks ended 26 April 2020	52 weeks ended 28 April 2019
Retail stores	15,487	14,744
Distribution, administration and other	4,475	4,196
	19,962	18,940

The aggregate payroll costs of the employees, including Executive Directors, were as follows:

	52 weeks ended 26 April 2020 (£m)	52 weeks ended 28 April 2019 (£m)
Wages and salaries	456.4	424.4
Social security costs	30.5	26.6
Pension costs	5.9	3.4
	492.8	454.4

Aggregate emoluments of the Directors of the Company are summarised below:

	52 weeks ended 26 April 2020 (£m)	52 weeks ended 28 April 2019 (£m)
Aggregate emoluments	0.4	0.6

Further details of Directors' remuneration are given in the Directors' Remuneration Report on pages 54 to 60. Details of key management remuneration are given in note 35.

10. INVESTMENT INCOME

	52 weeks ended 26 April 2020	52 weeks ended 28 April 2019
	(£m)	(£m)
Profit on disposal of financial assets and equity derivative financial instruments	7.4	11.6
Fair value gain on equity derivative financial instruments	7.2	-
Dividend income from investments	0.5	3.4
	15.1	15.0

The profit on disposal of financial assets and equity derivative financial instruments and the fair value gain on equity derivative financial instruments mainly relates to long-term financial assets.

11. INVESTMENT COSTS

	52 weeks ended 26 April 2020	52 weeks ended 28 April 2019
	(£m)	(£m)
Loss on disposal of financial assets and equity derivative financial instruments	14.0	-
Fair value loss on equity derivative financial instruments	35.8	8.3
	49.8	8.3

The loss on disposal recognised in the period mainly relates to the sale of equity derivatives. The fair value loss on equity derivatives in the period mainly relates to Hugo Boss options and commodities.

The fair value loss in FY19 mainly relates to disposal of Iconix Brand Group, Inc equity derivatives.

12. FINANCE INCOME

	52 weeks ended 26 April 2020	52 weeks ended 28 April 2019
	(£m)	(£m)
Bank interest receivable	1.6	0.2
Other finance income	8.1	0.1
Fair value adjustment to foreign exchange contracts	21.3	39.7
	31.0	40.0

The fair value adjustment to foreign exchange contracts relates to differences between the fair value of forward foreign currency contracts and written options that were not designated for hedge accounting from one period end to the next. This also includes immaterial adjustments due to ineffectiveness on hedged contracts. Other finance income largely relates to premiums received on option contracts.

13. FINANCE COSTS

	52 weeks ended 26 April 2020	52 weeks ended 28 April 2019
	(£m)	(£m)
Interest on bank loans and overdrafts	17.9	14.5
Other interest and finance leases	0.4	4.8
Interest on retirement benefit obligations	0.1	0.1
IFRS 16 lease interest	10.9	-
	29.3	19.4

14. TAXATION

	52 weeks ended 26 April 2020	52 weeks ended 28 April 2019
	(£m)	(£m)
Current tax	57.2	61.5
Adjustment in respect of prior periods	3.9	6.3
Total current tax	61.1	67.8
Deferred tax	(25.8)	(4.5)
Adjustment in respect of prior periods	7.2	-
Total deferred tax (see note 28)	(18.6)	(4.5)
	42.5	63.3
Profit before taxation	143.5	179.2
Taxation at the standard rate of tax in the UK of 19% (2019: 19%)	27.3	34.0
Non-taxable income	(22.4)	(0.5)
Expenses not deductible for tax purposes	19.0	8.6
Other tax adjustments	9.6	14.7
Adjustments in respect of prior periods - current tax	3.9	6.3
Adjustments in respect of prior periods - deferred tax	7.2	-
Change in deferred tax rate	(2.1)	0.2
	42.5	63.3

Non-taxable income largely relates to profits on property disposal due to differences between capital allowances and depreciation. Expenses not deductible for tax purposes relate to non-qualifying depreciation and fair valuations on investments.

15. EARNINGS PER SHARE FROM TOTAL AND CONTINUING OPERATIONS ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year.

For diluted earnings per share, the weighted average number of shares, 505,826,890 (FY19: 519,430,926), is adjusted to assume conversion of all dilutive potential ordinary shares under the Group's share schemes, being 1,239,075 (FY19: 1,318,146), to give the diluted weighted average number of shares of 507,065,965 (FY19: 520,749,072).

Basic And Diluted Earnings Per Share

	52 weeks ended		52 weeks ended	
	26 April 2020	26 April 2020	28 April 2019	28 April 2019
	Basic	Diluted	Basic	Diluted
	(£m)	(£m)	(£m)	(£m)
Profit for the period	93.8	93.8	112.0	112.0
Number in thousands	Number in thousands			
Weighted average number of shares	505,827	507,066	519,431	520,749
	Pence per share		Pence per share	
Earnings per share	18.5	18.5	21.6	21.5

Underlying Earnings Per Share

The underlying earnings per share reflects the underlying performance of the business compared with the prior period and is calculated by dividing underlying earnings by the weighted average number of shares for the period. Underlying earnings is used by management as a measure of profitability within the Group. Underlying earnings is defined as profit for the period attributable to equity holders of the parent for each financial period but excluding the post-tax effect of certain non-trading items. Tax has been calculated with reference to the effective rate of tax for the Group.

The Directors believe that the underlying earnings before exceptional items and underlying earnings per share measures provide additional useful information for shareholders on the underlying performance of the business and are consistent with how business performance is measured internally. Underlying earnings is not a recognised profit measure under IFRS and may not be directly comparable with "adjusted" profit measures used by other companies.

	52 weeks ended		52 weeks ended	
	26 April 2020	26 April 2020	26 April 2019	26 April 2019
	Basic	Diluted	Basic	Diluted
	(£m)	(£m)	(£m)	(£m)
Profit for the period	93.8	93.8	112.0	112.0
Post-tax adjustments to profit for the period for the following non-trading items:				
Realised FX (gain) / loss	(26.1)	(26.1)	(17.2)	(17.2)
Fair value adjustment to foreign currency contracts	(16.0)	(16.0)	(31.0)	(31.0)
Fair value gain on step acquisition	(20.4)	(20.4)	-	-
Fair value adjustment on equity derivatives	26.9	26.9	-	-
Loss / (profit) on disposal of listed investments	7.7	7.7	(6.7)	(6.7)
Profit on sale of properties	(54.2)	(54.2)	(6.5)	(6.5)
Exceptional items	13.1	13.1	40.9	40.9
IFRS 16 adjustments	56.9	56.9	-	-
Underlying profit for the period	81.7	81.7	91.5	91.5
	Number in thousands		Number in thousands	
Weighted average number of shares	505,827	507,066	519,431	520,749
	Pence per share		Pence per share	
Underlying earnings per share	16.2	16.1	17.6	17.6

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings	Long-term leasehold	Short-term leasehold improvements	Plant and equipment	Right of use asset	Total
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
COST						
At 29 April 2018	770.3	63.6	140.4	661.8	-	1,636.0
Exchange differences	(1.3)	0.1	(0.2)	(3.6)	-	(5.0)
Transfers	7.9	(7.2)	(3.5)	3.5	-	0.7
Reclassification to Held for sale	(58.7)	-	(1.0)	(124.1)	-	(183.8)
Acquisitions	-	-	-	4.0	-	4.0
Additions	47.5	11.5	2.9	96.6	-	158.5
Eliminated on disposals	(18.3)	-	(4.9)	(14.4)	-	(37.6)
At 28 April 2019	747.3	66.0	133.7	623.8	-	1,572.8
Recognised on adoption of IFRS 16	-	-	-	-	422.5	422.5
Exchange differences	2.5	0.2	(0.8)	2.8	-	4.7
Reclassifications / Remeasurements ⁽¹⁾	-	-	-	33.0	2.8	35.8
Acquisitions	25.4	0.5	-	6.1	18.8	50.8
Additions	177.2	2.2	15.4	128.7	101.2	424.7
Eliminated on disposals	(33.5)	(0.3)	(16.7)	(21.8)	(20.9)	(92.2)
At 26 April 2020	918.9	70.6	121.6	772.6	524.4	2,418.1
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 29 April 2018 (restated in period ended 28 April 2019)	(127.5)	(14.9)	(113.1)	(508.5)	-	(774.0)
Exchange differences	0.2	-	(0.6)	6.6	-	6.2
Transfers	-	3.4	-	(3.4)	-	-
Reclassifications / Remeasurements	35.5	-	0.5	79.8	-	115.8
Charge for the period	(34.7)	(3.3)	(9.1)	(75.7)	-	(122.8)
Eliminated on disposals	3.7	0.6	4.6	16.3	-	25.2
At 28 April 2019	(133.6)	(14.3)	(119.7)	(484.9)	-	(748.6)
Recognised on adoption of IFRS 16	-	-	-	(6.2)	-	(6.2)
Exchange differences	(0.5)	(0.1)	0.8	2.6	0.9	3.7
Charge for the period ⁽²⁾	(47.8)	(2.5)	(7.0)	(104.2)	(219.6)	(381.1)
Eliminated on disposals	27.8	0.1	10.0	24.8	-	62.7
At 26 April 2020	(153.3)	(16.7)	(113.9)	(567.9)	(218.7)	(1,070.5)
NET BOOK VALUE						
At 26 April 2020	765.6	53.9	17.7	204.7	305.7	1,347.6
At 28 April 2019	614.5	51.8	14.0	138.9	-	823.2
At 29 April 2018 (restated in period ended 28 April 2019)	632.7	48.7	27.3	153.3	-	862.0

- (1) The £33.0m was reclassified due to Shirebrook warehouse plant and equipment not forming part of the final sale and leaseback completed during the year.
- (2) There is no separate disclosure of impairment from depreciation in respect of the property, plant and equipment (Total impairment is £122.6m of which £97.8m relates to the Right-of-use assets).

17. INVESTMENT PROPERTIES

	Freehold land and Buildings (£m)
COST	
At 29 April 2018	45.8
Transfers	(0.7)
Acquisitions	0.7
At 28 April 2019 and 26 April 2020	45.8
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
At 29 April 2018	(32.1)
Charge for the period	(1.5)
At 28 April 2019	(33.6)
Charge for the period	(3.3)
At 26 April 2020	(36.9)
NET BOOK VALUE	
At 26 April 2020	18.9
At 28 April 2019	22.2
At 29 April 2018	23.7

The fair values of the Group's investment properties as at 26 April 2020 were estimated as being materially in line with carrying values. The valuations were calculated by the Group's internal property team who are appropriately qualified chartered surveyors and follow the applicable valuation methodology of the Royal Institute of Chartered Surveyors.

18. INTANGIBLE ASSETS

	Goodwill (£m)	Trademarks and licences (£m)	Brands (£m)	Total (£m)
COST				
At 29 April 2018	149.8	89.7	82.8	322.3
Acquisitions	2.5	1.5	-	4.0
Additions	-	1.1	-	1.1
Disposals	-	(1.6)	(2.1)	(3.7)
Exchange adjustment	3.8	1.1	5.7	10.6
At 28 April 2019	156.1	91.8	86.4	334.3
Acquisitions	12.7	2.0	-	14.7
Disposals	-	(0.4)	-	(0.4)
Exchange adjustment	4.6	0.6	4.0	9.2
At 26 April 2020	173.4	94.0	90.4	357.8
AMORTISATION AND IMPAIRMENT				
At 29 April 2018	(69.5)	(71.5)	-	(141.0)
Amortisation charge	-	(1.1)	-	(1.1)
Impairment	(28.6)	(12.4)	-	(41.0)
Disposals	-	1.6	-	1.6
Exchange adjustment	(0.7)	0.9	-	0.2
At 28 April 2019	(98.8)	(82.5)	-	(181.3)
Amortisation charge	(11.3)	(7.2)	(6.0)	(24.5)
Impairment	(19.0)	-	-	(19.0)
Disposals	-	0.4	-	0.4
Exchange adjustment	(0.2)	0.2	-	-
At 26 April 2020	(119.3)	(89.1)	(6.0)	(214.4)
At 26 April 2020	54.1	4.9	84.4	143.4
At 28 April 2019	57.3	9.3	86.4	153.0
At 29 April 2018	80.3	18.2	82.8	181.3

Amortisation is charged to selling, distribution and administrative expenses in the consolidated Income Statement.

The majority of the net book value of intangible assets relates to the £86.5m purchase of Everlast in 2007.

The carrying value of goodwill and brands that are considered to have an indefinite life are allocated to the Group's operating segments before aggregation. With the exception of Everlast, none of the individual cash-generating units (CGUs) are considered material to goodwill or indefinite life intangibles (Brands). The carrying value of goodwill and brands allocated to the Group's CGUs (as aggregated except in the case of Everlast) is shown below:

	26 April 2020		26 April 2019	
	Goodwill (£m)	Brands (£m)	Goodwill (£m)	Brands (£m)
European Retail	3.6	-	3.8	-
Wholesale & Licensing (excl. Everlast)	14.3	-	14.3	-
Everlast	36.2	84.4	39.2	86.4
	54.1	84.4	57.3	86.4

The Group tests the carrying amount of goodwill and assets with an indefinite life annually for impairment or more frequently if there are indications that their carrying value might be impaired. The carrying amounts of other intangible assets are reviewed for impairment if there is an indication of impairment.

Impairment is calculated by comparing the carrying amounts to the value in use derived from discounted cash flow projections for each CGU to which the intangible assets are allocated. A CGU is deemed to be an individual fascia or brand and these have been grouped together into similar classes for the purpose of formulating operating segments as reported in note 4. The total recoverable amount of all CGUs in relation to the above intangible assets was £887.4m of which £138.7m related to Everlast. Following the loss of a licensee in Everlast and due to the ongoing impact of Covid-19 an impairment of £5.9m (FY19: £25.3m) was recognised where the discounted present value of future cash flows did not support the full value of the asset. The impairment of £5.9m has been recognised in administrative expenses (FY19: £25.3m recognised in Exceptional items).

Value in use calculations are based on five-year management forecasts with a terminal growth rate applied thereafter, representing management's estimate of the long-term growth rate of the sector served by the CGUs.

Impairments of £13.1m have been recognised in relation to goodwill on loss making companies and are individually immaterial to each CGU that has been written down, the goodwill has been written down to £nil.

Impact of change in accounting estimate

There has been a change in the accounting estimate in relation to the Everlast brand which previously had an indefinite life, upon review during the period this is no longer deemed appropriate. A range of factors have been taken into consideration including financial performance of the brand, forecasts and market conditions. Management's best estimate of the useful life of the Everlast brand is now considered to be 15 years and is amortised within the selling, distribution and administrative expenses category within the Income Statement. 15 years is considered the period over which it is probable that expected future economic benefits will flow. The amount charged to the Income Statement in the period is £6.0m, the future amortisation charge is expected to be £6.0m per annum.

The key assumptions, which are equally applicable to each CGU, in the cash flow projections used to support the carrying amount of goodwill were as follows:

As at 26 April 2020	European Retail	Wholesale & Licensing (excl. Everlast)	Everlast
Terminal sales growth	2.0%	2.0%	2.0%
5 year forecast growth ⁽¹⁾	2.0%	2.0%	0.9%
Gross margin	30%-40%	-	-
Discount rate	6.2%	6.2%	12.1%

As at 26 April 2019	UK Sports Retail	European Retail	Wholesale & Licensing (excl. Everlast)	Everlast
Terminal sales growth	2.0%	2.0%	0.0%	2.0%
Gross margin	30%-40%	30%-40%	-	-
Discount rate	6.2%	6.2%	6.2%	13.0%

(1) The Everlast 5 year growth rate is based on the average growth over 5 years.

The same pre-tax discount rate is used in European Retail and Wholesale & Licensing (excl. Everlast) as these CGU's are considered to have similar risk profiles. A specific discount rate is used for Everlast as this business operates in a different market and has different characteristics.

The key assumptions are based on market data and management's historical experience and future plans for each CGU.

Sensitivity Analysis

A reasonably possible change in any key assumption would not cause the carrying value of the European Retail or Wholesale & Licensing (Excluding Everlast) CGU to exceed its recoverable amount, the table below shows the amount of headroom and the revised assumption required in order to eliminate the headroom in full.

The Everlast goodwill has been impaired in the period as a result of the loss of a licensee and the ongoing impact of Covid-19.

	European Retail	Wholesale & Licensing (excl. Everlast)	Everlast
Recoverable amount of CGU (£m)	421.9	326.8	138.7
Current headroom (£m)	419.8	312.5	-
Revised 5-year forecast growth rate %	(1.9%)	0.9%	-
Revised terminal growth rate %	< (1000%)	< (1000%)	-
Revised discount rate %	> 1000%	> 1000%	-

19. INVESTMENTS IN ASSOCIATED UNDERTAKINGS

The Group uses the equity method of accounting for associates and joint ventures in accordance with IAS 28. The following table shows the aggregate movement in the Group's investment in associates and joint ventures:

	Associates (£m)
At 29 April 2018	6.2
Additions	13.4
Share of loss for the period	(3.8)
Impairments	(4.8)
At 28 April 2019	11.0
Additions	5.6
Share of loss for the period	(15.9)
Fair value adjustment	20.4
Disposals	(21.1)
At 26 April 2020	-

The share of loss in the period relates to GAME Digital plc prior to obtaining a controlling interest in July 2019.

The fair value adjustment relates to the increase in the fair value of the previously held 38.1% equity interest in GAME Digital plc at the acquisition date on 8 July 2019.

The disposals in the period mainly relates to the de-recognition of GAME Digital plc as an associate due to obtaining a controlling interest. Further disclosures relating to the acquisition can be found in note 32.

The Group currently holds a 49.0% share of Four (Holdings) Limited an increase of 16.5% in the period (FY19: 32.5%), the carrying amount of this investment is nil. Detailed disclosures have not been presented as the results are immaterial. The Group is owed £67.5m from Four (Holdings) Limited (£33.8m net of amounts recognised in respect of loss allowance) see note 23 for further details.

