

SPORTS DIRECT INTERNATIONAL PLC

SPORTS DIRECT

WEDNESDAY



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15/08/2018 #15
COMPANIES HOUSE

**SPORTS
DIRECT.co**

ANNUAL REPORT AND ACCOUNTS 20

AT A GLANCE

Founded as a single store in 1982, Sports Direct International plc (Sports Direct, the Group or the Company) is today the UK's largest sporting goods retailer by revenue. The Group operates a diversified portfolio of sports, fitness, fashion and lifestyle fascias in over 20 countries. We have approx. 26,500 staff across five business segments: UK Sports Retail, European Sports Retail, Premium Lifestyle, Rest of World Retail, and Wholesale & Licensing (formerly Brands). 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.

OUR VALUES

The Group aspires to be an 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 endeavour to offer customers an innovative and unrivalled retail experience. We aim to deliver shareholder value over the medium to long term, whilst adopting accounting principles that are conservative, consistent and simple.

OUR IMPACT

The Group was listed as a public company in 2007. Since then we have contributed the following to the UK economy:

- Contributed approx. £465m in UK Corporation Tax
- Created 5,100 new jobs in the UK (where we currently have 17,700 directly engaged staff)
- Paid approx. £230m in staff share bonuses
- Paid approx. £120m in sales commission to retail staff

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STRATEGIC HIGHLIGHTS

A new generation of stores and elevation across all channels to enhance the customer journey

The elevation of our multi-channel retail proposition remains a key strategic objective. To this end, we are improving the customer experience at every step of the journey.

We aim to deliver an unrivalled range, availability and quality of products – both third party brands and Group branded products – with different customer value propositions across our sports, lifestyle and premium fascias.

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

The active management of our property portfolio remains a critical enabler of the strategy, as it facilitates the development of elevated retail space required by third party brands. This is a five to ten year programme, which as previously stated will see us invest approx. £1.0bn in property assets (i.e. approx. £300m per annum for the first two to four years).

During FY18, we have continued to roll out a new generation of stores. These include large format flagship-style megastores in strategic retail locations that may include one or more of the Group's fascias on a single site, plus a fitness gym where appropriate.

"I am particularly pleased that Sports Direct has not only been named among the ten companies with the most improved reputation in the UK, but also that we were ranked among the top five in an index of international retailers*.

I'm pleased that our Underlying EBITDA has come in at the top end of our expected range at £306.1m as we indicated this time last year, and also that the underlying profit after tax has increased substantially to £104.9m."

Mike Ashley
Chief Executive

*Reputation Institute, April 2018 / Internationalisation Retail Index, June 2018

FINANCIAL HIGHLIGHTS

- Group revenue increased by 3.5%⁽¹⁾
 - ↳ Excluding acquisitions, disposals, 53rd week, and on a currency neutral basis, revenue increased by 0.7%
- UK Sports Retail revenue decreased by 2.0%⁽¹⁾
 - ↳ Excluding acquisitions, disposals and 53rd week, revenue decreased by 0.3%
 - ↳ UK Sports Retail like-for-like stores gross contribution was down 0.6%⁽²⁾
- European Sports Retail (formerly International Retail) revenue decreased by 0.1%⁽¹⁾
 - ↳ Currency neutral, excluding acquisitions and 53rd week, revenue decreased by 3.2%
 - ↳ European Sports Retail (formerly International Retail) like-for-like stores gross contribution was down 2.0%⁽²⁾
- Premium Lifestyle Retail revenue increased by 42.7%, due to an increased store portfolio and online sales
- Group gross margin decreased to 39.7% from 41.0%, due to acquisition accounting as a result of the acquisition of Bob's Stores and Eastern Mountain Sports, and increased inventory provisions
- Group underlying EBITDA⁽³⁾ increased by 12.2% To £306.1m
- Strong free cash flow (pre-capex) up to £326.2m increased from £257.4m in the prior year⁽⁴⁾
- Reported Profit before tax was £77.5m, down 72.5% from £281.6m largely due to:
 - ↳ an £85.4m impact from our Debenhams strategic investment due to current year fair value adjustments mitigated to some extent by investment income
 - ↳ prior year investment income from the sale of JD Sports shares and disposal of the Dunlop brand
- Underlying Profit before tax increased by 34.5% to £152.9m
- Reported earnings per share fell by 88.3% to 4.6p
 - ↳ Underlying basic earnings per share increased by 74.6% to 19.9p⁽³⁾
- Reported profit after tax was £27.6m down 88.1% from £231.7m
 - ↳ Underlying profit after tax was £104.9m
 - ↳ The reported tax charge is impacted by non-deductible investment costs in the current year and non-taxable investment income in the prior year
- Net debt increased to £397.1m (£182.1m at 30 April 2017)⁽⁵⁾, due to the purchase of own shares, strategic investments and investment in property set against a strong free cash flow
- Invested £140.0m in property assets as we execute our strategic priority to elevate our sports retail proposition

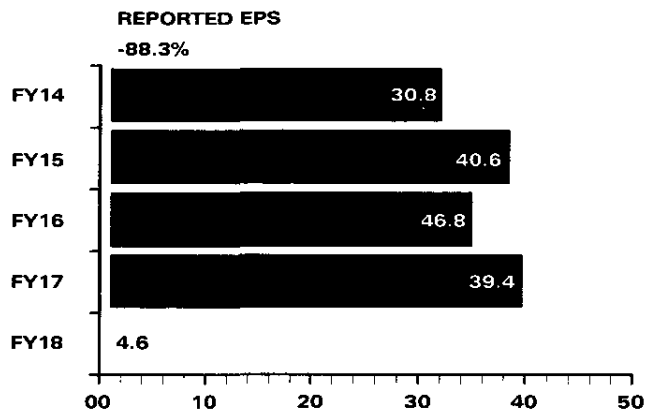
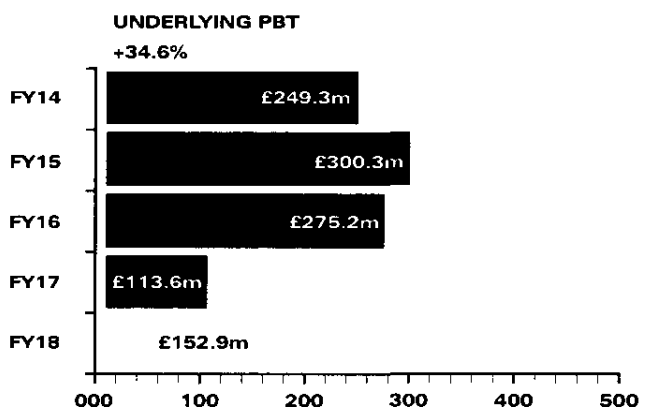
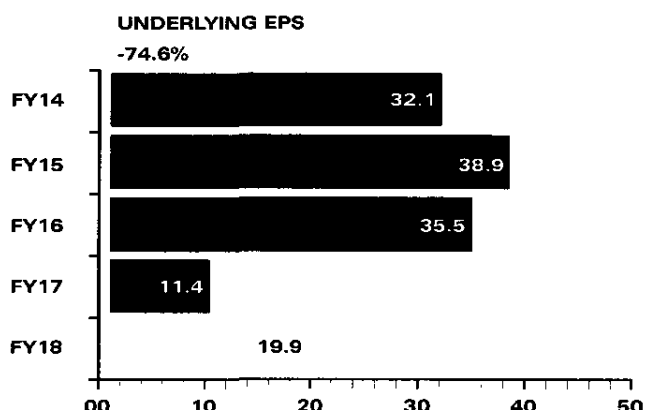
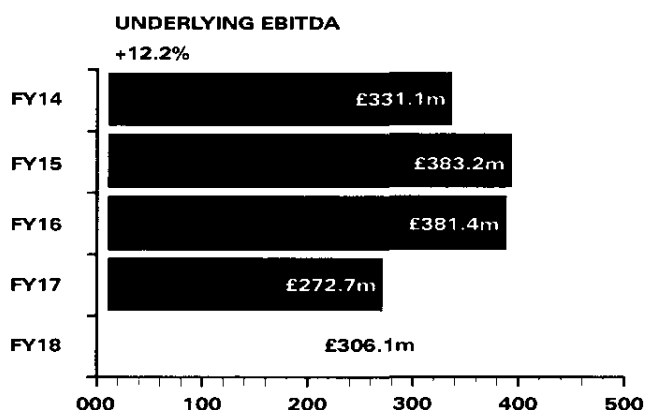
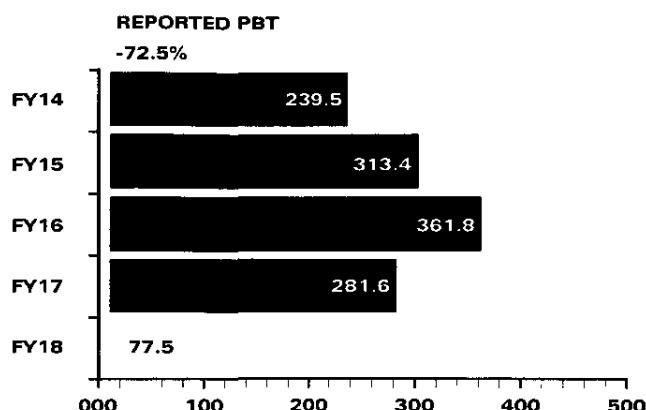
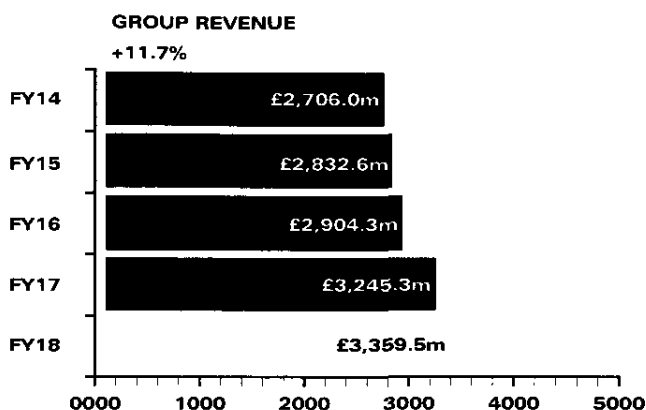
(1) Headline growth includes the 53rd week in the prior year

(2) Figure is on a 52 week currency neutral basis and with a consistent year on year inventory provision used

(3) Underlying EBITDA, underlying Profit before taxation and underlying EPS exclude realised 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 the Share Scheme charges

(4) Underlying free cash generation is defined as operating cash flow before working capital, made up of underlying EBITDA (before Share Scheme costs) plus realised foreign exchange gains and losses, less corporation tax paid

(5) Net debt is borrowings less cash and cash equivalents held



"DURING FY18, WE HAVE SEEN GROWTH IN UNDERLYING EBITDA OF 12.2%. THE ELEVATION STRATEGY CONTINUES TO EXCEED EXPECTATIONS. AS THE PROPERTY PIPELINE AND BRAND RELATIONSHIPS ACCELERATE, WE ARE CONFIDENT IN ACHIEVING BETWEEN A 5% AND 15% IMPROVEMENT IN UNDERLYING EBITDA FOR THE COMING FINANCIAL PERIOD."

Michael Murray
Head of Elevation

UK SPORTS RETAIL

64.9% Total Group Revenue

£2,181.5m

Down 2.0%

UK Sports Retail includes core sports retail store operations in the UK, plus all the Group's sports retail online business globally, the Fitness Division, and the Group's Shirebrook campus operations, as well as the Heaton's Northern Ireland stores.

Our store footprint is significant, with approx. 494 stores plus additional concessions across the UK, totalling approx. 5.4m sq. ft. in retail space. The majority of stores are operated under the SPORTSDIRECT.COM and USC fascias.

EUROPEAN SPORTS RETAIL

19.0% Total Group Revenue

£637.2m

Down 0.1%

European Sports Retail (formerly International Sports 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, with 253 stores and approx. 3.9m sq. ft. of retail space.

During FY18, management continued to evolve the Group's approach to its European stores over the medium term and work to further tailor the Group's customer value propositions to our local markets.

5.7% Total Group Revenue

£192.4m

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.

REST OF WORLD RETAIL

4.8% Total Group Revenue

£162.1m

Up 42.7%

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 and van mildert. Each fascia operates as a multi-brand premium retail destination, and is 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 benefit 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.

5.6% Total Group Revenue

£186.3m

Down 22.7%

The Wholesale & Licensing (formerly Brands) segment operates our globally renowned heritage group brands, 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.

The Group placed a strong focus during the year on its core UK and European Sports Retail business, in order to prioritise the continued development of our relationships with our key third party brand partners, as we elevate our sports retail proposition.

BRAND HIGHLIGHTS

Strengthening relationships with our third party brand partners to offer a greater range of choice

The Group continues to work closely with our key third party brand partners, such as adidas, Nike, Puma and Under Armour. The elevated retail space within our new generation stores, along with our enhanced social and digital platforms, opens the door for brands to use their expertise to connect with our consumers.

This is strengthening our commercial relationships and enables brand partners to adopt a marketing approach that is consistent across all our channels. Crucially, it also enables the Group to increase the range choice available to customers to include a dynamic mix of good, better and best product.

For example, at our Half Year presentation in December we were pleased to give an overview of how our key suppliers are providing increased support for our elevated stores across all categories. In addition to offering good, better and best product in the football category, we are also enhancing the fashion-led apparel in our USC fascia within megastores.

We are also focused on working closely with our third party brand partners towards increasing the range of choice in sports retail across other categories, including women's, young athletes, and running. This included welcoming Asics into our new generation stores in early 2018.

Meanwhile, the Group continues to make good progress towards building significant relationships with luxury fashion brands that sit comfortably within the premium environment provided by our Flannels fascia.



**"WE HAVE FULL SUPPORT
FROM 3RD PARTY BRANDS.
THIS IS ENABLING US TO
FURTHER ENHANCE OUR
OFFERING TO CUSTOMERS
THROUGH OUR BRAND
RELATIONSHIPS."**

Michael Murray
Head of Elevation

PEOPLE HIGHLIGHTS

Working together towards a bright future for all

Sports Direct owes its success to the great people who work here - and when our people are strong our business is strong.

We are committed to treating all staff in a manner that is dignified and respectful, regardless of age, gender or ethnicity. We are also proud to be one of the first public companies in the UK to embrace the idea of introducing a Workers' Representative who attends meetings of the Board.

During FY18, company shares worth approximately £45.5m were vested to eligible employees in our staff share bonus scheme. We also have generous commission arrangements in place and other incentives that enable our people to benefit fairly from the business.

It remains our policy to pay all our people at rates that are above statutory wage bands in the UK, and we strive to also be a responsible employer internationally. We place a strong emphasis on staff training and career development, whilst also constantly striving to attract new talent.

You can read more about how we are working towards a bright future for our people in the 'Our Business' section of the Strategic Report and also within our Corporate Social Responsibility Report.