20. LONG-TERM FINANCIAL ASSETS

The Group is not looking to make gains through increases in market prices of its long-term financial assets, therefore on initial application of IFRS 9 the Group made the irrevocable election to account for long-term financial assets at fair value through other comprehensive income (FVOCI). The election has been made on an instrument-by-instrument basis, only qualifying dividend income is

recognised in profit and loss, changes in fair value are recognised within OCI and never reclassified to profit and loss, even if the asset is impaired, sold or otherwise derecognised.

The fair value of the long-term financial assets is based on bid quoted market prices at the Balance Sheet date or where market prices are not available, at management's estimate of fair value.

The following table shows the aggregate movement in the Group's financial assets during the period:

	26 April 2020 (£m)	28 April 2019 (£m)
At beginning of period	84.6	249.8
Additions	24.8	57.9
Disposals	(5.9)	(65.1)
Amounts recognised through other comprehensive income	(19.7)	(158.0)
At end of period	83.8	84.6

Included within long-term financial assets at the period ended 26 April 2020 are the following direct interests held by the Group:

- 36.9% (2019: 36.9%) interest in Studio Retail Group plc (Formerly Findel plc)
- 26.1% (2019: 26.1%) interest in French Connection Group plc
- 12.5% (2019: 0.0%) interest in Mulberry Group plc
- 4.8% (2019: 6.4%) interest in Iconix Brand Group, Inc.
- Various other interests, none of which represent more than 5.0% of the voting power of the investee

The following table shows the fair value of each of the Group's long-term financial assets:

	26 April 2020 (£m)	28 April 2019 (£m)
Studio Retail Group plc	61.2	53.2
French Connection Group plc	1.6	10.6
Mulberry Group plc	14.6	-
Iconix Brand Group, Inc.	0.3	0.8
Other	6.1	20.0
At end of period	83.8	84.6

For the year ended 2019, included within the revaluation through other comprehensive income are amounts written down due to the administration of Debenhams on 9 April 2019, the Group's holding has been fully written down to nil. Following the suspension of the Goals Soccer Centres Plc shares from trading on the AIM market on 27 March 2019, the Group's holding has been fully written down to nil.

These holdings have been assessed under IFRS 9 Financial Instruments and categorised as long-term financial assets, as the Group does not consider them to be associates and therefore, they are not accounted for on an equity basis see note 2.

Our strategic investments are intended to allow us to develop relationships and commercial partnerships with the relevant retailers and assist in building relationships with key suppliers and brands.

21. ASSETS HELD FOR SALE

	26 April 2020 (£m)	28 April 2019 (£m)
Assets held for sale	-	68.0

The assets held for sale in the prior period relates solely to the carrying value of the Shirebrook distribution centre which was disposed of during the period on 21 June 2019. See note 7 for further details.

22. INVENTORIES

	26 April 2020 (£m)	28 April 2019 (£m)
Goods for resale	1,198.3	978.4

As at 26 April 2020, goods for resale include a right of return asset totalling £2.4m (FY19 £5.7m). Amounts written down in the period relating to stock was £39.0m (FY19 £30.3m).

The following inventory costs have been recognised in cost of sales:

	26 April 2020 (£m)	28 April 2019 (£m)
Cost of inventories recognised as an expense	2,294.8	2,118.4

The Directors have reviewed the opening and closing provisions against inventory and have concluded that these are fairly stated. The Group has revised its estimates and assumptions for calculating inventory provisions at 26 April 2020. Overall provisions have increased from £179.9m in FY19 to £223.0m as at 26 April 2020, changes in the provision are recognised in cost of sales.

23. TRADE AND OTHER RECEIVABLES

	26 April 2020 (£m)	28 April 2019 (£m)
Trade receivables	57.5	53.1
Deposits in respect of derivative financial instruments	71.3	26.0
Amounts owed by related parties (see note 38)	34.2	48.0
Other receivables	196.7	246.1
Prepayments	54.5	59.3
	414.2	432.5

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. The maximum exposure to credit risk at the reporting date is the carrying value of each class of asset above, plus any cash balances. Other receivables also include unremitted sales receipts.

Deposits in respect of derivative financial instruments are collateral to cover margin requirements for derivative transactions held with counterparties. The collateral requirement changes with the market (which is dependent on share price, interest rates and volatility) and further purchases / sales of underlying investments held.

Other receivables include the reimbursement asset totalling £118.3m (FY19: £125.2m) in relation to the Group's ongoing non-UK tax enquiries, for further information see note 29.

The majority of the Group's trade receivables are held within the Wholesale & Licensing businesses, each customer's creditworthiness is assessed before payment terms are agreed.

As at 26 April 2020 under IFRS 9, the Group has applied the simplified approach to providing for expected credit losses for trade receivables, using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on a very low credit risk characteristic, representing management's view of the risk, and the days past due. The credit quality of assets neither past due nor impaired is considered to be good.

The amounts owed by related parties relates to Four (Holdings) Limited, for further details see note 35.

Exposure to credit risk of trade receivables:

	26 April 2020 (£m)	28 April 2019 (£m)
Current	31.0	25.8
0-30 days past due	13.0	10.4
30-60 days past due	4.2	2.9
60-90 days past due	2.0	3.8
Over 90 days past due	7.3	10.2
	57.5	53.1

The credit quality of assets neither past due nor impaired is considered to be good.

The movement in loss allowance relating to trade and other receivables can be analysed as follows:

	52 weeks ended 26 April 2020 (£m)	52 weeks ended 28 April 2019 (£m)
Opening position	33.8	27.0
Amounts charged to the Income Statement	19.6	16.6
Amounts written off as uncollectable	(6.6)	(0.8)
Amounts recovered during the period	(0.6)	(9.0)
Closing position	46.2	33.8

Included in the below table is the loss allowance movement in amounts due from related parties as follows:

	52 weeks ended 26 April 2020 (£m)	52 weeks ended 28 April 2019 (£m)
Opening position	20.8	10.4
Amounts charged to the Income Statement	13.0	10.4
Closing position	33.8	20.8

The gross carrying amount of the balance due is £67.5m (FY19: £67.5m).

Following a review during FY20 of the loan arrangement with Four (Holdings) Limited, the Group determined that the loan repayment terms were solely of payments of principle and interest and therefore should be accounted for at amortised cost, changed from fair value through profit or loss in the prior year. There is no material difference between the carrying amount and the fair value at year end, the fair value loss that would have been recognised in the period is not materially different to the credit loss reported in the period. The charge in the period has been recorded in selling, distribution and administrative expenses. The majority of the £33.8m balance is due in more than one year.

The Group has no significant concentration of credit risk, with exposure spread over a large number of customers. The loss allowance / charges have been determined by reference to past default experience, current / forecasted trading performance and future economic conditions.

Deposits in respect of derivative financial instruments and prepayments are not considered to be impaired.

24. CASH AND CASH EQUIVALENTS

	26 April 2020 (£m)	28 April 2019 (£m)
Cash in bank and in hand - Sterling	452.8	292.8
Cash in bank and in hand - US Dollars	17.5	89.0
Cash in bank and in hand - Euros	55.2	55.7
Cash in bank and in hand - Other	8.5	10.5
Bank overdraft	534.0	448.0
Cash and cash equivalents including overdrafts at period end	534.0	448.0

25. SHARE CAPITAL

	26 April 2020 (£m)	28 April 2019 (£m)
AUTHORISED		
999,500,010 ordinary shares of 10p each	100.0	100.0
ALLOTTED, CALLED UP AND FULLY PAID		
640,602,369 (2019: 640,602,369) ordinary shares of 10p each	64.1	64.1
SHARE CAPITAL		
At 28 April 2019 and 26 April 2020	64.1	64.1

The Group holds 121,260,175 shares in Treasury as at period end (FY19: 104,194,194). During the period, 17,065,981 shares with a nominal value of £1.7m were purchased for £43.9m.

We are aware of unsponsored American Depositary Receipt (ADR) programmes established from time to time in respect of our shares. We have not sponsored or authorised their creation and any questions should be directed to the relevant depository.

Fraser's has not and does not intend to offer or sell its Ordinary Shares or other securities (in the form of ADR or otherwise) to the general public in the United States nor has it listed or intend to list its Ordinary Shares or other securities on any national securities exchange in the United States or to encourage the trading of its Ordinary Shares on any over the counter market located in the United States. Fraser's does not make arrangements to permit the voting of Ordinary Shares held in the form of ADRs and its publication of periodic financial and other information is not intended to facilitate the operation of any unsponsored ADR programme under Rule 12g3-2(b) of U.S. Securities Exchange Act of 1934, as amended or otherwise.

Contingent Share Awards

The Executive Share Scheme

Under the terms of the Executive Share Scheme, which was approved by Shareholders on 10 September 2010 and is a HMRC approved scheme, the Board may make share awards in respect of the ordinary shares in the Company. Awards may be made to Executives and Persons Discharging Managerial Responsibilities over a fixed number of shares subject to performance conditions. Further details are set out in the Directors' Remuneration Report on pages 54 to 60.

An award of 8,073,036 shares was granted on 10 September 2010 at a share price of 125.5 pence. 5m of these shares have since vested and 2m have since lapsed. These shares will only vest if all conditions are met.

Share Schemes

The 2011 Share Scheme was a four year scheme based upon achieving underlying EBITDA (before the costs of the scheme) of £215m in FY12, £250m in FY13, £260m in FY14 and £300m in FY15 coupled with the individual participating employee's satisfactory personal performance and continued employment. All of the above targets have now been met meaning that approx. 11.6m shares vested in September 2017, approx. 4m shares vested in September 2015.

Between 29 April 2019 and 26 April 2020, 127,447 shares sold by participants following exercise of awards under the Group 2011 Share Scheme were acquired by Estera Trust (Jersey) Limited, as Trustee of the Sports Direct Employee Benefit Trust (Trustee), with the acquisition being funded by a loan advanced by the Company. The shares were acquired at prices of between 185.9 and 309 pence per share in off-market transactions. The weighted average purchase price was 257 pence per share (FY19: 309 pence per share).

A share-based payment charge of £nil (FY19: nil) was recognised in respect of this equity settled award for the 52 weeks ended 26 April 2020, based on the Director's best estimate of the number of awards that will be made. 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 Group holds 17,386,913 shares in the Own Share Reserve as at period end (FY19: 17,386,913).

26. OTHER RESERVES

	Permanent contribution to capital (£m)	Capital redemption reserve (£m)	Reverse combination reserve (£m)	Hedging reserve (£m)	Total other Reserves (£m)
At 29 April 2018	0.1	8.0	(197.3)	(51.9)	(1,031.1)
Cash flow hedges					
- recognised in the period	-	-	-	91.5	91.5
- recognised in the period - ineffectiveness	-	-	-	(4.4)	(4.4)
- reclassified in the period and reported in sales	-	-	-	19.7	19.7
- reclassified and reported in cost of sales	-	-	-	14.5	14.5
- taxation	-	-	-	(22.7)	(22.7)
At 28 April 2019	0.1	8.0	(197.3)	46.7	(922.5)
Cash flow hedges					
- recognised in the period	-	-	-	16.4	16.4
- recognised in the period - ineffectiveness	-	-	-	0.2	0.2
- reclassified in the period and reported in sales	-	-	-	(1.7)	(1.7)
- reclassified and reported in cost of sales	-	-	-	(37.4)	(37.4)
- taxation	-	-	-	3.8	3.8
At 26 April 2020	0.1	8.0	(197.3)	22.0	(951.2)

The permanent contribution to capital relates to a cash payment of £50,000 to the Company on 8 February 2007 under a deed of capital contribution.

The capital redemption reserve arose on the redemption of the Company's redeemable preference shares of 10p each at par on 2 March 2007.

The reverse combination reserve exists as a result of the adoption of the principles of reverse acquisition accounting in accounting for the Group restructuring which occurred on 2 March 2007 and 29 March 2007 between the Company and Sports World International Limited, Brands Holdings Limited, International Brand Management Limited and CDS Holdings SA with Sports World International Limited as the acquirer.

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in the Income Statement only when the hedged transaction impacts the Income Statement.

Other Balance Sheet Reserves

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and associates.

The own shares and treasury shares reserve represent the cost of shares in Frasers Group plc purchased in the market and held by Frasers Group Employee Benefit Trust to satisfy options under the Group's share options scheme.

The Group holds 17,388,755 shares in the Employee Benefit Trust as at period end (FY19: 17,388,755).

27. BORROWINGS

	26 April 2020 (£m)	28 April 2019 (£m)
CURRENT		
Lease liabilities	147.9	-
NON-CURRENT:		
Bank and other loans	900.0	826.5
Lease liabilities	476.2	-
Total	1,524.1	826.5

An analysis of the Group's total borrowings other than bank overdrafts is as follows:

	26 April 2020 (£m)	28 April 2019 (£m)
Borrowings — sterling	900.0	820.0
Borrowings — other	-	6.5
	900.0	826.5

Loans are currently at a rate of interest of 1.3% (FY19: 1.5%) over the interbank rate of the country within which the borrowing entity resides.

Reconciliation Of Liabilities Arising From Financing Activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Non-current borrowings (£m)	Current borrowings (£m)	Share buy backs (£m)	Total (£m)
At 29 April 2018	797.1	-	40.0	797.1
Cash flows:				
- Borrowings drawn down	464.4	-	-	464.4
- Borrowings repaid	(395.0)	-	-	(395.0)
- Share buy back	-	-	(7.3)	(7.3)
Non-cash movements:				
- Share buy back	-	-	(2.7)	(2.7)
At 28 April 2019	826.5	-	30.0	856.5
Cash flows:				
- Borrowings drawn down	510.0	-	-	510.0
- Borrowings repaid	(436.5)	-	-	(436.5)
- Share buy back	-	-	(43.9)	(43.9)
Lease liability:				
- IFRS 16 Lease Liabilities	459.8	136.3	-	596.1
- IFRS 16 Lease Liabilities - Acquisitions	16.4	11.6	-	28.0
Non-cash movements:				
- Share buy back	-	-	13.9	13.9
At 26 April 2020	1,376.2	947.9	-	1,524.1

The Group's Working Capital Facility is at £913.5m (FY19: £913.5m) available until November 2021 and is not secured against any of the Group's assets. During FY19 the Group enacted an extension option for a further year to November 2022 for £847.5m.

30. FINANCIAL INSTRUMENTS

a. Financial Assets And Liabilities By Category And Fair Value Hierarchy

The fair value hierarchy of financial assets and liabilities, which are principally denominated in Sterling or US Dollars, were as follows:

FINANCIAL ASSETS - 26 April 2020	Level 1 (£m)	Level 2 (£m)	Level 3 (£m)	Other (£m)	Total (£m)
Amortised cost:					
Trade and other receivables*	-	-	-	325.5	325.5
Cash and cash equivalents	-	-	-	534.0	534.0
Amount owed by related parties	-	-	-	34.2	34.2
FVOCI:					
Long-term financial assets (Equity Instruments) - designated	81.8	-	-	-	81.8
Derivative financial assets (FV):					
Foreign forward purchase and sales contracts	-	70.4	-	-	70.4
Derivative financial assets - contracts for difference	-	7.7	-	-	7.7
	-	78.1	-	-	78.1
FINANCIAL LIABILITIES - 26 April 2020					
Amortised cost:					
Non-current borrowings	-	-	-	(900.0)	(900.0)
Trade and other payables**	-	-	-	(584.7)	(584.7)
IFRS 16 Lease liabilities	-	-	-	(624.1)	(624.1)
Derivative financial liabilities (FV):					
Foreign forward and written options purchase and sales contracts - Unhedged	-	(9.8)	-	-	(9.8)
Derivative financial liabilities - contracts for difference & equity options	-	(34.4)	-	-	(34.4)
	-	(44.2)	-	-	(44.2)

*Prepayments of £54.5m are not included as a financial asset.

**Other taxes including social security costs of £17.8m are not included as a financial liability.

FINANCIAL ASSETS - 2019	Level 1 (£m)	Level 2 (£m)	Level 3 (£m)	Other (£m)	Total (£m)
Amortised cost:					
Trade and other receivables*	-	-	-	325.2	325.2
Cash and cash equivalents	-	-	-	448.0	448.0
FVTPL:					
Amount owed by related parties	-	-	48.0	-	48.0
FVOCI:					
Long-term financial assets (Equity Instruments) - designated	84.6	-	-	-	84.6
Derivative financial assets (FV):					
Foreign forward purchase and sales contracts	-	102.3	-	-	102.3
Derivative financial assets - contracts for difference	1.9	-	-	-	1.9
	1.9	102.3	-	-	104.2
FINANCIAL LIABILITIES - 2019					
Amortised cost:					
Non-current borrowings	-	-	-	(826.5)	(826.5)
Trade and other payables**	-	-	-	(498.1)	(498.1)
Derivative financial liabilities (FV):					
Foreign forward and written options purchase and sales contracts - Unhedged	-	(14.5)	-	-	(14.5)
Derivative financial liabilities - contracts for difference	(1.8)	-	-	-	(1.8)
	(1.8)	(14.5)	-	-	(16.3)

*Prepayments of £59.3m are not included as a financial asset.

**Other taxes including social security costs of £43.0m are not included as a financial liability.

b. Financial Assets And Liabilities Sensitivities By Currency

The Group's principal foreign currency exposures are to US Dollars and Euros. The table below illustrates the hypothetical sensitivity of the Group's reported profit and equity to a 5% increase and decrease in the US Dollar / Sterling and Euro / Sterling exchange rates at the year-end date, assuming all other variables remain unchanged. The figures have been calculated by comparing the fair values of outstanding foreign currency contracts, assets and liabilities at the current exchange rate to those if exchange rates moved as illustrated. The Income Statement figures include the profit effect of any relevant derivatives which are not in a designated cash flow hedge. The impact on US Dollar and Euro related hedging instruments is included in equity.