**"AS SOMEBODY WHO ORIGINALLY
STARTED WITH THE COMPANY AS
A CASUAL SALES ASSISTANT WHEN
I WAS IN MY TEENS, I KNOW FIRST
HAND WHAT A GREAT CONTRIBUTION
STAFF MAKE TOWARDS THE
SUCCESS OF THE BUSINESS."**

Alex Balacki

Workers' Representative to the Board

ELEVATION HIGHLIGHTS

Connecting with customers and unveiling our latest concept for the future of retail

Today's consumers rightly demand a retail experience of the highest standard, not just in store but also across all platforms. We also recognise that the customer journey is just as likely to begin on social media or through digital channels, as it is on the high street.

For this reason we are elevating across all areas to ensure that we can connect with consumers with one voice across all channels. This includes working diligently with our third party brand partners to constantly improve our offering to customers.

Our focus is on presenting an unrivalled range, availability and quality of products – both third party brands and Group branded products. This includes different customer value propositions across our sports, lifestyle and premium fascias.

This is reflected in our marketing, online and in our new generation of stores - the latest concept of which was recently unveiled at our new 100,000 sq. ft. flagship store in Thurrock. This includes a SportsDirect.com store, a USC fashion store and an adjacent luxury Flannels store. The customer experience is further boosted by the inclusion of an Everlast fitness gym.

Further examples of our elevation initiatives are contained on the following pages.

**"WE ARE WORKING TO CREATE
THE ULTIMATE SHOPPING
DESTINATION FOR THE LIFESTYLE
CONSUMER, SPANNING FOOTBALL
BOOTS ALL THE WAY TO LUXURY
FASHION. THE PREMIUM SPACE
WE HAVE DEVELOPED AT
THURROCK ENABLES US TO GIVE
CUSTOMERS A COMPELLING AND
DIVERSE OPPORTUNITY TO SHOP."**

Mike Murray
Head of Elevation

THURROCK

**"THURROCK IS A LEAP FORWARD
FOR THE INDUSTRY"**
- NIKE

"THERE'S NO WHOLESALÉ
PARTNER IN FOOTBALL
CREATING MORE
COMPELLING, ON POINT
CONTENT THAN THIS
RIGHT NOW!"
- ADIDAS

MIDDLESBOROUGH

HULL

FOOTBALL

WOMENS

KIDS

RUNNING

Our USC streetwear and fashion fascia has been re-positioned as 'US Collective' for our store in Thurrock. It includes a new brand-edit featuring leading labels such as Champion, Tommy Hilfiger and Diesel.

Our aim is to offer a retail destination with a social and creative focus. A home for you and your tribe, where you can shop together but still leave as an individual!

USC RE-BRANDED

EVERLAST GYM

The experiential appeal of our flagship stores to customers is greatly enhanced at a number of sites by the inclusion of our Everlast-branded fitness gyms. These are fully equipped with state-of-the-art cardio and resistance-training equipment, along with dedicated areas for fitness classes.

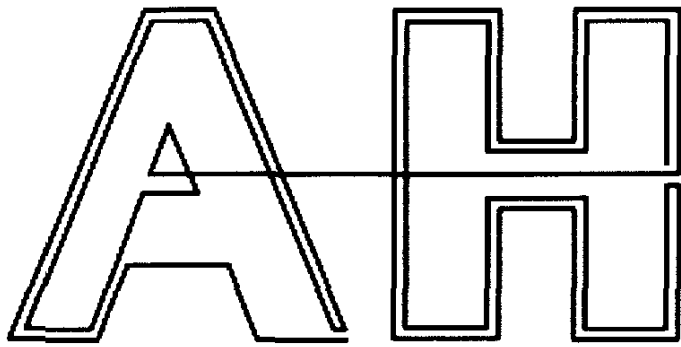
At Everlast, we believe that greatness lies within. We currently operate six of these branded gyms, the most recent to open in July 18 being at Thurrock - with additional gyms coming soon at Leicester and Glasgow Fort.

Our 20,000 sq. ft. Everlast gym in Shirebrook (pictured at the top of the adjacent page) has proved popular with staff at our national distribution centre, as well as being widely-used by the local community. In addition to our Everlast sites, we operate 26 gyms under our Sports Direct Fitness fascia.

Our luxury Flannels fascia is a key component of our elevation strategy, and we continue to roll out new stores on a regular basis. Our focus is to create a high-end retail environment that offers fashion-conscious consumers the very best of luxury brands.

To this end, we look forward to opening a new Flannels national flagship store in Oxford Street in London in 2019, which will further enhance the profile of the fascia as a premium destination for luxury apparel.

**OUR LUXURY
FLANNELS STORES
ARE FITTED TO AN
EXCEPTIONALLY
HIGH STANDARD**



ACADEMY HOUSE

Our new global headquarters at Academy House opened in 2018 at a freehold site in Oxford Street in London, which we acquired two years ago for £113.6m.

Situated in a premium location close to the new Crossrail link at Tottenham Court Road, the building has been refitted to a high standard with office space for 200 staff along with function facilities. The lower floors of the building will host our Flannels flagship store due to open in 2019.

OPERATIONS

ACADEMY KITCHEN

SOCIAL / DIGITAL

SOCIAL MEDIA

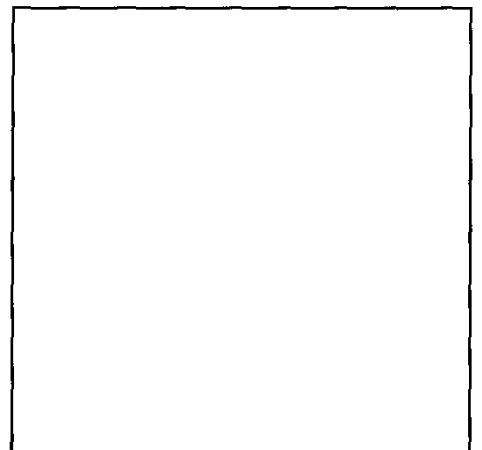
We are enhancing our social channels across key categories to connect with consumers through compelling and entertaining content. We strive to create social feeds with their own unique style and tone of voice, in order to maximise our engagement rates, which exceed the average. Our proof of concept began with SDFOOTBALL (Sports Direct Football), and was followed by bespoke channels with specialist content for SDRUNNING, SDTRAINING and USC.

INDUSTRY AVERAGE 1.66%

**RECORD BREAKING INSTAGRAM
ENGAGEMENT RATE**

HOMEPAGE

TAKEOVER



BRAND

ALICIA BARRETT:
WITH ADIDAS FOR
SDRUNNING

3K FOLLOWERS

MO SALAH:
EXCLUSIVE 1 YEAR
PARTNERSHIP WITH
SDFOOTBALL & ADIDAS

25M FOLLOWERS

KIERAN TRIPPIER:
ACCESS TO
ENGLAND'S TOP
PERFORMER AT
THE WORLD CUP

571K FOLLOWERS

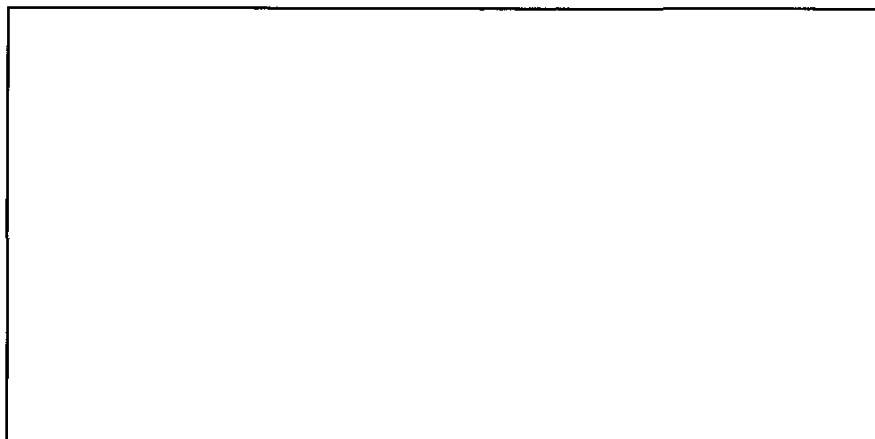
TRENT ALEXANDER-ARNOLD:
WITH UNDER ARMOUR
FOR SDTRAINING

1.1M FOLLOWERS

RELATIONSHIPS

TOP TRUMPS

OLD



2018

BRAND	NIKE
PRODUCT	MAGISTA ONDA II
PRICE	£59.99 RRP
RANKING BY BRANDS	ENTRY
CONSUMER RATING	MEDIUM

FOOTBALL

BRAND	NIKE
PRODUCT	PHANTOM ELITE DF
PRICE	£230 RRP
RANKING BY BRANDS	STATEMENT
CONSUMER RATING	VERY BEST

2018

OLD

BRAND	NIKE
PRODUCT	EPIC REACT
PRICE	£129.95 RRP
RANKING BY BRANDS	STATEMENT
CONSUMER RATING	BEST

RUNNING

BRAND	NIKE
PRODUCT	FLEX EXPERIENCE
PRICE	£59.99 RRP
RANKING BY BRANDS	ENTRY
CONSUMER RATING	MEDIUM

THE PREDATOR IS BACK! ADIDAS
RELAUNCHED THE PREDATOR BOOT WITH
SDFOOTBALL AT AN EVENT HOSTED IN
LONDON, PUTTING SOCIAL INFLUENCERS
THROUGH THEIR PACES BY USING
ACTORS TO DELIVER AN INTENSE AND
IMMERSIVE EXPERIENCE. WE FOLLOWED
UP WITH THE COLD BLOODED CAMPAIGN
- RELEASING 'YUNG PREDS', A SHORT
FILM INSPIRED BY THE UNDERGROUND
FOOTBALL SCENE.

WE CELEBRATED THE LAUNCH OF THE PUMA FUTURE AND PUMA ONE BOOTS WITH A YOUTUBE CAMPAIGN THAT HIGHLIGHTED THE LINKS BETWEEN FOOTBALL AND THE COMPUTER GAME, FORTNITE. THIS COINCIDED WITH THE WORLD CUP AND SAW US ENGAGE WITH USERS VIA EPISODES OF A PREDICTION FORMAT KNOWN AS THE 'FORTNITE FOOTBALL CHALLENGE'.

CR7 CHAPTER 5 - CUT TO BRILLIANCE. THIS CAMPAIGN WAS A SIGNATURE STATEMENT BY SDFOOTBALL. WE FLIPPED PRODUCT LAUNCHES ON THEIR HEAD WITH COMPELLING DIGITAL CONTENT AND AN EYE-CATCHING CONTEMPORARY TV CAMPAIGN. WE ALSO LAUNCHED A GUEST TEST SERIES HOSTED ON YOUTUBE, WHICH BROKE A SNAPCHAT RECORD FOR THE LONGEST AVERAGE VIEWING TIME FROM A SPONSORED POST WORLDWIDE.

WE TEAMED UP WITH UNDER ARMOUR TO LAUNCH THE SDTRAINING CATEGORY. THIS CAMPAIGN SHOWS THE DEVELOPMENT OF OUR BRAND RELATIONSHIPS, ESTABLISHING ACCESS TO LIVERPOOL AND ENGLAND DEFENDER TRENT ALEXANDER-ARNOLD - PUTTING HIM THROUGH HIS PACES IN THE GYM, PREPARING FOR THE CHAMPIONS LEAGUE FINAL.

#FIVE BY RIO FERDINAND. WE COLLABORATED WITH ENGLAND AND MANCHESTER UNITED LEGEND RIO FERDINAND TO CO-LAUNCH THE ICONIC APPAREL BRAND, FIVE.

THE FIVE COLLECTION - NAMED AFTER RIO'S FAMOUS SHIRT NUMBER AT UNITED - AIMS TO INSPIRE THE NEXT GENERATION OF YOUNG ATHLETES TO ACHIEVE GREATNESS. THE COLLECTION INCLUDES LIFESTYLE AND PERFORMANCE CLOTHING AVAILABLE EXCLUSIVELY THROUGH SPORTS DIRECT.

CHAIRMAN'S STATEMENT

OVERVIEW

FY18 has seen the Group continue to make good progress in elevating our retail proposition in order to deliver enhanced levels of excellence to our customers. Our new generation of flagship stores continue to out-perform our expectations, and I would like to thank all our people for their loyalty and hard work.

I am very pleased that our results have come in at the top end of the expectation that Mike Ashley mentioned in his outlook statement last year. We have consistently used Underlying EBITDA as one of our Alternative Performance Measures, this has increased 12.2% year on year. FY18 Underlying Profit before tax was up 34.5% to £152.9m, largely as a result of maintaining a strong trading performance in the UK as we undergo the strategic shift to the elevated store and online offering, whilst starting to see the benefits of increased efficiencies in the UK and Europe. There have been improvements in the currency hedging rates used year on year as well as the advantage of a strong Euro for the European divisional results.

In terms of statutory reporting, our Profit before taxation has reduced by 72.5%, which arises predominantly from the profit on the sale of the Dunlop business and the profit on the sale of JD Sports shares included in the results for the prior period and the recognition of the net losses on our strategic investment in Debenhams in the current period.

During the year, the Group generated free cash flow of £326.2m, and undertook capital expenditure of £213.4m, including £140.0m on property acquisitions. Net debt increased from £182.1m to £397.1m as a result of overall investment in our elevation strategy and an increased spend on our strategic investments. The Group continues to maintain substantial financial resources and a strong balance sheet.

ELEVATION STRATEGY AND STRATEGIC PRIORITIES

The enhancement of our retail proposition, on the high street and elsewhere, continues to be a strategic priority. In line with this, our multi-channel elevation strategy is a key driver towards achieving our long to medium term goal of delivering an unrivalled multi-brand offering to customers across sport, lifestyle and fashion. This strategy began on the high street with the active management of our property portfolio, which is seeing us continue to open a new generation of stores. These include regional flagship stores with multiple fascias in key retail locations. This is enabling us to work closely with our third party brand partners to ensure greater integration of key products within improved retail space. The elevation strategy further encompasses how we connect with the consumer across all our channels, including social, digital and in store. It is also creating opportunities for staff and it aims to increase value for shareholders in the long term.

OUR PEOPLE AND OUR PRACTICES

As always, the wellbeing of our people is a priority consideration, and the Board is committed to treating all staff with dignity and respect. During FY18 we completed an organisational development programme to give staff improved visibility over career options within the Group. This has resulted in an improved system for staff appraisals. This activity included a review of staff wages at all levels of the Company within the UK, in order to ensure that our people continue to be rewarded for their loyalty. I can confirm that all staff, including casual workers, continue to be paid hourly rates above the levels set by the National Minimum Wage (or above the new Statutory National Living Wage if aged over 25). In addition, the Company pays commission and other rewards to staff worth approx. £20m per annum. Eligible employees participating in the Company share bonus scheme received shares worth £45.5m in FY18. The Company continues to meet its obligation to ensure staff in the UK, including casual workers, receive holiday pay on an accrued basis and statutory sick pay. Further details of our arrangements for staff are set out in the Our Business section on pages 55 to 58 and 77 to 86 of the Corporate Social Responsibility Report including details of a new proactive occupational health programme, entitled SD Wellbeing, which offers support to staff via a range of measures.