The analysis has been prepared using the following assumptions:

1. Existing assets and liabilities are held as at the period end;
2. No additional hedge contracts are taken out.

	GBP & Other	USD	EUR	Total	Sensitivity			
					USD		EUR	
					-5%	+5%	-5%	+5%
FY20:								
Trade and Other Receivables	257.7	26.6	41.2	325.5	(1.3)	1.4	(2.0)	2.2
Cash & Cash Equivalents	461.3	17.5	55.2	534.0	(0.8)	0.9	(2.6)	2.9
Trade & Other Payables	(451.6)	(25.9)	(107.2)	(584.7)	1.2	(1.4)	5.1	(5.6)
FY19:								
Trade and Other Receivables	397.2	31.7	11.6	440.5	(1.5)	1.7	(9.6)	0.6
Cash & Cash Equivalents	299.3	89.4	59.3	448.0	(4.3)	4.7	(2.8)	3.1
Trade & Other Payables	(387.9)	(33.0)	(77.2)	(498.1)	1.6	(1.7)	3.7	(4.1)

There is no difference between fair value and carrying value of the above financial instruments (FY19: £nil).

Fair Value Hierarchy

The Group 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.

Contracts for difference are classified as Level 1 as the fair value is calculated using quoted prices for listed shares and commodities at contract inception and the period end.

Foreign forward purchase and sales contracts and options are classified as Level 2, the Group 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.

Long-term financial assets such as equity instruments are classified as Level 1 as the fair value is calculated using quoted prices.

There has been a transfer in the financial instrument hierarchy between Level 3 and Other in respect of the Four (Holdings) Limited loan which is now being accounted for under the amortised cost model (FY19: Fair value through other comprehensive income). Further details can be found in notes 23 and 35.

The fair value of equity derivative agreements are included within the derivative financial assets balance of £7.7m and derivative financial liabilities balance of £34.4m. The derivative financial assets and derivative financial liabilities as at 26 April 2020 relate to strategic investments held of between 0.02% and 2.98% of investee share capital.

Sold options are classified as Level 2 as the fair value is calculated using other techniques, where inputs are observable.

Trade receivables / payables, amounts owed from related parties, other receivables / payables, cash and cash equivalents and current / non-current borrowings are held at amortised cost.

The maximum exposure to credit risk as at 26 April 2020 is the carrying value of each class of asset in the Balance Sheet, except for amounts owed from related parties which is the gross carrying amount of £67.5m.

c. Derivatives: Foreign Currency Forward Contracts

(i) HEDGING

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 Group'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 Group 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. 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 contract and hedge accounting for the forwards is permitted.

Hedge effectiveness is determined at inception of the hedge relationship and at every reporting period end through the assessment of the hedged items and hedging instrument to determine whether there is still an economic relationship between the two.

The critical terms of the foreign currency forwards entered into exactly match the terms of the hedged item. As such the economic relationship and hedge effectiveness are based on the qualitative factors and the use of a hypothetical derivative where appropriate. Hedge ineffectiveness may arise where the critical terms of the forecast transaction no longer meet those of the hedging instrument, for example if there was a change in the timing of the forecast sales transactions

from what was initially estimated or if the volume of currency in the hedged item was below expectations leading to over-hedging. Differences can arise when the initial value on the Hedging instrument is not zero.

The hedged items and the hedging instrument are denominated in the same currency and as a result the hedging ratio is always one to one.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position. To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued, and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

The fair value of hedged contracts as at 26 April 2020 was:

	26 April 2020 (£m)	28 April 2019 (£m)
Assets		
US Dollar purchases – GBP	-	45.6
US Dollar purchases – EUR	17.1	15.0
Euro sales	41.5	41.3
AUD sales	-	0.4
Total	58.6	102.3

The details of hedged forward foreign currency purchase contracts and contracted forward rates were as follows:

	26 April 2020 (£m)		28 April 2019 (£m)	
	Currency	GBP	Currency	GBP
US Dollar purchases	-	720.0	-	507.0
Contracted rates USD / GBP	-	-	-	1.41 – 1.43
US Dollar purchases	120.0	90.9	210.0	165.3
Contracted rates USD / EUR	-	1.32	-	1.21 – 1.32
Euro sales	(540.0)	(519.8)	(1,012.8)	(930.0)
Contracted rates EUR / GBP	-	0.99 – 1.09	-	0.99 – 1.14
AUD sales	-	-	(8.4)	(5.0)
Contracted rates AUD / GBP	-	-	-	1.69

The timing of the contracts is as follows:

Currency	Hedging against	Currency value	Timing	Rates
USD / EUR	USD inventory purchases	USD 120.0m	FY21	1.32
EUR / GBP	Euro sales	EUR 540.0m	FY21 – FY23	0.99 – 1.09

Hedge ineffectiveness may arise where the critical terms of the forecast transaction no longer meet those of the hedging instrument, for example if there was a change in the timing of the forecast sales transactions from what was initially estimated or if the volume of currency in the hedged item was below expectations leading to over-hedging.

	26 April 2020 (£m)		28 April 2019 (£m)	
	Change in the fair value of the currency forward	Change in the fair value of the hedged item	Change in the fair value of the currency forward	Change in the fair value of the hedged item
US Dollar purchases – GBP	-	-	45.5	36.2
US Dollar purchases – EUR	6.7	6.7	14.9	14.8
Euro sales	9.8	9.5	21.9	21.2
AUD sales	-	-	0.2	0.2

At 26 April 2020 £519.8m of forward sales contracts and £90.9m of purchase contracts qualified for hedge accounting and the gain on fair valuation of these contracts of £16.5m has therefore been recognised in other comprehensive income.

At 26 April 2020, Enil hedged purchase contracts had a maturity of greater than 12 months (FY19: £79.7m of purchase contracts) and £240.0m of hedged sales had a maturity of greater than 12 months (FY19: £332.4m of sales contracts).

The movements through the Hedging reserve are:

	USD/GBP	EUR/GBP	AUD/GBP	USD/EUR	Total Hedge movement	Deferred Tax	Total Hedging Reserve
As at 29 April 2018	(9.2)	(46.0)	0.3	(6.1)	(65.0)	13.1	(51.9)
Recognised	43.8	30.2	-	17.5	91.5	-	91.5
Ineffectiveness	(10.5)	6.1	-	-	(4.4)	-	(4.4)
Reclassified in sales	-	19.7	-	-	19.7	-	19.7
Reclassified in inventory / cost of sales	10.8	-	-	3.7	14.5	-	14.5
Deferred Tax	-	-	-	-	-	(22.7)	(22.7)
As at 28 April 2019	34.9	8.0	0.3	12.1	56.3	(9.6)	46.7
Recognised	-	9.8	-	6.6	16.4	-	16.4
Ineffectiveness	-	0.2	-	-	0.2	-	0.2
Reclassified in sales	-	(1.4)	(0.3)	-	(1.7)	-	(1.7)
Reclassified in inventory / cost of sales	(34.9)	-	-	(2.5)	(37.4)	-	(37.4)
Deferred Tax	-	-	-	-	-	3.8	3.8
As at 26 April 2020	-	16.6	-	17.2	33.8	(5.8)	28.0

(ii) The sterling principal amounts of unhedged forward contracts and written currency option contracts and contracted rates were as follows:

	26 April 2020 (£m)	28 April 2019 (£m)
- US Dollar purchases	-	74.4
Contracted rates USD / EUR	-	1.21
- Euro sales	(630.0)	(930.0)
Contracted rates EUR / GBP	0.99 – 1.09	0.99 – 1.14
- Euro purchases	172.0	-
Contracted rates EUR / GBP	1.16	-
- AUD sales	-	(5.0)
Contracted rates AUD / GBP	-	1.69

The gain on fair value of the written options and swaps of £21.3m has been included within finance income (FY19: loss of £39.7m within finance costs).

At 26 April 2020, Enil of unhedged purchase contracts had a maturity at inception of greater than 12 months (FY19: Enil purchase contracts) and £240.0m of unhedged sales had a maturity at inception of greater than 12 months (FY19: £332.4m of sales contracts).

These contracts form part of the Treasury management activities, which incorporate the risk management strategy for areas that are not reliable enough in timing and amount to

qualify for hedge accounting. This includes acquisitions, disposals of overseas subsidiaries, related working capital requirements, dividends and loan repayments from overseas subsidiaries and purchase and sale of overseas property. Written options carry additional risk as the exercise of the option lies with the purchaser. The options involve the Group receiving a premium on inception in exchange for accepting that risk and the outcome is that the bank may require the Group to sell Euros. However, the Group is satisfied that the use of options as a Treasury management tool is appropriate.

FY20 value excludes short term swaps of USD/GBP of USD 190.0m and EUR/GBP of EUR 75.0m (FY19: USD 50.0m) and EUR/USD of EUR 80m which are required for cash management purposes only.

d. Sensitivity Analysis

The Group's principal foreign currency exposures are to US Dollars and Euros. The table below illustrates the hypothetical sensitivity of the Group's reported profit and equity to a 10% increase and decrease in

the US Dollar / Sterling and Euro / Sterling exchange rates at the year-end date, assuming all other variables remain unchanged. The figures have been calculated by comparing the fair values of outstanding foreign currency contracts at the current exchange rate to those if exchange rates moved as illustrated. The Income Statement figures include the profit effect of any relevant derivatives which are not in a designated cash flow hedge. The impact on US Dollar and Euro related hedging instruments is included in equity.

Positive figures represent an increase in profit or equity:

	Income Statement		Equity	
	26 April 2020	26 April 2019	26 April 2020	26 April 2019
	(£m)	(£m)	(£m)	(£m)
Sterling strengthens by 10%				
US Dollar	14.6	(12.3)	13.4	0.5
Euro	15.1	(12.8)	37.1	0.8
Sterling weakens by 10%				
US Dollar	(34.0)	15.1	(16.4)	(0.5)
Euro	(13.4)	15.7	(45.4)	(0.9)

Interest Rate Sensitivity Analysis

The following table illustrates the hypothetical sensitivity of the Group's reported profit and equity to a 0.5% increase or decrease in interest rates, assuming all other variables were unchanged.

The analysis has been prepared using the following assumptions:

Positive figures represent an increase in profit or equity:

	Income Statement		Equity	
	26 April 2020	26 April 2019	26 April 2020	26 April 2019
	(£m)	(£m)	(£m)	(£m)
Interest rate increase of 0.5%	(4.1)	(4.1)	(4.1)	(4.1)
Interest rate decrease of 0.5%	4.1	4.1	4.1	4.1

- For floating rate assets and liabilities, the amount of asset or liability outstanding at the Balance Sheet date is assumed to have been outstanding for the whole year.
- Fixed rate financial instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of this analysis.

Long-term Investments Sensitivity Analysis

The following table illustrates the hypothetical sensitivity of price risk in relation to long-term investments held by the Group:

	26 April 2020
	(£m)
Share price increase of 10%	8.0
Share price decrease of 10%	(8.0)

e. Liquidity Risk

The table below shows the maturity analysis of the undiscounted remaining contractual cash flows of the Group's non-derivative liabilities and foreign currency derivative financial instruments:

	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
	(£m)	(£m)	(£m)	(£m)	(£m)
2020					
Non derivative financial liabilities					
Bank loans and overdrafts	-	900.0	-	-	900.0
Bank loans and overdrafts interest	-	13.2	-	-	13.2
Trade and other payables*	602.5	-	-	-	602.5
IFRS 16 Lease liabilities	146.7	102.1	198.2	257.1	704.1
Derivative financial instruments*					
Cash inflows	(1,186.5)	(462.8)	-	-	(1,649.3)
Cash outflows	1,225.1	484.8	-	-	1,709.9
	767.8	1,027.3	198.2	257.1	2,251.4
2019					
Non derivative financial liabilities					
Bank loans and overdrafts	-	-	820.0	-	820.0
Bank loans and overdrafts interest	-	-	16.6	-	16.6
Obligations under finance leases	-	-	6.5	-	6.5
Trade and other payables	511.1	-	-	-	511.1
Share buyback	30.0	-	-	-	30.0
Derivative financial instruments*					
Cash inflows	(1,642.4)	(764.3)	(227.9)	-	(2,634.6)
Cash outflows	1,633.1	745.2	227.9	-	2,606.2
	331.8	(19.1)	843.1	-	1,355.8

*Excludes contingent cash flows.

Capital Management

The capital structure of the Group consists of equity attributable to the equity holders of the Parent Company, comprising issued share capital (less treasury shares), share premium, retained earnings and cash and borrowings.

It is the Group's policy to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the development of the business.

In respect of equity, the Board has decided that, in order to maximise flexibility in the near term with regards to a number of inorganic growth opportunities under review, not to return any cash by way of a dividend at this time.

The Board is committed to keeping this policy under review and to looking to evaluate alternative methods of returning cash to shareholders when appropriate.

The objective of the Share Scheme is to encourage employee share ownership and to link employee's remuneration to the performance of the Company. It is not designed as a means of managing capital.

In respect of cash and borrowings, the Board regularly monitors the ratio of net debt to Reported EBITDA (pre-IFRS 16), the working capital requirements and forecasted cash flows, however no minimum or maximum ratios are set. The ratio for net debt to Reported EBITDA (pre-IFRS 16) is 0.9 (FY19: 1.3). The objective is to keep this figure below 3.0 (FY19: 3.0).

Based on this analysis, the Board determines the appropriate return to equity holders whilst ensuring sufficient capital is retained within the Group to meet its strategic objectives, including but not limited to, acquisition opportunities.

These capital management policies have remained unchanged from the prior year.

31. TRADE AND OTHER PAYABLES

	26 April 2020 (£m)	28 April 2019 (£m)
Trade payables	302.6	235.4
Amounts owed to related undertakings	4.4	6.0
Other taxes including social security costs	17.8	43.0
Other payables	105.3	110.3
Fair value of share buyback	-	30.0
Accruals	172.4	116.4
	602.5	541.1

Included within other payables are amounts outstanding in respect of gift cards and vouchers of £40.6m (FY19: £35.5m).

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

32. ACQUISITIONS

- On 8 July 2019 the Group obtained control when its mandatory cash offer to acquire the entire share capital of GAME Digital plc became unconditional. For acquisition accounting the 27 July 2019 was used being the GAME Digital plc year end date as no material transactions occurred between these dates. The consideration amounted to £53.3m which includes £20.4m for the fair value of the equity interest held prior to acquisition. In the prior year GAME Digital plc was accounted for as an associate. The Group acquired GAME with a view to create a more experiential consumer offering within its Sport Direct fascia stores. The goodwill is attributable to the position of GAME Digital plc in the market as a leading gaming retailer.
- During the year the Group acquired the trade and assets of Jack Wills, the entire share capital of Sofa.com and the entire share capital of Brookfield Unit Trust (Cheshunt Retail Park) for consideration of £38.0m.

The Jack Wills and Sofa.com brands will provide increased product offerings aligning with the Group's intention to diversify its portfolio of investments in the Premium Lifestyle division. The Cheshunt Shopping Centre will be part of the Groups elevation strategy.

The asset and liability values at acquisition are detailed below. We have reviewed the fair value of the assets and liabilities acquired. The following table summarises the fair values of consideration paid:

	GAME Digital plc (£m)	Other (£m)
Cash consideration	32.9	38.0
Fair value of equity interest	20.4	-
	53.3	38.0

The fair value of equity interest is calculated as the difference between the carrying value of the associate and the quoted share price (Level 1) at the date control passed multiplied by the Group's shareholding.

	GAME Digital plc		Other	
	Book Value	Fair Value Adjustment	Book Value	Fair Value Adjustment
	(£m)	(£m)	(£m)	(£m)
Property, plant and equipment	2.7	18.1	20.8	27.8
Intangible assets	10.2	(10.2)	2.0	-
Inventories	72.7	10.3	63.0	12.4
Cash and cash equivalents	62.7	-	62.7	1.0
Borrowings	(0.6)	-	(0.6)	7.7
Working capital	(92.7)	2.4	(90.3)	(4.7)
Lease liability	-	(28.0)	(28.0)	-
Goodwill	-	5.7	5.7	7.0
Bargain purchase	-	-	-	(7.0)
Net assets acquired	55.0	(1.7)	53.3	13.7

The bargain purchase of £7.0m has been recognised within cost of sales within the period.

Included in working capital is trade and other receivables of £19.5m, this is net of £0.3m of expected credit loss provision and is considered to represent the fair value of amounts due from customers.

Since the date of control, the following amounts have been included within the Group's financial statements for the period:

Acquisitions	GAME Digital plc	Other	Total
(£m)	(£m)	(£m)	(£m)
Revenue	445.7	75.7	521.4
Operating (Loss)	(4.9)	(4.9)	(9.8)
(Loss) before tax	(5.8)	(5.3)	(11.1)

Had the acquisitions been included from the start of the period the following amounts would have been included within the Group's financial statements for the period:

Acquisitions	GAME Digital plc	Other	Total
(£m)	(£m)	(£m)	(£m)
Revenue	594.3	97.5	691.8
Operating loss	(24.7)	(6.2)	(30.9)
Loss before tax	(35.7)	(6.7)	(42.4)

There were no contingent liabilities acquired as a result of the above transaction. Acquisition fees of £0.9m have been charged to selling, distribution and administrative expenses relating to these acquisitions.

33. CASH INFLOW FROM OPERATING ACTIVITIES

	52 weeks ended 26 April 2020 (FRS 16)	52 weeks ended 26 April 2019 (FRS 17)
	(£m)	(£m)
Profit before taxation	143.5	179.2
Net finance (income)	(1.7)	(20.6)
Net investment costs / (income)	34.6	(6.7)
Share of losses of associated undertakings	15.9	8.6
Fair value (gain) on step acquisition	(20.4)	-
Operating profit	171.9	160.5
Depreciation of property, plant and equipment	381.0	122.8
Depreciation on investment properties	3.3	1.5
Gain on disposal of lease liabilities	(9.7)	-
Amortisation of intangible assets	14.5	1.1
Impairment	19.0	41.0
Profit on disposal of property, plant and equipment	(54.2)	(8.4)
Operating cash inflow before changes in working capital	525.8	318.5
Decrease / (increase) in receivables	73.5	(139.3)
(Increase) / decrease in inventories	(120.8)	(14.5)
Increase / (decrease) in payables	61.8	(76.5)
(Decrease) / increase in provisions	(115.1)	225.1
Cash inflows from operating activities	425.2	313.3

34. CAPITAL COMMITMENTS

The Group had capital commitments of £31.8m as at 26 April 2020 (28 April 2019: £15.0m) relating to warehouse development.