THIRD PARTY BRAND PARTNERS

Our elevation strategy is seeing us open bigger and better stores, which enables us to strengthen our relationships with third party brands. The result is that we are able to offer a greater range of choice, including as time goes on, more premium product lines. We are working with our suppliers towards our elevated stores offering good, better and best products across all categories. FY18 has seen us continue to strengthen our relationships with leading third party brands, including adidas, Nike, Puma and Under Armour.

BOARD AND SENIOR MANAGEMENT

I am pleased to report that the role of Michael Murray has broadened to include overseeing the execution of the Company's elevation strategy on behalf of the Board. In addition to his duties in relation to property, Michael has therefore been assigned to the role of Head of Elevation. Michael continues to be engaged on a consultancy basis. I would like to thank him for his additional input, and we have made a provision of £5.0m for services to the end of FY18 towards payments due under our previously disclosed agreement with him. Under this agreement, an independent property valuation takes place, in order to establish the value created by Michael for the Group.

We are pleased to have appointed Jon Kempster as Chief Financial Officer and Executive Director on 11 September 2017 and David Daly as Non-Executive Director and member of the audit committee on 2 October 2017. Jon brings to Sports Direct a wealth of public company experience in multinational organisations across multiple sectors. David has 30 years' international experience in the sporting goods industry working for Nike until his retirement in 2015, most recently as Senior Director for Nike's Club and Federation Business based in Amsterdam.

The Company has continued to strengthen its senior management team, and I am pleased to announce that Chris Wootton has been promoted to the role of Deputy Chief Financial Officer. As previously stated during the period, Liam Rowley joined us last October as Head of Strategic Investments. I am confident that this pool of new talent will be of great benefit to the Company. In relation to the composition of the Board we are committed to meeting gender diversity targets. We are currently interviewing a number of female candidates to join the Board as Non-Executive Directors, and female candidates are being encouraged to apply to become our next Workers' Representative to the Board. Women hold approx. 35% of senior leadership roles at Sports Direct, ahead of the Hampton Alexander target of 33% of women in senior leadership by 2020 and our average gender pay gap is approx. 6.3%, which is below the current national average of 18.4%.

STRATEGIC INVESTMENTS

Strategic investments are a key part of the Group's overall strategy. In a challenging retail market, we believe innovative strategic partnerships will help to differentiate our offering and enhance the consumer experience by giving us ways to extend our reach into new retail channels and geographies. During the year we have progressed our strategy through our investment in Game Digital with the potential to develop Belong eSports arenas, and our increased interest in Debenhams. The appointment of Liam Rowley has brought enhanced focus on aligning our strategic investments with our medium to long term goals.

CORPORATE GOVERNANCE

The Board trusts that shareholders will welcome the steps taken in FY18 to reassure them that John Ashley did not benefit inappropriately from being the brother of majority shareholder Mike Ashley. In fact, John was actually disadvantaged by approximately £11m after he forewent bonuses that he would have received if he were treated equally to other executives who helped to build the Company (as announced on 24 November 2017). By voluntarily abstaining from voting on this issue, the Board has provided the Company's independent shareholders the opportunity to determine whether or not to make a retrospective payment to John Ashley. The Board notes that independent shareholders voted against making this payment at the General Meeting held in December 2017. The Board respects the views of the Company's independent shareholders and considers all these matters to be closed.

CHAIRMAN'S STATEMENT

Continued

CAPITAL MANAGEMENT

In November 2017 we announced that we have entered into a new Revolving Credit Facility ("RCF"). The RCF is valid for four years (with a one year extension option), and provides the Group with access to borrowings of up to £907.5m. This has now been increased to £913.5m. We very much appreciate the ongoing support of our banking partners. Net debt to Reported EBITDA is currently 1.1 times.

The Board has decided not to pay a dividend this year. We will continue to keep this under review in future periods. The Board ensures that sufficient capital is retained within the Group to meet its strategic objectives.

We continued to conduct our Share Buyback Programme during the period, pursuant to the authority granted to us at the 2017 AGM. During the period to 29 April 2018 the Company has purchased 37,105,027 ordinary shares at a cost of £113.9m (excluding purchasing costs) and representing 5.8% of the issued share capital. The number of shares held in treasury by the Company at the end of the period was 103,633,049 representing 16.2% of the issued share capital. No shares have been disposed of by the Company.

As at 18 July 2018 the Company has not purchased any further shares under the Share buyback programme. No shares have been disposed of by the Company to this date.

The Group has invested £140.0m in FY18 in property assets (FY17: £317.0m), which brings our elevation strategy spend to £562.0m, consistent with our two to four year estimate.

OUR ACHIEVEMENTS AND OUR VALUES

Finally, I would like to say how pleased I was that our year-end in April coincided with publication of an announcement by the Reputation Institute, which named Sports Direct as among the ten UK companies with the biggest reputation improvements during 2017 to 2018. In June 2018, the Company was also ranked ahead of companies like Apple and John Lewis in an index of international retailers, which was published by Loqate GBG in partnership with Planet Retail RNG and Retail Week Connect. Whilst there is no room for complacency, it is refreshing to see this independent recognition of the work we have undertaken to ensure that our working practices and corporate governance are aligned with our values. I note that various commentators in the past have sought to portray Mike Ashley as a so-called 'pantomime villain'. However, since Mike became Chief Executive, the Company has initiated a process of transformation to the benefit of all stakeholders. This has seen dynamic implementation of our elevation strategy led by Michael Murray.

Dr. Keith Hellawell QPM

Non-Executive Chairman

18 July 2018

OUR BUSINESS

Founded by Mike Ashley as a single Store in Maidenhead in 1982, Sports Direct International plc today operates a diversified portfolio of sports, fitness, fashion, and lifestyle fascias. The Group's approximately 26,500 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 retail by offering our customers a dynamic range of iconic brands. 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.

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.

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, European Sports Retail (formerly International Retail), Premium Lifestyle, Rest of World Retail and Wholesale & Licensing (formerly Brands).

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 directions and ambitions of these brand partners. The UK Sports Retail segment also includes our fitness division, which currently consists of 31 gyms.

In European Sports 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 where we operate. These include the Republic of Ireland and continental Europe.

In Rest of World Retail, at the beginning of FY18 we acquired 49 stores trading as Bob's Stores and Eastern Mountain Sports. We also have 30 stores trading as SPORTSDIRECT.COM in Malaysia.

In Premium Lifestyle, we are developing the Group's premium offering, which primarily consists of the Flannels fascia, 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 provision of a new flagship Flannels store on Oxford Street in London which is anticipated to open in 2019.

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 Karrimor, Slazenger and Everlast. 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 of 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.

OUR BUSINESS

Continued

The websites for each of our core fascias in the UK, including SportsDirect.com, USC.co.uk and Flannels.com, 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, among others, Football, Women's, Kids, Running, Lifestyle, Fashion and Luxury.

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. For example, prior to the commencement of our elevation strategy, the Company typically offered football boots from adidas and Nike at price-points ranging from £39.99 to £59.99. We have since broadened our offering to also include adidas and Nike football boots typically priced between £199.99 and £249.99 or above. This gives consumers a greater range of choice for those who wish to shop for premium products, whilst still retaining our original entry-level and standard product offerings.

FY18 has also seen considerable enhancements to our mobile apps for customers. This activity, combined with innovative marketing initiatives, recently resulted in the mobile app for SportsDirect.com trending at No1 in the Apple app store shopping category during the closing stages of the World Cup, ahead of tech companies such as Amazon and eBay.