35. RELATED PARTY TRANSACTIONS

The Group has taken advantage of the exemptions contained within IAS 24 - Related Party Disclosures from the requirement to disclose transactions between Group companies as these have been eliminated on consolidation.

The Group entered into the following material transactions with related parties:

52 weeks ended 26 April 2020:

	Relationship	Sales (£m)	Purchases (£m)	Trade and other receivables (£m)	Trade and other payables (£m)
RELATED PARTY					
Four (Holdings) Limited & subsidiaries ⁽¹⁾	Associate	2.1	42.5	33.8	2.4
MASH Holdings Limited ⁽²⁾	Parent Company	-	-	0.2	-
Mike Ashley ⁽³⁾	Plc Director	2.0	-	-	-
Newcastle United Football Club Limited & St James Holdings Limited ⁽⁴⁾	Connected person	0.7	2.0	0.1	2.0
Rangers Retail Limited	Associate	-	-	-	0.1

⁽¹⁾ Transactions with Frasers Group plc.

52 weeks ended 28 April 2019:

	Relationship	Sales (£m)	Purchases (£m)	Trade and other receivables (£m)	Trade and other payables (£m)
RELATED PARTY					
Four (Holdings) Limited & subsidiaries ⁽¹⁾	Associate	2.1	22.8	47.6	-
MASH Holdings Limited	Parent Company	-	0.4	0.2	0.4
Mike Ashley ⁽²⁾	Plc Director	1.9	-	-	-
MM Prop Consultancy Limited	Connected person	-	5.4	-	5.4
Newcastle United Football Club Limited & St James Holdings Limited ⁽⁴⁾	Connected persons	0.9	1.1	0.2	-
Rangers Retail Limited	Associate	-	-	-	0.2

⁽¹⁾ The outstanding balance with Four (Holdings) Limited reflects the funding related to Agent Provocateur. Management consider that the underlying results of Four (Holdings) Limited supports the recoverability of the receivables balance. The results of Four (Holdings) Limited are not material on the basis of net assets and profit before tax, subsequently detailed disclosures have not been presented under IFRS 12.

⁽²⁾ Use of the Company jet and helicopter are charged at commercial rates.

⁽³⁾ The sales relate to inventory.

An agreement has been entered into with Double Take Limited, a company owned by MASH Holdings Limited in which Matilda Ashley, Mike Ashley's daughter, is a director. Under the agreement, Double Take Limited licenses the Group the exclusive rights to the cosmetic brand SPORT FX. During the period a review has been undertaken and no royalties or other fees are expected to be payable to Double Take Limited for these rights until at least September 2020, the fee arrangement will continue to be reviewed on an ongoing basis, no provision is required in the Financial Statements. It should be noted that the Group (rather than Double Take Limited) owns the rights to SPORT FX for clothing, footwear and sports equipment.

During the period the Group engaged N M Design London Ltd a company in which Nicola Murray, Michael Murray's mother, is a director. N M Design London Ltd perform design work for the Group in relation to some of the Group's sites, which was less than £0.1m in the period.

There is an arrangement with Newcastle United Football Club Limited in relation to the Group's advertising at Newcastle United Football Club Limited. The criteria within the arrangement were met and so the Group has been charged £2.0m for the 2019/20 season (2019: £1.0m for the 2018/19 season). The Group considers this transaction to be in the normal course of business.

The trade and other receivables balance with Four (Holdings) Limited includes an unsecured loan balance of £67.5m (gross of amounts recognised in respect of loss allowance) which attracts interest at a rate of 3% within current assets. The payment profile of the receivable was modified in the prior year. This has been accounted for at amortised cost in accordance with IFRS 9. The carrying value has been determined by assessing the recoverability of the receivable balance, discounted at an appropriate market rate of interest. £13.0m was recognised in the year in respect of doubtful debts. Further disclosure can be found in note 23.

The sales amount in relation to Four (Holdings) Limited relates to the interest charge on the loan and the purchases relate to the purchase of clothing products.

The Group does not have significant influence over but holds greater than 20% of the voting rights of Studio Retail Group plc and French Connection Group plc. Studio Retail Group plc and French Connection Group plc have disclosed transactions with the Group as a related party within their most recent financial statements. Transactions between Studio Retail Group plc, and French Connection Group plc and the Group related to normal commercial trading arrangements and are not considered material to the results of the Group. The latest equity amounts and results are shown below:

	Studio Retail Group plc	French Connection Group plc
	Period ended 29 March 2019	Period ended 31 January 2019
	(£m)	(£m)
Share Capital	48.6	1.0
Share Premium	-	9.8
Other Reserves	0.7	6.4
Retained Profit / (Loss)	(5.8)	11.8
Profit / (Loss) for the period	22.3	(7.8)

The Group does not consider it has the power to participate in the financial and operating policy decisions of the entities and so management do not consider the Group to be able to exert significant influence over these entities as per IAS 28 Investments in Associates and Joint Ventures and IAS 24 Related Party Disclosures.

Key Management, Executive And Non-executive Director Compensation

	26 April 2020 (£m)	28 April 2019 (£m)
Salaries and short-term benefits	1.5	1.3
Share-scheme payments	-	2.7
Other payments	4.3	5.2
Total	5.8	9.2

MM Prop Consultancy Limited, a company owned and controlled by Michael Murray, a member of key management, continues to provide property consultancy services to the Group. MM Prop Consultancy Limited is primarily tasked with finding and negotiating the acquisition of new sites in the UK, Europe and rest of the world for both our larger format stores and our combined retail and gym units but it also provides advice to the Company's in-house property team in relation to existing sites in the UK, Europe and rest of the world. In the year all properties are assessed and those that are considered by the Group's Independent Non-executive Directors to have been completed and be eligible for review at the year-end are assessed and valued by an independent valuer who confirms the value created by MM Prop Consultancy Limited. The Group's Independent Non-executive Directors then review and agree the value created and have full discretion to approve a payment to MM Prop Consultancy Limited of up to 25% of the value created. There is a current pipeline of properties that may be eligible to be assessed both positively and negatively by the Group's Non-executive Directors in future years.

In FY19 £5.4m was provided, during FY20 £4.3m was subsequently paid as Michael Murray agreed to waive a proportion of his fee and settle on 20% of the final agreed value created.

During FY19 MM Prop Consultancy Limited was paid £0.2m for the value estimated to have been created on a property in Sunderland. Subsequently in late FY20 the onward sale of that property realised an amount such that the actual value created could lead to a payment being due to MM Prop Consultancy Limited of £0.5m. The Group wishes to note the additional value created by MM Prop Consultancy Limited for which no fee is due.

At the period end Enil has been accrued as payable to MM Prop Consultancy Limited. The Independent Non-executive Directors consider this to be appropriate due to the effects of the Covid-19 pandemic which has resulted in significant economic uncertainty in the UK. With the widespread closure of businesses, furloughing of employees, people ordered to stay at home (the lockdown) and the unprecedented economic environment; any property valuations would, at best, be uncertain and, at worst, be unreliable. As a consequence, it is not possible to quantify the value created on property transactions reliably. MM Prop Consultancy Limited has agreed to defer the valuation until a reliable assessment can be performed.

36. ULTIMATE CONTROLLING PARTY

The Group is controlled by Mike Ashley through his 100% shareholding in MASH Beta Limited and MASH Holdings Limited, which own 303,507,460 (£7.96% of the issued ordinary share capital of the Company) and 26,492,540 (£0.06% of the issued ordinary share capital of the Company) ordinary shares respectively at the period end. MASH Holdings Limited is the smallest and largest company to consolidate these accounts. MASH Holdings Limited is registered in England and Wales and a copy of their financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

37. POST BALANCE SHEET EVENTS

From 15 June 2020 all the Group's stores (with the exception of the Scottish stores which reopened on 13 July 2020) were fully reopened following the Government's lockdown as a result of the Covid-19 pandemic.

The Group announced on the 29 June 2020 that it has increased its investment in Hugo Boss AG, and held the following interests in the common stock:

- 552,500 shares of common stock, representing 0.8% of Hugo Boss's total share capital
- 2,249,601 shares of common stock via contracts for difference, representing 3.2% of Hugo Boss's total share capital
- 4,260,000 shares of common stock via the sale of put options, representing 6.1% of Hugo Boss's total share capital

After taking into account the premium it will receive under the put options, Frasers Group's maximum aggregate exposure in connection with its acquired interests in Hugo Boss is approx. €204.0m (approx. GBP £186.0m).

On 22 July 2020 the Group sold certain IP relating to the Belong business for a total consideration of \$10m (approx. £8m). A further \$7.5m may be received over the following five years if certain criteria are met. There may also be additional revenue streams from advertising and sponsorships. As part of the sale, the Group has agreed to licence back some of the IP sold to continue to operate the BELONG Gaming Arenas in certain territories including the UK.

38. SUBSIDIARY UNDERTAKINGS

NAME	REGISTERED OFFICE ADDRESS	COMPANY NUMBER	PERCENTAGE OF ISSUED SHARE CAPITAL HELD
18 Montrose Retail Limited	Shirebrook ⁹	11577636	75
S Pointz Limited (in liquidation)	Shirebrook ⁹	6950214	51
Acre 653 Limited	Shirebrook ⁹	4579745	100
Activator Brands Limited	Shirebrook ⁹	5344658	100
Activator Products Limited	Shirebrook ⁹	4204611	100
Active Apparel New Corp.	Cegency Global Inc, 850 New Burton Road Suite 201 Dover, Delaware, 19904, United States	3270168	100
AP Brands Holdings Ltd	12th Floor, Menara Symphony, No 5, Jalan Semangat (Jalan Professor Khoo Kay Kim), Seksyen 13, 46200, Petaling Jaya, Selangor Darul Ehsan, Malaysia	4921-A	100
Bellatrix Associates Limited	Clinch's House, Lord Street, Douglas, Isle of Man, IM99 1RZ, Isle of Man	111671C	100
Bellatrix Overseas Limited	Clinch's House, Lord Street, Douglas, Isle of Man, IM99 1RZ, Isle of Man	128827C	100
Bellatrix Unlimited	Clinch's House, Lord Street, Douglas, Isle of Man, IM99 1RZ, Isle of Man	111670C	100
Blue Square Sales Ltd	Shirebrook ⁹	999421	100
Bob's Stores USA LLC	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, DE 19801, United States	639085	100
Brands & Fashion NV	Leopoldstraat, nr. 79, 2800 Mechelen, Belgium	0477-995-412	100
Brands 001 Limited	Shirebrook ⁹	5347540	100
Brands Africa Limited	Shirebrook ⁹	6836765	100
Brands Holdings Limited ⁹	Shirebrook ⁹	4087435	100
Brands Holdings Sponsorship Limited	Shirebrook ⁹	10375418	100
Brands Inc Limited	Shirebrook ⁹	3585719	100
Brasher Leisure Limited	Shirebrook ⁹	999421	100
BSL International Limited	Shirebrook ⁹	2800425	100
Calico - Comercio de Artigos de Desportos S.A.	Via Central de Milheiros, no 121, 4475-334, Freguesia de Milheiros, Concelho da Maia, Porto, Portugal	503751804	100
Campri Limited	Shirebrook ⁹	5398477	100
Cardinal Investments S.L.	C.C.Puerto Venecia, local 84, Trav. Jardines Reales, 7, 50021 Zaragoza, Spain	888542766	100
Carlton Shuttlecocks Limited	Shirebrook ⁹	480582	100
Carlton Sports Company Limited	Shirebrook ⁹	467686	100
Catriona Investments S.L.	C.C.Puerto Venecia, local 84, Trav. Jardines Reales, 7, 50021 Zaragoza, Spain	888542683	100

NAME	REGISTERED OFFICE ADDRESS	COMPANY NUMBER	PERCENTAGE OF ISSUED SHARE CAPITAL HELD
CDS IP SA	Parc Industriel Avenue Ernest, Solvay 21 1480 Santes, Belgium	406461077	100
Cla Citterio Brands Limited	Shirebrook ⁶	11690676	100
Climber & Rambler Limited	Shirebrook ⁶	3938618	100
Community Bug Limited	Shirebrook ⁶	6260240	100
Criminal Clothing Limited	Shirebrook ⁶	4184750	100
Cruise Clothing Limited	Martin House, 184 Ingram Street, Glasgow, Scotland, G1 1DN	SC382991	100
Curfina Investments S.L.	C.C. Puerto Venecia, local 84, Trav. Jardines Reales, 7, 50021 Zaragoza, Spain	888415369	100
David Geoffrey & Associates (UK) Limited	Shirebrook ⁶	670530	100
Design Source Supply Limited	Shirebrook ⁶	9636568	100
Dink Digital Holdings Limited	Shirebrook ⁶	11143016	100
Dink Digital Limited	Shirebrook ⁶	11072685	90
Direct Fishing Limited	Shirebrook ⁶	8203469	100
Direct Golf IP Limited	Shirebrook ⁶	9911086	100
Direct Golf Retail Limited	Shirebrook ⁶	9825889	100
Donnay International NV	Leopoldstraat nr 79, 2800 Mechelen, Belgium	435392220	100
Eastchance Limited	Unit 1903B and 1905, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong	174348	100
Epoch Properties Limited	First Floor Le Chasse Chambers St Miller, JE2 4UE, Jersey	74753	100
Etail Services Limited	Shirebrook ⁶	5146997	100
Evans Cycles Brands Limited	Shirebrook ⁶	11634915	100
Evans Cycles Limited	Shirebrook ⁶	11577650	100
Evans Cycles Property Limited	Shirebrook ⁶	11634939	100
Everlast Australia Limited	Shirebrook ⁶	8103912	100
Everlast Sports International Inc. Corp.	Everlast 42 West 39th St, 3rd Floor New York, New York, 10018, United States	13-2811380	100
Everlast Sports Mfg. Corp.	Corporation Service Company 80 State Street, Albany, New York, 12207-2543, United States	13-1804772	100
Everlast World's Boxing Headquarters Corporation	Corporation Service Company 80 State Street, Albany, New York, 12207-2543, United States	13-1804773	100
Everlast Worldwide Inc.	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County DE 19801, United States	13-3672716	100
Exports Limited	Shirebrook ⁶	2779040	100
Feniger And Blackburn Limited	Shirebrook ⁶	639594	100
Field & Trek (UK) Ltd	Shirebrook ⁶	5622577	100
Field & Trek.com Limited	Shirebrook ⁶	3943377	100
Flintrop Limited	Shirebrook ⁶	6836684	100
Forever Media Limited	Shirebrook ⁶	8249185	100

NAME	REGISTERED OFFICE ADDRESS	COMPANY NUMBER	PERCENTAGE OF ISSUED SHARE CAPITAL HELD
Forever Models Limited	Shirebrook ⁶	9666349	100
Forever Sports Limited	Shirebrook ⁶	9489811	100
Freshfield Limited	Shirebrook ⁶	6330786	100
GAME AR Limited	Basingstoke ⁶	10142852	100
GAME Digital Holdings Limited	Basingstoke ⁶	7893832	100
GAME Digital Limited ⁷	Basingstoke ⁶	9040213	100
GAME Digital Solutions Limited	Basingstoke ⁶	9476209	100
GAME Esports and Events Limited	Basingstoke ⁶	9454730	100
GAME Retail Limited	Basingstoke ⁶	7837246	100
GAME Spain Holdings Limited	Basingstoke ⁶	10846702	100
GAME Spain Investments Limited	Basingstoke ⁶	10863881	100
GAME Stores Iberia S.L.U.	C/ Virgilio 7 - 9, Parcelas 12 - 13, Pozuelo de Alarcón, Madrid, Spain	881209751	100
Gelert IP Limited	Shirebrook ⁶	8576185	100
Gelert Limited	Shirebrook ⁶	8576204	100
Global Apparel (HK) Limited	Unit 1903B and 1905, 19F, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong	1330162	100
Goddagga Brands Limited	Shirebrook ⁶	6636173	100
Gotay Investments S.L.	C.C. Puerto Venecia, local 84, Trav. Jardines Reales, 7, 50021 Zaragoza, Spain	888542709	100
Gourde Squash International Limited	Shirebrook ⁶	980461 ⁸	100
Gradidges Limited	Shirebrook ⁶	278122	100
GT-Lines BV	Bert Haaststraakade 2, 1087DN, Amsterdam, The Netherlands	17117820	100
Graduate Clothing Limited	Shirebrook ⁶	2511038	91
Gul IP Limited	Shirebrook ⁶	8612478	100
Gul Watersports Limited	Shirebrook ⁶	7589716	100
Heaton's Unlimited Company	Heaton House, IDA Business Park, Whitestown, Dublin, D24, Ireland	11229	100
Heaton's (NI) Limited	C/O Kennedy's 10th Floor, River House, 48-60 High Street, Belfast, BT1 2BE, Northern Ireland	N1035599	100
Heaton's Stores Limited	Heaton House, IDA Business Park, Whitestown, Dublin, D24, Ireland	509525	100
Heaven or Hell Limited	Shirebrook ⁶	5899282	100
HK Sports & Golf Aktiebolag	Eskestorpavägen 7, 269 96, Bostad, Sweden	556510-8189	100
HOF Ireland Stores Limited	Heaton House, IDA Business Park, Whitestown, Dublin, D24, Ireland	626384	100
Hot Tuna IP Limited	Shirebrook ⁶	6836792	100
House of Fraser Limited	Shirebrook ⁶	10686681	100
House of Fraser Brands Limited	Shirebrook ⁶	10687367	100