A NEW GENERATION OF STORES

Our elevated stores typically include exceptional visual merchandising and are led by third party branded areas. This new generation of stores includes regional flagship megastores, which are typically larger format stores in strategic retail locations. These can be situated on the high street in prime retail shopping areas, or in out of town shopping destinations. Flagship megastores typically include an extensive sports-category offering, and may have more than one fascia on the same site, including adjacent Premium Lifestyle stores and / or a branded fitness gym. The creation of these retail destinations enhances appeal to customers and generates operating synergies.

In order to increase the Group's ability to secure strategic retail locations that are commercially viable, our Property Division alongside senior management has the flexibility to invest in freehold properties and development projects, which can span vacant buildings, development land or re-development projects and multi-tenanted schemes or properties. To ensure an efficient transition and reduce non-trading space, the Group seeks to align store openings with existing lease expiries where possible. This wide-ranging but controlled brief ensures the Group is able to roll out our plans while efficiently transitioning the store portfolio.

An example of our latest concept of a new generation store is our newly opened 100,000 sq. ft. flagship megastore at Thurrock in Essex. The site includes a SPORTSDIRECT.COM store, a new-look USC store and a Flannels store. The customer experience will be further enhanced via the potential inclusion of an eSports Belong Arena in association with Game Digital and an Everlast-branded fitness gym.

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

OUR PEOPLE

It is the Group's policy to treat all our people with dignity and respect. The Sports Direct family consists of approx. 26,500 staff, who work together across all areas of the business. We are proud that Sports Direct International plc is one of the first public companies in the UK to introduce an elected Workers' Representative who attends meetings of the Board (see details below).

Remuneration & Rewards

Our policy is to foster a reward-based culture that enables our staff to share in the success of the Group. During FY18, our share bonus scheme vested approx. 11.6 million shares worth approx. £45.5 million, which were shared by approx. 2,000 eligible participating employees as the final tranche of a scheme that was launched in 2011. The Company also completed a wage review in the UK to ensure that all staff continue to be fairly rewarded across all salary bands.

The wage review was part of a wider organisational development review, which also resulted in an improved system for staff appraisals and new measures to ensure staff have greater visibility over career opportunities throughout 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. £20 million 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. The Company's approach to remuneration and its Remuneration Policy is discussed further in our Corporate Social Responsibility Report

Workers' Representative

The Sports Direct Workers' Representative is Alex Balacki, a Store Manager who originally joined the Company 14 years ago as a Casual Sales Assistant. Alex was elected in April 2017 by staff and will serve for a two-year period, following which a replacement representative will take up the role. The Workers' Representative is free to speak on behalf of the Group's workforce at all scheduled meetings of the Board in order to facilitate a healthy and constructive dialogue. Alex also attends regular meetings with senior management, and he is involved in a number of important projects. These have included contributing to the Company's wage review and organisational development programme, and providing assistance with monitoring the Company's arrangements for casual staff

Staff engagement

In addition to the Workers Representative, the Company also routinely has a rolling 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 is also available to the Workers' Representative. We have a Listening Group that consists of staff drawn from the warehouse in Shirebrook. Management attend periodic meetings, during which there is an open forum (including for matters raised by agency workers). This aims to ensure early visibility of problems and facilitate solutions. Staff from the Listening Group also sit on the staff Health & Safety Committee which is attended by the Group Head of Health and Safety. We are pleased to report that our people have embraced a pro-active culture in this area, which has resulted in 100 extra staff achieving first aid certification after volunteering for training from our new Warehouse Training Officer. The Company is also registered with the British Safety Council.

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 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 research found that in common with surveys by other companies, the vast majority of our casual workers wish to remain on flexible arrangements.

Retail Trust

The Company is an active member of the Retail Trust, which enjoys the patronage of Her Majesty the Queen. The Retail Trust is the leading wellbeing charity for the retail industry and it offers a friendly ear to staff across the business who wish to seek advice about welfare issues from independent experts.

Wellbeing Service

During FY18, the Company appointed a Wellbeing Co-ordinator and launched a health and wellbeing service for staff in conjunction with the Public Health Team from Derbyshire County Council and the Retail Trust. Staff are able to raise any health concerns with the Wellbeing Co-ordinator and obtain free advice on health matters such as cessation of smoking, weight loss and improved sleep. We also have plans to offer staff free health 'MOT' checks. For those that choose to take part, these will include checks in conjunction with local health services for BMI, blood pressure and cholesterol levels. We also host a Chaplaincy Service in Shirebrook that offers confidential help and advice.

OUR BUSINESS

Continued

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. During FY18, we have continued to strengthen the product training that we provide in conjunction with third party brands. Further details of our staff training programmes are contained in our Corporate Social Responsibility Report.

OUR THIRD PARTY BRAND PARTNERS

We work with our leading third party global brand partners and provide significant prominence for these specialists 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 stock monitoring and replenishment; and more inspired and harmonious visual merchandising in-store.

WORKERS' REPRESENTATIVE'S REPORT

Working for a bright future for our people

A MESSAGE TO STAFF FROM ALEX BALACKI*, WORKERS' REPRESENTATIVE AT SPORTS DIRECT

One year ago I had the honour of being elected by the people who work at Sports Direct to represent staff at meetings of the Board of Directors.

As somebody who originally started with the company as a Casual Sales Assistant when I was in my teens, I know first hand what a great contribution staff make towards the success of business.

An important part of my role today is helping to make sure that our casual sales staff are treated with the same respect that I received when I was finding my way as a young Saturday worker.

I've spent a huge amount of time listening to my fellow members of staff in different stores and in other parts of the business up and down the country.

Like me, the vast majority are proud to work at Sports Direct - and we're pleased the company is doing well at a time when sadly so many other retailers are struggling.

Over the last 12 months, I've attended every meeting of the Board, and I've also regularly met face to face with senior management, including Mike Ashley.

I contributed to the Company's wage review, which saw wage bands being adjusted to keep them competitive and fair. I can also confirm that there are improved measures in place to ensure that any changes in scheduled hours for casual staff are monitored at head office to ensure fairness.

I also regularly read and reply to contributions to our staff feedback initiative, 'Your Company, Your Voice'. Two subjects that are constantly raised by our people are requests for improved staff discounts on products sold by the company, plus better uniforms.

I've therefore raised the subject of discounts with the Board and as a result I am pleased to report that the company is now trialling an enhanced scheme that we hope to make available to staff later in the year. Plans for new uniforms are also being fast-tracked.

Finally, I'd like to thank everybody who voted for me - I'll do my best to keep working towards a bright future.

Kind regards

Alex

* Alex Balacki has been with the company since 2004. In addition to being elected as Workers' Representative in 2017/18, he is a Store Manager in the West Country.

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 Report. The table below represents a summary of the Group's KPIs.

	52 weeks ended 29 April 2018	53 weeks ended 30 April 2017	Pro forma 52 weeks April 2017	52 weeks ended 24 April 2016
FINANCIAL KPIs				
Group revenue	£3,359.5m	£3,245.3m	£3,199.9m	£2,904.3m
Underlying EBITDA ⁽¹⁾	£306.1m	£272.7m	£268.3m	£381.4m
Sports Retail gross margin ⁽²⁾	40.8%	41.6%	41.6%	44.6%
Underlying basic earnings per share ⁽³⁾	19.9p	11.4p		35.5p
Free cash flow	326.2m	257.2m		309.1m
Net debt	397.1m	182.1m		99.7m
NON-FINANCIAL KPIs				
No. of Sports Retail stores ⁽⁴⁾	826	802		792
Workforce turnover	23.0%	17.4%		22.0%
Packaging recycling ⁽⁵⁾	13,757 tonnes	13,226 tonnes		10,710 tonnes

(1) The method for calculating underlying EBITDA is set out in the Financial Review

(2) Sports Retail margin is shown after adjustments for stock provisions and hedging revaluations

(3) The method for calculating underlying basic earnings per share is set out in the Financial Review

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

(5) Cardboard and plastic recycling

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.