NAME	REGISTERED OFFICE ADDRESS	COMPANY NUMBER	PERCENTAGE OF ISSUED SHARE CAPITAL HELD
House of Fraser Brands Limited	Shirebrook ²	10687367	100
International Brand Management Limited ²	Shirebrook ²	5142123	100
Investing Business Limited	Shirebrook ²	11780314	100
Jack Wills (IP) Limited	Shirebrook ²	11775495	100
Jack Wills Property Limited	Shirebrook ²	11775643	100
Jack Wills Retail Limited	Shirebrook ²	11634890	100
Jack Wills Retail (Ireland) Limited	Heaton House, IDA Business Park, Whitestown, Dublin, D24, Ireland	656208	100
James Lillywhites Limited	Shirebrook ²	118840	100
Kangal Holdings Limited	Shirebrook ²	3317738	100
Kangal Limited	Shirebrook ²	3343793	100
Kangal Trustees Limited	Shirebrook ²	3505512	100
Karimor International Limited	Aminaka Kudan Building 6/F, 1-14-17 KudanMita, Chiyoda-ku, Tokyo, 102-0073, Japan	0100-01-012128	100
Karimor Limited	Shirebrook ²	5215974	100
Kensington Health Clubs Limited	Shirebrook ²	6021489	100
KooGa IP Limited	Shirebrook ²	12402087	100
La Jolla (UK) Limited	Shirebrook ²	5737550	100
Leneshift Limited	Shirebrook ²	6146743	100
Lillywhites Limited	Shirebrook ²	290939	100
Litesome Sportswear Limited	Shirebrook ²	207867	100
Lonsdale Australia Limited	Shirebrook ²	7665885	100
Lonsdale Boxing Limited	Shirebrook ²	3912303	100
Lonsdale Sports Limited	Shirebrook ²	4430781	100
Lovells SP Limited	Shirebrook ²	8907509	100
Lovell Sports (Holdings) Limited	Shirebrook ²	9608995	100
Lovell Sports Limited	Shirebrook ²	4384358	100
Masters Holders Limited	Shirebrook ²	8787718	100
Megavalue.com Limited	Shirebrook ²	9544685	100
Megavaluedirect.com Limited	Shirebrook ²	9545879	100
Midtown Ltd	Shirebrook ²	9467997	100
Mississippi Manufacturing LLC	1209 Orange Street, Wilmington, New Castle County, Delaware, United States	3470413	100
Mountain Sports LLC	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County DE 19801, United States	6386224	100
Muddyfax IP Limited	Shirebrook ²	10246764	100
Muddyfax Limited	Shirebrook ²	4187350	100
Navico IP Limited	Shirebrook ²	6836778	100
Newco GT Limited	Shirebrook ²	10532537	100
No Fear Brand Limited	Shirebrook ²	5568043	100

NAME	REGISTERED OFFICE ADDRESS	COMPANY NUMBER	PERCENTAGE OF ISSUED SHARE CAPITAL HELD
No Fear International Limited	Shirebrook ²	5532482	100
No Fear USA Limited	Shirebrook ²	7712470	100
Olympus Ventures Limited	Shirebrook ²	3945752	100
OUI Sportsdirect.com	Parnu mnt 139c Kesklinna, Tallinn, Estonia, 11317	12845837	100
Outdoor Sports Direct Limited	Shirebrook ²	2780756	100
P W P Sportbase Limited	Shirebrook ²	1933891	100
Paddle Sport Limited	Shirebrook ²	6836490	100
POD Collection Services Limited	Academy House, 36 Poland Street, London, W1F 7LU	9918495	100
Propeller (UK) Limited	Shirebrook ²	2770207	100
Puffa IP Limited	Shirebrook ²	10910124	100
Queensberry Boxing IP Limited	Shirebrook ²	7929363	100
Queensberry Rules Limited	Shirebrook ²	6723660	100
Quentin Investments SJ	C.C.Puerto Venecia, local 84, Trav. Jardines Reales, 7, 50021 Zaragoza, Spain	888542733	100
Quickrephy Limited	Shirebrook ²	5904737	100
Republic IP Limited	Shirebrook ²	5635015	100
Republic.com Retail Limited	Shirebrook ²	8248997	100
Rhapsody Investments (Europe) SA	1,Cote d'Eich, L-1450, Luxembourg	821.60X	100
Robinsons Country Leisure Limited	Shirebrook ²	1204722	100
S&B Brands Limited	Shirebrook ²	5635585	100
SIA SIG Logistics	Shirebrook ²	402031107	40
SC (Subco 2016) Ltd	Shirebrook ²	2030941	100
SC (TrustCo 2016) Ltd	Shirebrook ²	3151573	100
SC(ESOP) Limited	Shirebrook ²	3408468	100
SC Sports (SG) PTE LTD	9 Raffles Place, #26-01 Republic Plaza, Singapore 048619	198203096N	100
SD Equestrian Limited	Shirebrook ²	8692780	100
SD Outdoor IP Limited	Shirebrook ²	8560252	100
SD Outdoor Limited	Shirebrook ²	8560260	100
SDB 2 S.A.	Parc Industriel Avenue Ernest Solvay 29 1480 Salines, Belgium	0848.964.388	100
SDI (SP Holdings) Limited	Shirebrook ²	10582050	100
SDI (Aberdeen) Limited	Shirebrook ²	8512592	100
SDI (Aberystwyth) Limited	Shirebrook ²	2789956	100
SDI (Acqco 1) Limited	Shirebrook ²	10890849	100
SDI (Acqco 2) Limited	Shirebrook ²	10161656	100
SDI (Acqco 3) Limited	Shirebrook ²	10162904	100
SDI (Aintree) Limited	Shirebrook ²	3352462	100
SDI (Ashford) Limited	Shirebrook ²	7848460	100
SDI (Ashington) Limited	Shirebrook ²	7849231	100

NAME	REGISTERED OFFICE ADDRESS	COMPANY NUMBER	PERCENTAGE OF ISSUED SHARE CAPITAL HELD
SDI (Ayr) Limited	Shirebrook ¹	5528267	100
SDI (Ballymena) Limited	C/O Kennedy's 10th Floor, River House, 48-60 High Street, Belfast, BT1 2BE, Northern Ireland	N1653829	100
SDI (Bangor) Limited	Shirebrook ¹	5529705	100
SDI (Barrow in Furness) Limited	Shirebrook ¹	7851574	100
SDI (Bellfast) Limited	Shirebrook ¹	9872471	100
SDI (Berwick) Limited	Shirebrook ¹	2739957	100
SDI (Betws-y-Coed) Limited	Shirebrook ¹	6836673	100
SDI (Bexleyheath) Limited	Shirebrook ¹	9788372	100
SDI (Birkenhead) Limited	Shirebrook ¹	7849198	100
SDI (Bishop Auckland) Limited	Shirebrook ¹	3004246	100
SDI (Bradford) Limited	Shirebrook ¹	9127266	100
SDI (Brands 1) Limited	Shirebrook ¹	11755958	100
SDI (Brands 2) Limited	Shirebrook ¹	12295984	100
SDI (Brands 3) Limited	Shirebrook ¹	12295967	100
SDI (Brands 4) Limited	Shirebrook ¹	12295915	100
SDI (Bridgwater) Limited	Shirebrook ¹	7852061	100
SDI (Brixton) Limited	Shirebrook ¹	9127300	100
SDI (Brook EU) Limited	Shirebrook ¹	9336830	100
SDI (Brook ROW) Limited	Shirebrook ¹	9336806	100
SDI (Brook UK) Limited	Shirebrook ¹	9340379	100
SDI (Barton) Limited	Shirebrook ¹	8495632	100
SDI (Cardiff) Limited	Shirebrook ¹	8972499	100
SDI (Cardiff Flannels) Limited	Shirebrook ¹	10177359	100
SDI (Carlisle) Limited	Shirebrook ¹	7851959	100
SDI (Chatham) Limited	Shirebrook ¹	6836679	100
SDI (Cheshunt) Limited	Shirebrook ¹	11775599	100
SDI (Cheshunt 2) Limited	Shirebrook ¹	11775717	100
SDI (China Online Limited)	Shirebrook ¹	10246762	100
SDI (Clacton) Limited	Shirebrook ¹	7852078	100
SDI (Clonmel) Limited	C/O Kennedy's 10th Floor, River House, 48-60 High Street, Belfast, BT1 2BE, Northern Ireland	N1653359	100
SDI (Colchester) Limited	Shirebrook ¹	5632790	100
SDI (Corby) Limited	Shirebrook ¹	10885672	100
SDI (Cork) Limited	Shirebrook ¹	11775763	100
SDI (Coventry) Limited	Shirebrook ¹	9680128	100
SDI (Darlington) Limited	Shirebrook ¹	10915193	100
SDI (Derby) Limited	Shirebrook ¹	9310031	100
SDI (Derry) Limited	C/O Kennedy's 10th Floor, River House, 48-60 High Street, Belfast, BT1 2BE, Northern Ireland	N1653340	100
SDI (Doncaster) Limited	Shirebrook ¹	9888670	100

NAME	REGISTERED OFFICE ADDRESS	COMPANY NUMBER	PERCENTAGE OF ISSUED SHARE CAPITAL HELD
SDI (Doncaster Wheatley) Limited	Shirebrook ¹	6372181	100
SDI (Dundee) Limited	Shirebrook ¹	9702004	100
SDI (Dunfermline) Limited	Shirebrook ¹	8483679	100
SDI (East Ham) Limited	Shirebrook ¹	9810378	100
SDI (East Kilbride) Limited	Shirebrook ¹	6656368	100
SDI (Edinburgh) Limited	Shirebrook ¹	10100990	100
SDI (Enfield) Limited	Shirebrook ¹	10086209	100
SDI (Fulham) Limited	Shirebrook ¹	7852037	100
SDI (Gainsborough) Limited	Shirebrook ¹	6338907	100
SDI (Golshiekh) Limited	Shirebrook ¹	7852091	100
SDI (Glasgow Fort) Limited	Shirebrook ¹	9881504	100
SDI (Glasgow Frasers) Limited	Shirebrook ¹	11531596	100
SDI (Glasgow Ingram Street) Limited	Shirebrook ¹	9925519	100
SDI (Gloucester) Limited	Shirebrook ¹	7852067	100
SDI (Great Yarmouth) Limited	Shirebrook ¹	1172687	100
SDI (Hanley) Limited	Shirebrook ¹	11228017	100
SDI (Hastings) Limited	Shirebrook ¹	8625893	100
SDI (Hereford) Limited	Shirebrook ¹	9888642	100
SDI (Holco) Limited	Shirebrook ¹	8319960	100
SDI (Holt Holdings) Limited	Shirebrook ¹	10161592	100
SDI (Hounslow) Limited	Shirebrook ¹	10086218	100
SDI (Hull) Limited	Shirebrook ¹	9638564	100
SDI (Ipswich) Limited	Shirebrook ¹	9788411	100
SDI (Isle of Man) Limited	Shirebrook ¹	9901745	100
SDI (Jersey Holding) Limited	Shirebrook ¹	10177028	100
SDI (K Lynn) Limited	Shirebrook ¹	10072076	100
SDI (Kelghley) Limited	Shirebrook ¹	6260239	100
SDI (Kendall) Limited	Shirebrook ¹	6338918	100
SDI (Kentish Town) Limited	Shirebrook ¹	9901702	100
SDI (Kidderminster) Limited	Shirebrook ¹	9203731	100
SDI (Kilmarnock) Limited	Shirebrook ¹	7852433	100
SDI (Kingston) Limited	Shirebrook ¹	10915209	100
SDI (Kirkcaldy) Limited	Shirebrook ¹	7852097	100
SDI (Leeds) Limited	Shirebrook ¹	9293515	100
SDI (Leicester) Limited	Shirebrook ¹	9127170	100
SDI (Lincoln) Limited	Shirebrook ¹	9625631	100
SDI (Liverpool) Limited	Shirebrook ¹	9888734	100
SDI (Livingston) Limited	Shirebrook ¹	11227937	100
SDI (Lowestoft) Limited	Shirebrook ¹	7852265	100
SDI (LSL Holdings) Limited	Shirebrook ¹	10161824	100
SDI (Luton) Limited	Shirebrook ¹	9680625	100
SDI (Manchester) Limited	Shirebrook ¹	9888635	100

NAME	REGISTERED OFFICE ADDRESS	COMPANY NUMBER	PERCENTAGE OF ISSUED SHARE CAPITAL HELD
SDI (Manchester Chestham Hill) Limited	Shirebrook ⁶	10100969	100
SDI (Manchester Denton) Limited	Shirebrook ⁶	9127295	100
SDI (Market Road) Limited	Shirebrook ⁶	10799247	100
SDI (Middlesbrough) Limited	Shirebrook ⁶	10081909	100
SDI (Nassau Street) Limited	Shirebrook ⁶	11227964	100
SDI (Neath) Limited	Shirebrook ⁶	7853548	100
SDI (New Cavendish Street) Limited	Shirebrook ⁶	6306917	100
SDI (Newark) Limited	Shirebrook ⁶	7853470	100
SDI (Newcastle) Limited	Shirebrook ⁶	9127286	100
SDI (Newport) Limited	Shirebrook ⁶	8679118	100
SDI (Newquay) Limited	Shirebrook ⁶	10089800	100
SDI (Newry) Limited	C/O Kennedy's 10th Floor, River House, 48-50 High Street, Belfast, BT1 7BE, Northern Ireland	N1653358	100
SDI (Newton Abbot) Limited	Shirebrook ⁶	6836666	100
SDI (NFSK) Limited	Shirebrook ⁶	10919102	100
SDI (Northampton) Limited	Shirebrook ⁶	7852372	100
SDI (Northwich) Limited	Shirebrook ⁶	5656295	100
SDI (Nottingham) Limited	Shirebrook ⁶	10100609	100
SDI (Nuneaton) Limited	Shirebrook ⁶	7852349	100
SDI (Oswestry) Limited	Shirebrook ⁶	7852363	100
SDI (Oxford Street) Limited	Shirebrook ⁶	10046080	100
SDI (Oxford Street HOF) Limited	Shirebrook ⁶	7978784	100
SDI (Paisley) Limited	Shirebrook ⁶	2933408	100
SDI (Pentance) Limited	Shirebrook ⁶	7852297	100
SDI (Peterlee) Limited	Shirebrook ⁶	7852401	100
SDI (Plymouth) Limited	Shirebrook ⁶	9470468	100
SDI (Plymouth Flannels) Limited	Shirebrook ⁶	9127387	100
SDI (Preston) Limited	Shirebrook ⁶	10915199	100
SDI (Propco 35) Limited	Shirebrook ⁶	11500282	100
SDI (Propco 36) Limited	Shirebrook ⁶	11523336	100
SDI (Propco 37) Limited	Shirebrook ⁶	11523343	100
SDI (Propco 38) Limited	Shirebrook ⁶	11523424	100
SDI (Propco 39) Limited	Shirebrook ⁶	11523440	100
SDI (Propco 40) Limited	Shirebrook ⁶	11523489	100
SDI (Propco 41) Limited	Shirebrook ⁶	11523621	100
SDI (Propco 42) Limited	Shirebrook ⁶	11571953	100
SDI (Propco 43) Limited	Shirebrook ⁶	11523609	100
SDI (Propco 44) Limited	Shirebrook ⁶	11523608	100
SDI (Propco 45) Limited	Shirebrook ⁶	11523654	100
SDI (Propco 46) Limited	Shirebrook ⁶	11523748	100
SDI (Propco 47) Limited	Shirebrook ⁶	11530370	100
SDI (Propco 48) Limited	Shirebrook ⁶	11523759	100

NAME	REGISTERED OFFICE ADDRESS	COMPANY NUMBER	PERCENTAGE OF ISSUED SHARE CAPITAL HELD
SDI (Propco 49) Limited	Shirebrook ⁶	11526115	100
SDI (Propco 50) Limited	Shirebrook ⁶	11526182	100
SDI (Propco 51) Limited	Shirebrook ⁶	11527237	100
SDI (Propco 52) Limited	Shirebrook ⁶	11526972	100
SDI (Propco 53) Limited (in liquidation)	Fourth Floor Toronto Square, Toronto Street, Leeds, LS1 2HJ	11527082	100
SDI (Propco 54) Limited	Shirebrook ⁶	11527149	100
SDI (Propco 55) Limited	Shirebrook ⁶	11527303	100
SDI (Propco 56) Limited	Shirebrook ⁶	11527382	100
SDI (Propco 57) Limited	Shirebrook ⁶	11527500	100
SDI (Propco 58) Limited	Shirebrook ⁶	11527596	100
SDI (Propco 59) Limited	Shirebrook ⁶	11527584	100
SDI (Propco 60) Limited	Shirebrook ⁶	11531386	100
SDI (Propco 61) Limited	Shirebrook ⁶	11531382	100
SDI (Propco 62) Limited	Shirebrook ⁶	11531444	100
SDI (Propco 63) Limited	Shirebrook ⁶	11531503	100
SDI (Propco 64) Limited	Shirebrook ⁶	11531506	100
SDI (Propco 65) Limited	Shirebrook ⁶	11531532	100
SDI (Propco 67) Limited	Shirebrook ⁶	11572676	100
SDI (Propco 68) Limited	Shirebrook ⁶	11572831	100
SDI (Propco 69) Limited	Shirebrook ⁶	11572830	100
SDI (Propco 70) Limited	Shirebrook ⁶	11572933	100
SDI (Propco 71) Limited	Shirebrook ⁶	11574887	100
SDI (Propco 72) Limited (in liquidation)	Fourth Floor Toronto Square, Toronto Street, Leeds, LS1 2HJ	11574968	100
SDI (Propco 73) Limited	Shirebrook ⁶	11575050	100
SDI (Propco 74) Limited	Shirebrook ⁶	11575091	100
SDI (Propco 75) Limited	Shirebrook ⁶	11577256	100
SDI (Propco 76) Limited	Shirebrook ⁶	11577617	100
SDI (Propco 77) Limited	Shirebrook ⁶	11578164	100
SDI (Propco 80) Limited	Shirebrook ⁶	11577670	100
SDI (Propco 81) Limited	Shirebrook ⁶	11641123	100
SDI (Propco 83) Limited	Shirebrook ⁶	11646302	100
SDI (Propco 85) Limited	Shirebrook ⁶	11649632	100
SDI (Propco 86) Limited	Shirebrook ⁶	11649235	100
SDI (Propco 87) Limited	Shirebrook ⁶	11649236	100
SDI (Propco 88) Limited	Shirebrook ⁶	11647453	100
SDI (Propco 89) Limited	Shirebrook ⁶	11649347	100
SDI (Propco 90) Limited	Shirebrook ⁶	11649431	100
SDI (Propco 91) Limited	Shirebrook ⁶	11687077	100
SDI (Propco 92) Limited	Shirebrook ⁶	11730204	100
SDI (Propco 93) Limited	Shirebrook ⁶	11730253	100
SDI (Propco 94) Limited	Shirebrook ⁶	11730440	100