Sports Retail gross margin

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

Underlying basic earnings per share

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

Free cash flow

Free cash flow is considered to be 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 Sports Retail stores

The Board considers that this measurement 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 measurement is a key indicator of the contentment of our people

Packaging recycling

The Board considers that this measurement is a key indicator of our impact and commitment to the best environmental practices.

Like-for-like sales

The Board does not consider like-for-like sales to be a KPI while the Elevation Strategy is being undertaken, but it is considered a used metric for business use.

PERFORMANCE OVERVIEW

Group revenue increased by 3.5% to £3,359.5m in the year. UK Sports Retail decreased by 2.0% to £2,181.5m, which includes USC fascia sales. European Sports Retail decreased by 0.1% to £637.2m including Heaton's Republic of Ireland. Premium Lifestyle revenue increased by 42.7%, with revenue in the Wholesale & Licensing division down 22.7%. Rest of World Retail revenue was £192.4m.

Group gross margin in the year decreased by 130 basis points from 41.0% to 39.7%. This was largely due to acquisition accounting as a result of the purchase of the trade and assets of Bob's Stores and Eastern Mountain Sports and increased inventory provisions as all divisions invested in more significant product offerings. UK Sports Retail margin was down slightly at 40.8% (2017: 41.1%) while European Sports Retail decreased 250 basis points from 43.3% to 40.8%. Premium Lifestyle's gross margin decreased by 190 basis points from 35.2% to 33.3%. Rest of World Retail margin was 30.0%, which includes acquisition adjustments.

Group operating costs decreased by 3.6% to £1,020.3m (FY17: £1,058.7m), largely as a result of non-recurrence of such significant provisioning as in FY17, as well as increased efficiencies through a degree of automation in the warehouse and rationalisation in continental Europe. See Financial Review for reconciliation of Group operating costs to selling, distribution & administrative expenses.

As a result, Group underlying EBITDA (pre-Share Scheme costs) for the year was up 12.2% to £306.1m (FY17: £272.7m). UK Sports Retail underlying EBITDA was up 6.5% to £277.9m while European Sports Retail underlying EBITDA was a profit of £14.0m from a prior year loss of £22.0m. Premium Lifestyle underlying EBITDA was up 43.2% to £6.3m from £4.4m, Rest of World Retail was a loss of £22.3m and Wholesale & Licensing underlying EBITDA increased to £30.2m from £26.4m.

The depreciation and amortisation charges have decreased by 5.7% to £139.4m (FY17: £147.9m) as the prior year included revisions to accounting estimates of useful economic lives of assets.

Group underlying Profit before tax increased 34.5% to £152.9m (2017: £113.7m), due to the higher EBITDA, favourable realised FX and lower depreciation and amortisation charges. Underlying basic EPS for the year increased by 74.6% to 19.9p (FY17: 11.4p).

The Group generated free cash flow during the year of £326.2m, up from £257.4m in the prior year, and net debt increased by £215.0m to £397.1m at year end, mainly as a result of the acquisition of freehold properties, strategic investments and the continuation of the share buyback programme. Net debt currently stands at 1.1 times reported EBITDA (30 April 2017: 0.6 times).

CHIEF EXECUTIVE'S REPORT AND BUSINESS REVIEW

Continued

REVIEW BY BUSINESS SEGMENT

The UK Retail division now includes the USC fascia sales, margin and costs. Premium Lifestyle includes the Flannels, Cruise and van mildert fascias. European Retail includes continental Europe and Republic of Ireland retail stores. Rest of World Retail includes US and Asia retail results. These segments best show the operational activity of the Group, with the UK entrepreneurial hub serving both the UK and European markets as part of our Brexit preparations, and the US and Malaysian activity taking advantage of the Group's strong supply chain relationships. Therefore, all comparatives have been restated.

UK SPORTS RETAIL

The UK Sports Retail segment includes all of the Group's sports retail store operations in the UK and Northern Ireland, all of the Group's Sports Online business (excluding Bob's and Eastern Mountain Sports), the Group's Fitness Division and the Group's Shirebrook campus operations. It also includes the USC fascia, previously in Premium Lifestyle, and accordingly the prior year comparatives have been restated. UK Sports Retail is the main driver of the Group and accounts for 64.9% of Group revenue.

	52 weeks ended 29 April 2018 (£'m)	53 weeks ended 30 April 2017 (£'m) restated	Pro forma 52 weeks April 2017 (£'m) restated
UK Sports Retail Revenue	2,181.5	2,225.0	2,188.4
Cost of Sales	(1,290.7)	(1,309.5)	(1,289.7)
Gross Profit	890.8	915.5	898.7
Gross Margin %	40.8	41.1	41.1

Revenue fell 2.0% to £2,181.5m, excluding the impact of the 53rd week in the prior year, revenue fell 0.3%.

UK Sports Retail gross margin for the second half of the year increased to 42.0% (FY17 H2: 41.6%) largely due to the prior year adverse impact of the US dollar exchange rate and increased inventory and other trade related provisions. The foreign currency effect on margin for FY19 is expected to improve based on USD forecast purchases for FY19 being hedged at 1.36.

Operating expenses decreased by 7.8%. Store wages were down on the prior year at £174.9m (FY17: £178.1m) and as a percentage of store sales it decreased marginally to 10.4% (FY17: 10.5%). Overheads decreased as the prior year contained increased legal charges and provisioning for bad debts, onerous leases and dispute settlement. There were also increased efficiencies in the warehouse through a degree of automation and the change in the store portfolio.

Underlying EBITDA for UK Sports Retail was £277.9m (FY17: £261.0m), an increase of 6.5% for the year.

UK SPORTS STORE PORTFOLIO

	29 April 2018	30 April 2017
England	374	388
Scotland	36	37
Wales	29	27
Northern Ireland	16	16
Isle of Man	1	-
USC	38	45
Total	494	513
Opened	13	15
Closed	(32)	(20)
Area (sq. ft.)	approx. 5.4m	approx. 5.2m

EUROPEAN SPORTS RETAIL

European Sports Retail contains the Sports Retail stores in Continental Europe and the Republic of Ireland. Retail sales made in Malaysia have been moved to Rest of World Retail and the prior year has been restated.

	52 weeks ended 29 April 2018 (£'m)	53 weeks ended 30 April 2017 (£'m) restated	Pro forma 52 weeks April 2017 (£'m) restated
European Sports Retail Revenue	637.2	637.9	630.9
Cost of Sales	(377.1)	(361.8)	(358.1)
Gross Profit	260.1	276.1	272.8
Gross Profit %	40.8	43.3	43.2

Revenue fell 0.1% to £637.2m. Excluding the impact of the 53rd week and on a currency neutral basis, European Sports Retail revenue decreased by 3.2% largely due to changes in the store portfolio.

European Sports Retail gross margin for the second half of the year decreased to 40.9% (FY17 H2: 46.6%) due to increases in stock provisions and shrinkage adjustments. The majority of forecast USD/EUR purchases are hedged in FY19 at USD/EUR 1.16 (see note 29).

Operating expenses decreased by 17.4%, to £246.6m (FY17: £298.5m). Store wages in the year were down to £100.4m (FY17: £113.4m) and as a percentage of sales it reduced to 15.7% (FY17: 17.8%). In the current year, provisions were made for onerous leases in poorly performing stores of £9.0m (FY17: £39.7m).

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%. During the year, the Group increased its shareholding in the Iceland entity to 100%.