NAME	REGISTERED OFFICE ADDRESS	COMPANY NUMBER	PERCENTAGE OF ISSUED SHARE CAPITAL HELD
SDI (Propco 96) Limited	Shirebrook ⁶	11730503	100
SDI (Propco 98) Limited	Shirebrook ⁶	11730868	100
SDI (Propco 99) Limited	Shirebrook ⁶	11732772	100
SDI (Propco 100) Limited	Shirebrook ⁶	11732700	100
SDI (Propco 101) Limited	Shirebrook ⁶	11773466	100
SDI (Propco 102) Limited	Shirebrook ⁶	11775629	100
SDI (Propco 105) Limited	Shirebrook ⁶	11775597	100
SDI (Propco 107) Limited	Shirebrook ⁶	11775706	100
SDI (Propco 111) Limited	Shirebrook ⁶	11775722	100
SDI (Propco 112) Limited	Shirebrook ⁶	9127160	100
SDI (Propco 113) Limited	Shirebrook ⁶	12298794	100
SDI (Propco 114) Limited	Shirebrook ⁶	12298708	100
SDI (Propco 115) Limited	Shirebrook ⁶	12300052	100
SDI (Propco 116) Limited	Shirebrook ⁶	12332460	100
SDI (Propco 117) Limited	Shirebrook ⁶	12332456	100
SDI (Propco 118) Limited	Shirebrook ⁶	12332859	100
SDI (Propco 119) Limited	Shirebrook ⁶	12332862	100
SDI (Propco 120) Limited	Shirebrook ⁶	12332871	100
SDI (Ramsgate) Limited	Shirebrook ⁶	7852250	100
SDI (Reading) Limited	Shirebrook ⁶	10422164	100
SDI (Redcar) Limited	Shirebrook ⁶	2731452	100
SDI (Retail Co 10) Limited	Shirebrook ⁶	11689119	100
SDI (Retail Co 4) Limited	Shirebrook ⁶	11635011	100
SDI (Retail Co 5) Limited	Shirebrook ⁶	11635034	100
SDI (Retail Co 7) Limited	Shirebrook ⁶	11687276	100
SDI (Retail Co 8) Limited	Shirebrook ⁶	11687376	100
SDI (Retail Co 9) Limited	Shirebrook ⁶	11689077	100
SDI (Retail Co 11) Limited	Shirebrook ⁶	12298852	100
SDI (Retail Co 12) Limited	Shirebrook ⁶	12298797	100
SDI (Retail Co 13) Limited	Shirebrook ⁶	12298767	100
SDI (Rolle St) Limited	Shirebrook ⁶	7852669	100
SDI (Ramford) Limited	Shirebrook ⁶	10071547	100
SDI (Rotherham) Limited	Shirebrook ⁶	11227321	100
SDI (Salisbury) Limited	Shirebrook ⁶	10107572	100
SDI (Scarborough) Limited	Shirebrook ⁶	6328463	100
SDI (Scunthorpe) Limited	Shirebrook ⁶	7852055	100
SDI (Scunthorpe Parishes Centre) Limited	Shirebrook ⁶	11730442	100
SDI (Slough) Limited	Shirebrook ⁶	7852417	100
SDI (Solihull) Limited	Shirebrook ⁶	8612647	100
SDI (Southampton 2) Limited	Shirebrook ⁶	9665889	100
SDI (Southampton) Limited	Shirebrook ⁶	8512480	100
SDI (Southport) Limited	Shirebrook ⁶	9888806	100

NAME	REGISTERED OFFICE ADDRESS	COMPANY NUMBER	PERCENTAGE OF ISSUED SHARE CAPITAL HELD
SDI (St Austell) Limited	Shirebrook ⁶	7852284	100
SDI (St Helena) Limited	Shirebrook ⁶	7852281	100
SDI (Stafford) Limited	Shirebrook ⁶	8568681	100
SDI (Staines) Limited	Shirebrook ⁶	11646482	100
SDI (Stoke Langton) Limited	Shirebrook ⁶	7853877	100
SDI (Stoke Newington) Limited	Shirebrook ⁶	7852207	100
SDI (Strabane) Limited	Shirebrook ⁶	9890243	100
SDI (Streatham) Limited	Shirebrook ⁶	10066335	100
SDI (Strood) Limited	Shirebrook ⁶	7852251	100
SDI (Sunderland) Limited	Shirebrook ⁶	8755347	100
SDI (Sunderland High Street) Limited	Shirebrook ⁶	10107775	100
SDI (Sutton) Limited	Shirebrook ⁶	1128011	100
SDI (Swindon) Limited	Shirebrook ⁶	9888662	100
SDI (Tallaght) Limited	Shirebrook ⁶	10915203	100
SDI (Taunton) Limited	Shirebrook ⁶	7852191	100
SDI (The Lion Hotel) Limited	Shirebrook ⁶	6836880	100
SDI (Thurrock) Limited	Shirebrook ⁶	10089743	100
SDI (Trowbridge) Limited	Shirebrook ⁶	12355661	100
SDI (Uxbridge) Limited	Shirebrook ⁶	10177276	100
SDI (Uxbridge 2) Limited	Shirebrook ⁶	9127376	100
SDI (Wokefield) Limited	Shirebrook ⁶	8483711	100
SDI (Walsall) Limited	Shirebrook ⁶	7852289	100
SDI (Warford) Limited	Shirebrook ⁶	6328505	100
SDI (Weymouth) Limited	Shirebrook ⁶	6716652	100
SDI (Widnes) Limited	Shirebrook ⁶	8576472	100
SDI (Wigan) IP Limited	Shirebrook ⁶	6835407	100
SDI (Wigan) Retail Limited	Shirebrook ⁶	8208933	100
SDI (Wishaw) Limited	Shirebrook ⁶	6656365	100
SDI (Wolverhampton) Limited	Shirebrook ⁶	9788373	100
SDI (Wrexham) Limited	Shirebrook ⁶	10915200	100
SDI (Wythenshawe) Limited	Shirebrook ⁶	9659156	100
SDI (York) Limited	Shirebrook ⁶	11313191	100
SDI 2300 Collins LLC	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County DE 19801, United States	6870031	100
SDI 735 Collins LLC	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County DE 19801, United States	68700128	100
SDI Aviation Limited*	Shirebrook ⁶	9633152	100
SDI Fitness (Armagh) Limited	Shirebrook ⁶	9038768	100
SDI Fitness (Atlas) Limited	Shirebrook ⁶	9749030	100

NAME	REGISTERED OFFICE ADDRESS	COMPANY NUMBER	PERCENTAGE OF ISSUED SHARE CAPITAL HELD
SDI Fitness (Bedford) Limited	Shirebrook ¹	9038839	100
SDI Fitness (Belfast) Limited	Shirebrook ¹	9038724	100
SDI Fitness (Birmingham) Limited	Shirebrook ¹	9038982	100
SDI Fitness (Bury St Edmunds) Limited	Shirebrook ¹	9038949	100
SDI Fitness (Cambridge) Limited	Shirebrook ¹	9038881	100
SDI Fitness (Cheltenham) Limited	Shirebrook ¹	9039840	100
SDI Fitness (Chester) Limited	Shirebrook ¹	9038943	100
SDI Fitness (Colchester) Limited	Shirebrook ¹	9039011	100
SDI Fitness (Croydon) Limited	Shirebrook ¹	9039243	100
SDI Fitness (Dartvy) Limited	Shirebrook ¹	9039023	100
SDI Fitness (Epsom) Limited	Shirebrook ¹	9039043	100
SDI Fitness (Foreham) Limited	Shirebrook ¹	9039057	100
SDI Fitness (Farnby) Limited	Shirebrook ¹	9039895	100
SDI Fitness (Glasgow) Limited	Shirebrook ¹	9038811	100
SDI Fitness (Guildford) Limited	Shirebrook ¹	9039269	100
SDI Fitness (Hove) Limited	Shirebrook ¹	9039010	100
SDI Fitness (Huntingdon) Limited	Shirebrook ¹	9039881	100
SDI Fitness (Ivy) Limited	Shirebrook ¹	9753389	100
SDI Fitness (K Heath) Limited	Shirebrook ¹	9039717	100
SDI Fitness (K Lynn) Limited	Shirebrook ¹	9039847	100
SDI Fitness (Kettering) Limited	Shirebrook ¹	9039852	100
SDI Fitness (Lincoln City) Limited	Shirebrook ¹	9039331	100
SDI Fitness (Lincoln South West) Limited	Shirebrook ¹	9039319	100
SDI Fitness (Liverpool) Limited	Shirebrook ¹	9039347	100
SDI Fitness (Maldstone) Limited	Shirebrook ¹	9039343	100
SDI Fitness (Manchester) Limited	Shirebrook ¹	9039339	100
SDI Fitness (Mingoville) Limited	Shirebrook ¹	9039510	100
SDI Fitness (Newark) Limited	Shirebrook ¹	9039640	100
SDI Fitness (Northfield) Limited	Shirebrook ¹	9039412	100
SDI Fitness (Pacola) Limited	Shirebrook ¹	9039481	100
SDI Fitness (Rugby) Limited	Shirebrook ¹	9039408	100
SDI Fitness (Sale) Limited	Shirebrook ¹	9039405	100
SDI Fitness (Salisbury) Limited	Shirebrook ¹	9039429	100
SDI Fitness 1 Limited	Shirebrook ¹	12371923	100
SDI Fitness 10 Limited	Shirebrook ¹	12372368	100
SDI Fitness 2 Limited	Shirebrook ¹	12372165	100
SDI Fitness 3 Limited	Shirebrook ¹	12372169	100
SDI Fitness 4 Limited	Shirebrook ¹	12372174	100
SDI Fitness 5 Limited	Shirebrook ¹	12372199	100
SDI Fitness 6 Limited	Shirebrook ¹	12372224	100
SDI Fitness 7 Limited	Shirebrook ¹	12372218	100
SDI Fitness 8 Limited	Shirebrook ¹	12372305	100

NAME	REGISTERED OFFICE ADDRESS	COMPANY NUMBER	PERCENTAGE OF ISSUED SHARE CAPITAL HELD
SDI Fitness 9 Limited	Shirebrook ¹	12372303	100
SDI Four Limited	Shirebrook ¹	979779	100
SDI Gift Card LLC	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County DE 19801, United States	56773735	100
SDI Golf Limited	Shirebrook ¹	9081512	100
SDI Holdings USA, Inc.	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County DE 19801, United States	6651201	100
SDI Lifestyle Limited	Shirebrook ¹	8293614	100
SDI Newco N10 Limited	Shirebrook ¹	8578776	100
SDI Newco No.2 Limited	Shirebrook ¹	8158599	100
SDI Newco No.5 Limited	Shirebrook ¹	9062747	100
SDI Newco Shire Limited	Shirebrook ¹	8177495	100
SDI Properties (USA) Inc.	Corporation Service Company, 3 Office Park Court, Suite 103 Columbia, United States	535872	100
SDI Properties (Wigan) Limited	Shirebrook ¹	6836522	100
SDI Property Limited	Shirebrook ¹	2767493	100
SDI Property (Europe) B.V.	Van Karijnenburgweg 45, 4679PL Bergen op Zoom, The Netherlands	69042584	100
SDI Property (Evans Cycles) Limited	Shirebrook ¹	11646219	100
SDI Property US Inc	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County DE 19801, United States	68700024	100
SDI Property US Limited	Shirebrook ¹	11323420	100
SDI Retail Services Limited	Shirebrook ¹	8143303	100
SDI Retailing Limited	Shirebrook ¹	9283231	100
SDI Shirebrook DC Limited	Shirebrook ¹	2963189	100
SDI Shirebrook Limited	Shirebrook ¹	3016549	100
SDI Shirebrook Shop Limited	Shirebrook ¹	3018210	100
SDI Sport London Limited	Shirebrook ¹	9848767	100
SDI Sports (East Ham) Limited	Shirebrook ¹	10259103	100
SDI Sports (SC 2016) Ltd	Shirebrook ¹	429750	100
SDI Sports (Stoke) Limited	Shirebrook ¹	10163722	100
SDI Sports Group Americas, LLC	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County DE 19801, United States	2047393	100
SDI Stores LLC	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County DE 19801, United States	1240332	100

NAME	REGISTERED OFFICE ADDRESS	COMPANY NUMBER	PERCENTAGE OF ISSUED SHARE CAPITAL HELD
SDI USA LLC	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County DE 19801, United States	6385155	100
SDI Ventures LLC	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County DE 19801, United States	6870023	100
SDIL S.A.	Parc Industriel Avenue Ernest, Solvay 29 1480 Saintes, Belgium	810.198.636	100
SDI.com Fitness Parent Limited	Shirebrook [®]	9082454	100
Sevensong Limited	Shirebrook [®]	2997208	100
Seven Strong Limited	Shirebrook [®]	7756386	100
Shellco A3 Limited	Shirebrook [®]	10667408	100
SIA Sportland	A. Deglava str 50 LV-1-35 Riga, Latvia	40003530961	60
SIA Sportsdirect.com	A. Deglava str 50 LV-1-35 Riga, Latvia	40103932873	51
Ski and Outdoor Warehouse Limited	Shirebrook [®]	2917223	100
Skins IP Limited	Shirebrook [®]	12168568	100
Slozenger Carlton (Holdings) Limited	Shirebrook [®]	10463051	100
Slozengers Australia Limited	Shirebrook [®]	9217319	100
Slozengers Limited	Shirebrook [®]	1166000	100
Smith & Brooks (Germany) Limited	Shirebrook [®]	5427463	100
Smith & Brooks (India) Limited	Shirebrook [®]	2964528	100
Smith & Brooks Limited	Shirebrook [®]	2073720	100
Smith And Brooks Group Limited	Shirebrook [®]	4079331	100
Smith And Brooks Holdings Limited	Shirebrook [®]	4983573	100
SNO Sport Vertriebs GmbH	Flugplatzstraße 30, 4600, Wels, Austria	272671 m	100
Sofa.com Bidco Limited	Shirebrook [®]	9341955	100
Sofa.com Ltd	Shirebrook [®]	5222498	100
Sofa Manufacture Ireland Limited	The Black Church, St. Mary's Place, Dublin D07 P166, Ireland	69923	100
Sofa.com BV	Plaza 4 V 6, Den Dungen, 5275HK, The Netherlands	17196766	100
Sondico IP Limited	Shirebrook [®]	6546121	100
Sondico Japan Ltd	1-6-18 Nishishinbashi, Chuo-ku, Osaka City, Osaka BIGSTEP 3F, Japan	1200-01-222026	45
Spinsort Limited	Shirebrook [®]	6029888	100
Sport Eybl & Sports Experts Logistikbetriebs GmbH	Flugplatzstraße 30, 4600, Wels, Austria	96024 m	100
Sport Eybl Holding GmbH	Flugplatzstraße 30, 4600, Wels, Austria	180095 s	100
Sportland Eesti A.S.	Pärnu mnt 139c Kesklinna, Tallinn, Estonia, 11317	10677712	60

NAME	REGISTERED OFFICE ADDRESS	COMPANY NUMBER	PERCENTAGE OF ISSUED SHARE CAPITAL HELD
Sportland International Group A.S.	Pärnu mnt 139c Kesklinna, Tallinn Estonia 11317	10993195	60
Sports Commission Limited	Shirebrook [®]	4824491	100
Sports Direct Brands Limited	Shirebrook [®]	6026039	100
Sports Direct Holdings Limited	Shirebrook [®]	6464317	100
Sports Direct International Holdings Limited	Shirebrook [®]	6027131	100
Sports Direct International Limited	Shirebrook [®]	11775757	100
Sports Direct MST Sdn Bhd	Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 52000 Kuala Lumpur, Wilayah Persekutuan, Malaysia	925116-M	51
Sports Direct Retail Limited	Shirebrook [®]	6026013	100
Sports World International Limited	Shirebrook [®]	6531266	100
Sports World The Netherlands B.V.	Van Konijnenburgweg 45, 4612 PL Bergen op zoom, The Netherlands	34056291	100
Sportsdirect (Iceland) ehf	Skogarind 2, 201, Kópavogur, Iceland	6301121760	100
Sportsdirect.com (Asia) Ltd	Unit 1903B 6 1905, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong	1216339	100
Sportsdirect.com (Shanghai) Limited	Room 315, 3rd Floor Building 2, No 239 Gang'ao Road, China (Shanghai) Pilot Free Zone, Shanghai, China	91310715MA1K463A68	90
Sportsdirect.com (Taiwan) Limited	17F-5, No.500, Shizheng Rd, Xitun District, 40751, Taiwan	82770619	95
Sports Direct (Singapore) Pte.Ltd	6 Eu Tong Sen Street, #11-09, The Central, 059817, Singapore	2020045422	51
Sports Direct Asia Retail Sdn Bhd	Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur W.P. Malaysia	201901040821	51
Sportsdirect.com Austria GmbH	Flugplatzstraße 30, 4600, Wels, Austria	309738 y	100
Sportsdirect.com Belgium S.A.	Parc Industriel Avenue Ernest, Solvay 29 1480 Saintes, Belgium	416.268.471	100
Sportsdirect.com China Pte	C25, 3rd Floor, ASEAN Building, 690 Minshi Avenue, Ximeliu Community, Minshi Street, Longhua District, Shenzhen, China	914403005799 87503D	100
Sportsdirect.com Cyprus Limited	Miltiades Stylianou 34B, Shop 2, 8577 Tala, Paphos, Cyprus	HE 230340	100
Sportsdirect.com Czech Republic s.r.o.	Prague 1 - Nové Město, Na Pankl 1079/3a, 100 00, Czech Republic	24266933	100
Sportsdirect.com Fitness Limited	Shirebrook [®]	9028577	100
Sportsdirect.com France	Zac des Bataux, Rue des Bataux, 9100, Villabon, France	FR27379062813	100
Sportsdirect.com Hungary Kft	H-1053 Budapest, Károlyi Mihály utca 15, Hungary	01-09-986824	100

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NAME	REGISTERED OFFICE ADDRESS	COMPANY NUMBER	PERCENTAGE OF ISSUED SHARE CAPITAL HELD
Sportsdirect.com Immobilien GmbH	Flugplatzstraße 30, 4600, Weis, Austria	104151 p	100
Sportsdirect.com Malta Limited	Brewery Street, Zone 3 Central Business District, Birkirkara CBD 3040, Malta	C99278	100
Sportsdirect.com Luxembourg	Op d'Schmëtt, L-9964 Huldange, Luxembourg	2700 3200 297	100
Sportsdirect.com Media Limited	Shirebrook ⁽¹⁾	9127526	100
Sportsdirect.com Poland S.P. z o.o.	00-872, Warsaw 5 Skłodowska Street, 01-888 Poznań, Poland	452610	100
Sportsdirect.com Pty Ltd Australia	c/o Norton Rose Fulbright LLP, 685 Bourke Street, Melbourne VIC 3000, Australia	603 187 319	100
Sportsdirect.com Retail (Europe) S.A.*	Parc Industriel, Avenue Ernest Solvay 29, 1480 Saintes, Belgium	458883046	100
Sportsdirect.com Retail Limited ⁽²⁾	Shirebrook ⁽¹⁾	3406347	100
Sports Direct Spain, S.L.U.	Centro Comercial Puerto Venecia, Local B4, Travesía de las Jardines Reales no 7, 50021, Zaragoza, Spain	B-86567880	100
Sportsdirect.com Slovakia s.r.o.	Vysoká 2/B, 81106, Bratislava, Slovakia	47 240 458	100
Sportsdirect.com SLVN d.o.o.	Planjava 4, 1236 Trzin, Slovenia	1198157000	100
Sportsdirect.com Switzerland A.G.	Zeuhausgasse 27, 3011 Bern, Switzerland	331683.991	100
Sportsdirect.com Vienna North GmbH	Flugplatzstraße 30, 4600 Weis, Austria	FN104486G	100
SSG Sport GmbH (SSG)	Veinhofstr. 48, 94036, Passau, Germany	HRB 7134	100
Sterling Resources (Holdings) Limited	Shirebrook ⁽¹⁾	4651701	100
Sterling Resources Limited	Shirebrook ⁽¹⁾	143254	100
Stirlings (Argyle Street) Limited	Martin House, 184 Ingram Street, Glasgow, G1 1DN	SC088108	100
Straub Corporation Limited	Shirebrook ⁽¹⁾	3003584	100
Strike Success Ltd	Shirebrook ⁽¹⁾	11830529	100
Summercombe 167 Limited	Shirebrook ⁽¹⁾	6217909	100
Suplay Investments S.L.	C.C. Puerto Venecia, Local B4, Trav. Jardines Reales, 7, 50021 Zaragoza, Spain	B88542691	100
SWimmo Eupen SA	Parc Industriel, Avenue Ernest Solvay 29 1480 Saintes, Belgium	878672906	100
Table Tennis Pro Europe Ltd	Shirebrook ⁽¹⁾	5003853	100
The Antigua Group, Inc.	1665 North 84th Avenue, Peoria, Arizona, 85382-4772, United States	c77343-1994	100
The Cycling Bug Limited	Shirebrook ⁽¹⁾	7163983	100
The Flannels Group Limited	Shirebrook ⁽¹⁾	2218510	100
The Running Bug Limited	Shirebrook ⁽¹⁾	7164014	100
The Trademark Licensing Company Limited	Shirebrook ⁽¹⁾	4477829	100
TJA Sports (UK) PTE Limited	Shirebrook ⁽¹⁾	5550396	100
Total Estates Limited	Shirebrook ⁽¹⁾	4958214	100

FRASERS GROUP

NAME	REGISTERED OFFICE ADDRESS	COMPANY NUMBER	PERCENTAGE OF ISSUED SHARE CAPITAL HELD
Tri Yeovil UK Limited	Shirebrook ⁽¹⁾	10680690	100
UAB SDI (Gedimino) LT	Seimyniskiu g. 3, Vilnius, Lithuania	135039836	51
UAB Sportland LT	Seimyniskiu g. 3, Vilnius, Lithuania	135039836	51
UAB Sportsdirect.com	Seimyniskiu g. 3, Vilnius, Lithuania	304155613	51
Universal Cycles Limited	Shirebrook ⁽¹⁾	1338667	100
USA Pro IP Limited	Shirebrook ⁽¹⁾	6497914	100
USC IP Limited	Shirebrook ⁽¹⁾	6836808	100
USC.co.uk Retail Limited	Shirebrook ⁽¹⁾	8617068	100
Used Tackle Limited	Shirebrook ⁽¹⁾	7989154	100
Van Mildert (Lifestyle) Limited	Shirebrook ⁽¹⁾	8319959	100
Vinecomb Investments Holdings Limited	Shirebrook ⁽¹⁾	10161836	100
Vinecomb Investments Limited	Shirebrook ⁽¹⁾	2206022	100
Visionfigure Limited	Shirebrook ⁽¹⁾	2951233	100
Voodoo Dolls Brand Limited	Shirebrook ⁽¹⁾	5323305	100
Wareshop1 Limited	Shirebrook ⁽¹⁾	9870849	100
Wareshop2 Limited	Shirebrook ⁽¹⁾	9870840	100
Wareshop3 Limited	Shirebrook ⁽¹⁾	9870808	100
Warrnambool	Hazton House, IDA Business Park, Whitestown, Dublin 24, Ireland	387014	100
Waterline Angling Products Limited	Shirebrook ⁽¹⁾	2696374	100
West Coast Capital (HOFCO) Limited	15 Atholl Crescent, Edinburgh, EH3 8HA	SC437614	100
Westminster Manufacturing LLC	2 Office Park Court, Suite 103, Columbia SC 29233, United States	44358	100
Wildow Limited	Shirebrook ⁽¹⁾	4571678	100
William Sykes Limited	Shirebrook ⁽¹⁾	123229	100
World of Service International Limited	Shirebrook ⁽¹⁾	1202465	100
World of Service Limited	Shirebrook ⁽¹⁾	6020729	100
Worthyland Limited	Shirebrook ⁽¹⁾	2959978	100
Y&V. Limited	Shirebrook ⁽¹⁾	9350127	100
Yeomans Outdoors Limited	Shirebrook ⁽¹⁾	8058714	100
Zapora SP z o.o.	ul. Żemlicka 22, Rakówko, 62-023 Gogół, Poland	KRS 0000459435	100

(1) Unit A, Brook Park East, Shirebrook, NG20 8RY

(2) Direct shareholdings held by Frasers Group plc.

Unity House, Telford Road, Basingstoke, Hampshire, RG12 6YJ

Fraser's Group plc intends to provide a parental guarantee for the following United Kingdom incorporated subsidiaries thus entitling them to exemption from statutory audit under s479A of the Companies Act 2006.

COMPANY NAME	COMPANY NUMBER	COMPANY NAME	COMPANY NUMBER
Direct Fishing Limited	08203469	SDI (Gloucester) Limited	07852067
Hot Tuna IP Limited	06836792	SDI (Hastings) Limited	08625893
SD Equestrian Limited	08692780	SDI (Hereford) Limited	09888642
SD Outdoor Limited	08560260	SDI (Hemel) Limited	08319960
SDI (Aberdeen) Limited	08512592	SDI (Hoh Holdings) Limited	10161592
SDI (Aberystwyth) Limited	02789996	SDI (Hounslow) Limited	10086218
SDI (Aintree) Limited	03352462	SDI (Hull) Limited	09638564
SDI (Ashford) Limited	07848460	SDI (Hole Of Man) Limited	09901745
SDI (Ashington) Limited	07849231	SDI (K Lynn) Limited	10073076
SDI (Ayr) Limited	05528267	SDI (Keighley) Limited	06260239
SDI (Bangor) Limited	05529705	SDI (Kendall) Limited	06328918
SDI (Barrow In Furness) Limited	07851574	SDI (Kentish Town) Limited	09901702
SDI (Baddogate) Limited	08577551	SDI (Kiddermister) Limited	09203731
SDI (Ballast) Limited	09872471	SDI (Nuneaton) Limited	07852249
SDI (Bewick) Limited	02739957	SDI (Oswestry) Limited	07852363
SDI (Betws-Y-Coed) Limited	06836673	SDI (Oxford Street) Limited	10046080
SDI (Bewleyhead) Limited	09788372	SDI (Paisley) Limited	02933408
SDI (Birkenhead) Limited	07849198	SDI (Penzance) Limited	07852297
SDI (Bishop Auckland) Limited	03004246	SDI (Peterlee) Limited	07852401
SDI (Bridgwater) Limited	07852061	SDI (Plymouth Flannels) Limited	09127287
SDI (Brixton) Limited	09127300	SDI (Plymouth) Limited	09470468
SDI (Burtton) Limited	08495632	SDI (Ramsgate) Limited	07852250
SDI (Cardiff Flannels) Limited	10177359	SDI (Reading) Limited	10422164
SDI (Carlisle) Limited	07851959	SDI (Redcar) Limited	02731452
SDI (Chatham) Limited	06836679	SDI (Rolle St) Limited	07852669
SDI (Clacton) Limited	07852078	SDI (Romford) Limited	10071547
SDI (Colchester) Limited	05632790	SDI (Salisbury) Ltd	10107572
SDI (Darlington) Limited	10915193	SDI (Scarborough) Limited	06328463
SDI (Doncaster) Limited	09888670	SDI (Scunthorpe) Limited	07852055
SDI (Dundee) Limited	09702004	SDI (Slough) Limited	07852417
SDI (Dunfermline) Limited	08483679	SDI (Solihull) Limited	08612647
SDI (East Ham) Limited	09810378	SDI (Southampton 2) Limited	09665889
SDI (East Kilbride) Limited	06656368	SDI (Southampton) Limited	08512480
SDI (Edinburgh) Limited	10100990	SDI (Southport) Limited	09888806
SDI (Enfield) Limited	10086209	SDI (St Austell) Limited	07852284
SDI (Fulham) Limited	07852037	SDI (St Helens) Limited	07852281
SDI (Gainsborough) Limited	06338907	SDI (Stafford) Limited	08566681
SDI (Glasgow) Limited	07852091	SDI (Stoke Langton) Limited	07853877
SDI (Glasgow Fort) Limited	09861504	SDI (Stoke Newington) Limited	07852207
SDI (Glasgow Ingram Street) Limited	09925519	SDI (Strabane) Limited	09890243

COMPANY NAME	COMPANY NUMBER	COMPANY NAME	COMPANY NUMBER
SDI (Sneatham) Limited	10066335	SDI (Kilmarnock) Limited	07853433
SDI (Strood) Limited	07852251	SDI (Kingston) Limited	10915209
SDI (Sunderland High Street) Limited	10107775	SDI (Kirkcaldy) Limited	07852097
SDI (Sunderland) Limited	08755347	SDI (Leeds) Limited	09293515
SDI (Swindon) Limited	09888662	SDI (Leicester) Limited	09127170
SDI (Tallaght) Limited	10915203	SDI (Liverpool) Limited	09888734
SDI (Taunton) Limited	07852197	SDI (Lowestoft) Limited	07852265
SDI (Thurrock) Limited	10089743	SDI (Luton) Limited	10161834
SDI (Uxbridge 2) Limited	09127316	SDI (Luton) Limited	09680825
SDI (Uxbridge) Limited	10177276	SDI (Manchester Cheetham Hill) Limited	10100969
SDI (Wakefield) Limited	08483711	SDI (Manchester Denton) Limited	09127295
SDI (Walsall) Limited	07852289	SDI (Market Road) Limited	10799247
SDI (Watford) Limited	06328505	SDI (Middlesbrough) Limited	10081909
SDI (Weymouth) Limited	06716652	SDI (Nassau Street) Limited	10277964
SDI (Wishaw) Limited	06656365	SDI (Neath) Limited	07853548
SDI (Wolverhampton) Limited	09788373	SDI (New Cavendish Street) Limited	06306917
SDI (Wythenshawe) Limited	09659156	SDI (Newark) Limited	07853470
SDI Four Limited	09197779	SDI (Newcastle) Limited	09127286
SDI Golf Limited	09083512	SDI (Newport) Limited	08679118
SDI Properties (Wigan) Limited	06836532	SDI (Newquay) Limited	10089800
SDI Property Limited	02767693	SDI (Newton Abbot) Limited	06836666
SDI Sport London Limited	09848767	SDI (Northampton) Limited	07852272
SDI Sports (East Ham) Limited	10259103	SDI (Nottingham) Limited	10100609
SDI Sports (Stoke) Limited	10163722	Wareshop1 Limited	09870849
Stirling's (Argyle Street) Limited	SC088108	Wareshop3 Limited	09870808
Vinecomb Investments Holdings Limited	10161816		

FRASERS GROUP PLC COMPANY BALANCE SHEET

at 26 April 2020

	Notes	As at 26 April 2020 (£m)	As at 28 April 2019 (£m)
FIXED ASSETS			
Investments	2	1,235.8	1,216.1
CURRENT ASSETS			
Trade and other receivables	4	86.8	42.1
Cash at bank and in hand		333.6	139.5
		420.4	181.6
Trade and other payables	5	(901.5)	(558.8)
Net current liabilities		(481.1)	(377.2)
NET ASSETS		754.7	838.9
CAPITAL AND RESERVES			
Called up share capital	7	64.1	64.1
Share premium		874.3	874.3
Treasury shares reserve		(295.7)	(281.7)
Permanent contribution to capital		0.1	0.1
Capital redemption reserve		8.0	8.0
Own share reserve		(67.0)	(67.2)
Profit and loss account		170.9	241.3
Shareholders' funds		754.7	838.9

Frasers Group plc reported a loss after taxation for the 52 weeks ended 26 April 2020 of £47.7m (FY19: a loss of £5.6m).

The accompanying accounting policies and notes form part of these financial statements.

The financial statements were approved by the Board on 20 August 2020 and were signed on its behalf by:

Chris Wootton

Chief Financial Officer

Company number: 06035106

COMPANY STATEMENT OF CHANGES IN EQUITY

For the 52 weeks ended 26 April 2020

	Called up share capital (£m)	Share premium account (£m)	Treasury share reserve (£m)	Perm contrn to capital (£m)	Capital redemption reserve (£m)	Own share reserve (£m)	Profit & Loss Account (£m)	Total (£m)
As at 29 April 2018 (restated in the period ended 28 April 2019)	64.1	874.3	(290.0)	0.1	8.0	(69.0)	398.9	986.4
Loss for the financial period	-	-	-	-	-	-	(5.6)	(5.6)
Fair value adjustment in respect of long-term financial assets - recognised	-	-	-	-	-	-	(152.0)	(152.0)
Share purchase	-	-	(1.7)	-	-	1.8	-	0.1
Reversal of prior year fair valuation of share buyback contractual obligation	-	-	40.0	-	-	-	-	40.0
Fair valuation of share buyback contractual obligation	-	-	(30.0)	-	-	-	-	(30.0)
As at 28 April 2019	64.1	874.3	(281.7)	0.1	8.0	(67.2)	241.3	838.9
Loss for the financial period	-	-	-	-	-	-	(47.7)	(47.7)
Fair value adjustment in respect of long-term financial assets - recognised	-	-	-	-	-	-	(22.7)	(22.7)
Share purchase	-	-	(44.0)	-	-	0.2	-	(43.8)
Reversal of prior year fair valuation of share buyback contractual obligation	-	-	30.0	-	-	-	-	30.0
As at 26 April 2020	64.1	874.3	(295.7)	0.1	8.0	(67.0)	170.9	754.7

The share premium account is used to record the excess proceeds over nominal value on the issue of shares. The permanent contribution to capital relates to a cash payment of £50,000 to the Company on 8 February 2007 under a deed of capital contribution. The capital redemption reserve arose on the redemption of the Company's redeemable preference shares of 10p each at par on 2 March 2007. The own shares and treasury reserves represent the cost of shares in Frasers Group plc purchased in the market and held by Frasers Group plc Employee Benefit Trust to satisfy options under the Group's Share Scheme. For further information see note 26 on page 96.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the 52 weeks ended 26 April 2020

1. ACCOUNTING POLICIES

Accounting Policies

Frasers Group plc (the "Company") (Company number: 06035106) is a company incorporated and domiciled in the United Kingdom, its shares are listed on the London Stock Exchange. The registered office is Unit A, Brook Park East, Shirebrook, NG20 8RY.

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 £0.1m.

These accounts have been prepared in accordance with applicable United Kingdom accounting standards. A summary of the material accounting policies adopted are described below.

Basis Of Accounting

The accounts have been prepared under the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

These Financial Statements for the period ended 26 April 2020 are prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

As permitted by s408 of the Companies Act 2006, a profit and loss account of the Company is not presented. The Company's loss after taxation for the 52 week period ended 26 April 2020 was £47.7m (2019: loss of £5.6m).

As permitted by FRS 102 the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of a Cash Flow Statement, share-based payments, 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.

Principal Activity

The principal activity of Frasers Group plc is that of an investment holding company.

Investments

Fixed asset investments in subsidiaries are accounted for at cost less provision for impairment. In the Group accounts associates are accounted for under the equity method by which the Group's investment is initially recorded at cost and subsequently adjusted to reflect the Group's share of the net assets of the associate. As this is not permitted under FRS102 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.

In the current year the Company has followed the requirements of IFRS 9 for listed investments, as permitted by FRS 102 Section 12. On initial application of IFRS 9 the Company has made the irrevocable election available under IFRS 9 to account for the investments at fair value through the other comprehensive income (FVOCI).

Fair value movements through other comprehensive income

Elections are made on an instrument-by-instrument basis to account for movements in selected instruments through other comprehensive income. The Company has elected to account for movements in its listed investments through other comprehensive income. These investments are not subject to impairment and gains and losses are not recycled to the profit and loss account on the disposal of listed investments. Dividend income is recognised in the profit and loss account.

This treatment does not apply to investments in the Company's subsidiaries and associates where movements are recognised in the profit and loss account and investments are subject to impairment.

Associates

An entity is treated as an associated undertaking where the group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

Financial Assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment. Provision for impairment is established when there is objective evidence that the Company will not be able to collect amounts due according to the original terms of the receivable.

Financial Liabilities

Financial liabilities are classified according to the substance of the financial instrument's

contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (after deducting transaction costs) and subsequently held at amortised cost.

Employee Benefit Trust

An Employee Benefit Trust has been established for the purposes of satisfying certain share based awards. The Group has 'de facto' control over the special purpose entity.

The cost of shares acquired by the Sports Direct Employee Benefit Trust is recognised within 'Own share reserve' in equity.

Deferred Taxation

Deferred tax is provided for on a full provision basis on all timing differences, which have arisen but not reversed at the Balance Sheet date. A deferred tax asset is not recognised to the extent that the transfer of economic benefit in the future is more unlikely than not.

Deferred tax is calculated on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

Foreign Currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the Balance Sheet date. All differences are taken to the profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Dividends

Dividends on the Company's ordinary shares are recognised as a liability in the Company's financial statements, and as a deduction from equity, in the period in which the dividends are

declared. Where such dividends are proposed subject to the approval of the Company's shareholders, the dividends are only declared once shareholder approval has been obtained.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company, with the exception of those accounted for via merger relief available under s612 of the Companies Act 2006, are recorded at the proceeds received, net of any direct issue costs.

Income From Group Undertakings

Income from Group undertakings is recognised when qualifying consideration is received from the Group undertaking.

Related Party Transactions

The Company has taken advantage of the exemption contained in FRS 102 and has therefore not disclosed transactions or balances with wholly-owned subsidiaries which form part of the Group. See note 35 for further details of related party transactions.

Share-Based Payments

The Company issues equity-settled share-based payments to certain Directors and employees of the Company and its subsidiaries.

The fair value of the share options on the date of the grant is charged to the profit and loss account 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 Balance Sheet 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 profit and loss account.

Critical Accounting Estimates And Judgements

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.

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

Control and Significant Influence Over Certain Entities

The Company holds greater than 20% of the voting rights of Studio Retail Group plc and French Connection Group plc. The Company exercises the same judgements as per note 2 of the Group financial statements on assessing whether it has control and significant influence over associates and joint ventures.

Impairment of Investments

At each period end management assess the future performance of entities with which the Company holds an investment in to ascertain the future economic value of its investments. Judgement is involved in the assessment of future performance. As at the period end the Directors have reviewed the carrying value of its investments and has made impairments as disclosed in note 2 of the Company Financial Statements.

2. INVESTMENTS

	Investment in subsidiaries	Investments in associates	Long-term financial assets	Total
	(£m)	(£m)	(£m)	(£m)
As at 29 April 2018	1,124.2	-	245.9	1,370.1
Additions	-	-	58.9	58.9
Transfer	-	13.4	(13.4)	-
Impairment charge	-	(2.4)	-	(2.4)
Disposals	-	-	(58.5)	(58.5)
Amounts recognised through other comprehensive income	-	-	(152.0)	(152.0)
As at 28 April 2019	1,124.2	11.0	80.9	1,216.1
Additions	37.5	4.8	24.2	66.5
Transfer	15.8	(15.8)	-	-
Impairment charge	(22.0)	-	-	(22.0)
Disposals	-	-	(2.1)	(2.1)
Amounts recognised through other comprehensive income	-	-	(22.7)	(22.7)
As at 26 April 2020	1,155.5	-	80.3	1,235.8

The fair value of the long-term financial assets is based on bid quoted market prices at the Balance Sheet date or where market prices are not available, at management's best estimate.

Long-term financial assets include various holdings including a 36.9% stake in Studio Retail Group plc (formerly Findel plc), a 26.1% stake in French Connection Group plc and a 12.5% stake in Mulberry Group plc for further details refer to note 20 of the Group financial statements.

For further disclosures in relation to investments in associates and long-term financial assets see notes 19 and 20 of the Group financial statements.

The Directors assess the value of the investments in subsidiaries at each period end for indicators of impairment. For the period ended 26 April 2020 an impairment loss of £22.0m has been recognised within the Income statement for loss making companies where the recoverable amount is less than the carrying value (2019: £Nil).

The Company is the principal holding company of the Group. The principal subsidiary undertakings of the Company are set out in note 38 of the Group financial statements.

The Group's policies for financial risk management are set out in note 3 and note 30 of the Group financial statements.

3. FINANCIAL INSTRUMENTS

Financial Assets And Liabilities By Category

The fair value hierarchy of financial assets and liabilities, which are principally denominated in Sterling or US Dollars, were as follows:

	26 April 2020	28 April 2019
	(£m)	(£m)
FINANCIAL ASSETS		
Amortised cost:		
Trade and other receivables*	74.3	37.4
FVOCI:		
Long-term financial assets (Equity Instruments)	80.3	80.9
Derivative financial assets (FV):		
Derivative financial assets - contracts for difference	7.7	-
	162.3	118.3
FINANCIAL LIABILITIES		
Amortised cost:		
Trade and other payables	867.1	558.8
Derivative financial liabilities (FV):		
Derivative financial liabilities - contracts for difference	34.4	-
	901.5	558.8

* Prepayments of £0.1m (FY19: £0.1m), corporation tax of £10m (FY19: £13m) and deferred tax assets of £3.7m (FY19: £3.3m) are not included as a financial asset.

4. TRADE AND OTHER RECEIVABLES

	26 April 2020	28 April 2019
	(£m)	(£m)
Amounts owed by Group undertakings	-	2.5
Derivative financial assets	7.7	-
Deposits in respect of derivative financial instruments	74.3	34.9
Prepayments	0.1	0.1
Corporation Tax	1.0	1.3
Deferred tax assets (note 6)	3.7	3.3
	86.8	42.1

Deposits in respect of derivative financial instruments are collateral to cover margin requirements for derivative transactions held with counterparties. The collateral requirement changes with the market (which is dependent on share price, interest rates and volatility) and further purchases / sales of underlying investments held.

Further information on derivative financial assets can be found in the Group consolidated accounts in the financial instruments note 30 and the financial risk management note 3.

5. TRADE AND OTHER PAYABLES

	26 April 2020	28 April 2019
	(£m)	(£m)
Trade creditors	0.5	0.2
Amounts owed to Group undertakings	865.8	522.9
Derivative financial liabilities	34.4	-
Fair value of share buyback	-	30.0
Other creditors	0.8	5.7
	901.5	558.8

The amount owed to Group undertakings mainly relates to an unsecured interest free loan with SPORTSDIRECT.com Retail Limited which is repayable on demand.

Further information on derivative financial liabilities can be found in the Group consolidated accounts in the financial instruments note 30 and the financial risk management note 3.

6. DEFERRED TAX ASSETS

	Other temporary differences
At 29 April 2018	3.3
Credited to the profit & loss account	-
At 28 April 2019	3.3
Credited to the profit & loss account	0.4
At 26 April 2020	3.7

The tax rate used to measure the deferred tax assets and liabilities was 19% (2019: 17%) on the basis that these were the tax rates that were substantively enacted at the Balance Sheet date for the periods when the assets and liabilities are expected to reverse.

7. CALLED UP SHARE CAPITAL

	26 April 2020	28 April 2019
	(£m)	(£m)
AUTHORISED		
999,500,010 ordinary shares of 10p each	100.0	100.0
499,990 redeemable preference shares of 10p each	-	-
	100.0	100.0
CALLED UP AND FULLY PAID		
640,602,369 (2019: 640,602,369) ORDINARY SHARES OF 10p EACH	64.1	64.1
SHARE CAPITAL		
At 28 April 2019 and 26 April 2020	64.1	64.1

The Company holds 121,260,175 ordinary shares in treasury as at the period end date (FY19: 104,194,194).

8. POST BALANCE SHEET EVENTS

From 15 June all the Group's stores (with the exception of the Scottish stores which reopened on 13 July) were fully reopened following the Governments lockdown as a result of the Covid-19 pandemic.

The Group announced on the 29 June 2020 that it has increased its investment in Hugo Boss AG, and held the following interests in the common stock:

- 552,500 shares of common stock, representing 0.8% of Hugo Boss's total share capital
- 2,249,601 shares of common stock via contracts for difference, representing 3.2% of Hugo Boss's total share capital
- 4,260,000 shares of common stock via the sale of put options, representing 6.1% of Hugo Boss's total share capital

After taking into account the premium it will receive under the put options, Frasers Group's maximum aggregate exposure in connection with its acquired interests in Hugo Boss is approx. €204m (approx. GBP £186m).

On 22 July 2020 the Group sold certain IP relating to the Belong business for total consideration of \$10m (approx. £8m). A further \$7.5m may be received over the following five years if certain criteria are met, there may also be additional revenue streams from advertising and sponsorships. As part of the sale the Group has agreed to licence back some of the IP sold to continue to operate the BELONG Gaming Arenas in certain territories including the UK.

9. PAYROLL COSTS

Frasers Group plc has no direct employees, the Directors are remunerated through SPORTSDIRECT.com Retail Limited.

10. RELATED PARTY TRANSACTIONS

Related party transactions with the plc are disclosed within note 35 in the Group Financial Statements.

GLOSSARY

CONSOLIDATED FIVE YEAR RECORD

Unaudited Income statement

	52 weeks ended 26 April 2020	52 weeks ended 28 April 2019	52 weeks ended 29 April 2018 restated	52 weeks ended 30 April 2017	52 weeks ended 30 April 2016
	(£m)	(£m)	(£m)	(£m)	(£m)
CONTINUING OPERATIONS:					
Revenue	3,957.4	3,701.9	3,359.5	3,245.3	2,904.3
Cost of sales	(1,394.8)	(2,118.4)	(2,024.4)	(1,914.7)	(1,619.7)
Gross profit	1,662.6	1,583.5	1,335.1	1,330.6	1,284.6
Selling, distribution and administrative expenses	(1,564.3)	(1,413.8)	(1,172.6)	(1,255.6)	(1,021.8)
Other operating income	32.5	23.4	26.5	22.5	1.1
Impairment and accelerated depreciation	(13.1)	(41.0)	(4.8)	(17.3)	(58.5)
Profit on disposal of property	54.2	8.4	16.3	-	13.5
Profit on disposal of subsidiary	-	-	-	79.9	-
Provision against receivable & other	-	-	-	-	(5.7)
Exceptional items	41.1	(32.6)	11.5	62.6	(50.7)
Operating profit	171.9	160.5	200.5	160.1	223.2
Investment (costs) / income	(34.6)	6.7	(93.2)	111.3	148.1
Finance income	21.0	40.0	3.4	18.8	3.4
Finance costs	(29.3)	(19.4)	(40.9)	(19.4)	(15.3)
Share of (loss) / profit of associated undertakings and joint ventures	(15.9)	(8.6)	(8.7)	0.8	2.4
Revaluation of previously held equity - Step Acquisition	20.4	-	-	-	-
Profit before taxation	143.5	179.2	61.1	281.6	361.6
Taxation	(42.5)	(63.2)	(37.9)	(49.9)	(82.8)
Profit for the period	101.0	116.0	23.2	231.7	278.8
Equity holders of the Group	93.8	112.0	20.1	229.9	277.4
Non-controlling interests	7.2	4.0	3.1	1.8	1.6
Profit for the period	101.0	116.0	23.2	231.7	279.0

Notes to the consolidated Income Statement five year record:

1. All information is presented under IFRS.
2. The five year record has been prepared on the same basis as the financial statements for the 52 weeks ended 26 April 2020, as set out in note 1, basis of preparation, of the Consolidated financial statements.

ALTERNATIVE PERFORMANCE MEASURES

Reconciliation of excluding acquisitions and currency neutral performance measures FY20:

	UK Sports Retail	Premium Lifestyle	European Retail	Rest Of World Retail	Wholesale & Licensing	Group Total
Revenue						
FY20 Reported	2,203.4	722.0	697.7	174.2	160.1	3,957.4
Adjustments for acquisitions and currency neutral	(372.6)	(479.2)	(199.8)	-	-	(1,051.6)
FY20 Excluding acquisitions and currency neutral	1,830.8	242.8	497.9	174.2	160.1	2,905.8
FY19 Reported	2,187.3	535.4	599.8	215.9	163.5	3,701.9
Adjustments for acquisitions and currency neutral	(44.6)	(130.4)	(10.1)	5.7	2.8	(376.8)
FY19 Excluding acquisitions and currency neutral	2,142.7	405.0	589.7	221.6	166.3	3,325.1
% Variance	(14.6%)	18.6%	(15.4%)	(21.4%)	(3.7%)	(12.6%)
Underlying EBITDA						
FY20 Reported	227.4	4.5	51.8	(6.8)	25.2	302.1
Adjustments for acquisitions and currency neutral	12.2	34.8	5.3	-	-	52.3
FY20 Excluding acquisitions and currency neutral	239.6	39.3	57.1	(6.8)	25.2	354.4
FY19 Reported	264.7	(37.9)	29.3	(0.9)	32.6	287.8
Adjustments for acquisitions and currency neutral	17.6	51.6	(2.6)	(0.2)	0.3	66.7
FY19 Excluding acquisitions and currency neutral	282.3	12.7	26.7	(1.1)	32.9	354.5
% Variance	(15.1%)	186.9%	112.9%	(57.8%)	(23.4%)	0.0%

For details of FY18 key performance indicators please see the FY18 Annual Report.

Movement in provisions pre-IFRS 16:

	Legal and regulatory	Property related	Other	Total
	(£m)	(£m)	(£m)	(£m)
At 29 April 2018 (Restated)	72.5	130.9	12.0	215.4
Amounts provided	16.6	101.9	1.0	119.5
Reclassified from accruals	149.1	-	-	149.1
Amounts utilised / reversed	(4.2)	(34.3)	(5.0)	(43.5)
At 28 April 2019	234.0	198.5	8.0	440.5
Amounts provided	13.0	111.2	-	124.2
Amounts utilised / reversed	(21.6)	(70.8)	(5.3)	(97.7)
Acquisitions	-	10.6	-	10.6
At 26 April 2020	225.4	249.5	2.7	477.6

During the period, onerous lease provisions (pre-IFRS 16) were recognised due to an ongoing management review of the Group's store profile and strategy including current and anticipated freehold acquisitions, resulting in additional provisions being made of £16.3m in the period (Excluding acquisitions), with reference to the Groups alternative performance measures.

Reconciliation of underlying performance measures (EBITDA and PBT):

	52 weeks ended 26 April 2020		52 weeks ended 28 April 2019	
	EBITDA	PBT	EBITDA	PBT
	(£m)	(£m)	(£m)	(£m)
OPERATING PROFIT	171.9	-	160.5	-
Depreciation and amortisation	170.1	-	125.4	-
Impairment Intangibles	5.9	-	-	-
IFRS 16 depreciation	122.6	-	-	-
IFRS 16 Impairment	106.1	-	-	-
IFRS 16 Disposal of lease liabilities	(9.7)	-	-	-
	566.9	-	255.9	-
Share of (loss) / profit and impairments of associates	(15.9)	-	(8.6)	-
REPORTED	551.0	143.5	277.3	119.2
Exceptional items:				
IFRS 16 Exceptional	6.8	6.8	-	-
Other Exceptional	6.3	6.3	41.0	41.0
	13.1	13.1	41.0	41.0
IFRS 16 Reversal of rent expense	(137.5)	(137.5)	-	-
IFRS 16 Reversal of onerous lease provision	(35.5)	(35.5)	-	-
IFRS 16 depreciation	-	122.6	-	-
IFRS 16 Impairment	-	106.1	-	-
IFRS 16 Disposal of lease liabilities	-	(9.7)	-	-
IFRS 16 Interest expense	-	10.9	-	-
	(173.0)	56.9	-	-
Profit on sale of properties:				
Profit on sale of properties - pre-IFRS 16 basis	(109.3)	(109.3)	(8.4)	(8.4)
IFRS 16 sale and leaseback - Adjustment to post-IFRS 16 basis	55.1	55.1	-	-
	(54.2)	(54.2)	(8.4)	(8.4)
Loss / (profit) on disposal of listed investments	-	7.7	-	(6.7)
Realised FX (gain) / loss	(34.8)	(34.8)	(22.1)	(22.1)
Fair value adjustment on equity derivatives	-	26.9	-	-
Fair value adjustment on foreign currency contracts	-	(21.3)	-	(39.7)
Fair value gain on step acquisition	-	(20.4)	-	-
UNDERLYING	302.1	117.4	287.8	143.3

COMPANY DIRECTORY

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E14 5HQ

AUDITORS

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25 Farringdon Street
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SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING

The date, time and format of the Annual General Meeting to be announced in line with Covid-19 guidance. Each shareholder is entitled to attend and vote at the meeting, the arrangements for which are described in a separate notice.

RESULTS

For the year to 25 April 2021:

- Half year results announced: 11 December 2020
- Preliminary announcement of full year results: tbc
- Annual Report circulated: tbc

SHAREHOLDER HELPLINE

The Frasers Group shareholder register is maintained by Computershare who are responsible for making dividend payments and updating the register, including details of changes to shareholders' addresses. If you have a query about your shareholding in Sports Direct, you should contact Computershare's Frasers Group Shareholder Helpline on: 0370 707 4030. Calls are charged at standard geographic rates, although network charges may vary.

Address:

The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Website:

www.computershare.com

WEBSITE

The Group website at www.frasers.group provides news and details of the Company's activities plus information for shareholders and contains real time share price data as well as the latest results and announcements.

UNSOLICITED MAIL

The Company is obliged by law to make its share register publicly available and as a consequence some shareholders may receive unsolicited mail, including from unauthorised investment firms.

For more information on unauthorised investment firms targeting UK investors, visit the website of the Financial Conduct Authority at www.fca.org.uk

If you wish to limit the amount of unsolicited mail you receive contact:

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