CHIEF EXECUTIVE'S REPORT AND BUSINESS REVIEW

Continued

EUROPEAN SPORTS STORE PORTFOLIO⁽¹⁾

	29 April 2018	30 April 2017
Belgium	36	39
Republic of Ireland ⁽²⁾	32	32
Austria	28	36
Estonia ⁽¹⁾	27	26
Latvia ⁽¹⁾	18	16
Portugal	17	17
Lithuania ⁽¹⁾	17	16
Poland	16	16
Slovenia	14	15
Czech Republic	10	10
Hungary	8	11
Holland	6	6
Cyprus	6	6
Slovakia	6	6
France	5	6
Germany	2	2
Luxembourg	2	2
Spain	2	2
Iceland	1	-
Total	253	264
Opened	5	21
Closed	(17)	(17)
Converted	-	4
Acquired	1	-
Area (sq. ft.)	approx. 3.9m	approx. 3.9m

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

(2) Excluding Heaton's fascia stores

REST OF WORLD RETAIL

Rest of World Retail includes sports stores in Malaysia trading under the SPORTSDIRECT.COM fascia which continued to expand with 5 stores opened. Sales are now £33.1m with gross margins of 45.7%.

	52 weeks ended 29 April 2018 (£'m)	53 weeks ended 30 April 2017 (£'m)	Pro forma 52 weeks April 2017 (£'m)
Revenue	192.4	27.7	27.2
Cost of sales	(134.6)	(16.5)	(16.2)
Gross Profit	57.8	11.2	11.0
Gross Margin %	30.0	40.4	40.4

In May 2017 the Group acquired the Bob's Stores and Eastern Mountain Sports retail chains in the US. As anticipated by the Board, Bob's and Eastern Mountain Sports has made a trading loss in year one as Sports Direct Group systems, processes and management are implemented. We expect implementation challenges to continue in year two.

Rest of World sales were £192.4m for the year. Gross margin was 30.0% which includes acquisition revaluation impacts. Underlying EBITDA loss was £22.3m.

There are currently 49 stores in the US. In Malaysia the Group has 30 stores which are 51.0% owned by the Group.

	29 April 2018	30 April 2017
Malaysia	30	25
Bob's Stores	30	-
Eastern Mountain Sports	19	-
	79	25
Area (sq. ft.)	approx. 1.5m	approx. 0.3m

PREMIUM LIFESTYLE

During the year, results from USC fascias have been re-categorised to UK Retail since this better matches the trading characteristics of the elevated sports and general lifestyle brands. Therefore Premium Lifestyle now consists of Flannels, Cruise and van mildert fascia stores and corresponding web sales. The prior year numbers have been restated.

	52 weeks ended 29 April 2018 (£'m)	53 weeks ended 30 April 2017 (£'m) restated	Pro forma 52 weeks April 2017 (£'m) restated
Revenue	162.1	113.6	111.8
Cost of sales	(108.2)	(73.6)	(72.6)
Gross Profit	53.9	40.0	39.2
Gross Margin %	33.3	35.2	35.1

Premium Lifestyle sales increased by 42.7% to £162.1m (FY17: £113.6m restated), mostly due to new Flannels stores and increased web sales. The Premium Lifestyle gross margin for the year decreased by 190 basis points to 33.3% (FY17: 35.2%), largely due to an increase in stock provisions and customer demand for the latest products.

CHIEF EXECUTIVE'S REPORT AND BUSINESS REVIEW

Continued

Premium Lifestyle operating costs increased by 33.7% to £47.6m (FY17: £35.6m restated) due to the increase in Flannels fascia stores.

As a result, Underlying EBITDA grew 43.2% to £6.3m (FY17: £4.4m).

At the year end, the Premium Lifestyle division traded from stores under three main fascias.

	29 April 2018	30 April 2017
Flannels	21	13
Cruise	10	10
van mildert	3	5
Total	34	28
Area (sq. ft.)	approx. 0.35m	approx. 0.25m

WHOLESALE & LICENSING (formerly Brands)

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

In March 2017, the division disposed of the Dunlop brand and related wholesale and licensing activity.

	52 weeks ended 29 April 2018 (£'m)	53 weeks ended 30 April 2017 (£'m)	Pro forma 52 weeks April 2017 (£'m)
Wholesale	154.3	201.4	-
Licensing	32.0	39.7	-
Total Revenue	186.3	241.1	-
Cost of Sales	(113.8)	(153.3)	-
Gross Profit	72.5	87.8	-
Gross Margin %	38.9	36.4	-

The 53rd week has no material impact on wholesale or licensing sales.

Wholesale & Licensing total revenue decreased by 22.7% to £186.3m (FY17: £241.1m). Wholesale revenues were down 23.4% to £154.3m (FY17: £201.4m), mainly due to the disposal of the Dunlop related activity. Trading in the US market was in line with expectations and now represents approx. 54% of total wholesale sales.

Total gross margin increased by 250 basis points to 38.9% (FY17: 36.4%). Wholesale gross margins increased 230 basis points to 26.2% (FY17: 23.9%) mainly due to the impact of accruals made in the prior year relating to historic import costs.

Licensing revenues in the year were down 19.4% to £32.0m (FY17: £39.7m). During the year we signed 28 new licence agreements and renewed several existing licenses, covering multiple brands, product categories and geographies, with minimum contracted values of \$30.0m over the life of the agreements. The decrease is due to the Dunlop disposal, which included the transfer of 96 licenses. On a like-for-like basis licensing has maintained its underlying level.

Operating costs decreased by 31.1% to £42.3m (FY17: £61.4m) due to the disposal of the Dunlop activity and non-recurring bad debt provisions in the prior year. Underlying EBITDA increased by 14.4% to £30.2m (FY17: £26.4m), mainly as a result of the non-recurring accruals made in relation to historic import costs in the prior year.

PROPERTY REVIEW

The impact of our elevation strategy continues to see the rollout of a new generation of stores. During FY18, we opened a total of 15 of these new generation stores, of which 5 were regional flagship-style stores, consisting of multiple fascias on a single site. Post year end we have opened Thurrock, bringing the total number of flagships to 19.

The concept for our flagship stores is constantly evolving based on feedback from customers and our third party brand partners. The latest example of this is at Thurrock, where there is a strong emphasis on creating a compelling experience for shoppers, offering a diverse product range from football boots all the way to luxury fashion. The site includes a SportsDirect.com sports store, a USC fashion store, a Flannels luxury apparel store, and a state-of-the-art Everlast gym.

The store includes innovative use of technology. This includes high-pixel video merchandising displays and interactive elements for customers, such as a facility to record a 360-degree gif when trying on a new outfit. Experiential enhancements include recharge areas for men and women, an urban-inspired kids zone with selfie mirror, plus plans for an eSports arena.

The estate strategy remains unchanged from the previous financial period, transitioning from smaller stores into larger new generation stores. Over the past three years a significant pipeline of new large format stores has been built, allowing a phased delivery over the coming years.

The high street has come under the spotlight over the course of the year due to the headwinds facing the sector. Due to the changing landscape we have made fewer store acquisitions than in previous financial years as repricing comes further into effect. This restructuring of the retail property sector has opened greater opportunities to enhance our store portfolio across the Group fascias. We will continue to make prudent investment into freehold property to advance the repositioning of the Group's transition into large format stores. We have received good support from local councils and communities for our commitment to physical retail.

A significant milestone for the Group was the opening of the London Office headquarters situated on Oxford Street at the beginning of FY19 having acquired the freehold in FY17.

Store Portfolio – Sports Stores – UK incl. Northern Ireland

The Group is currently operating 374 stores in England, 36 in Scotland, 29 in Wales and 16 in Northern Ireland, along with 38 other fascias including USC. This represents a net reduction of 19 stores over the period as a result of 13 openings and 32 closures. Despite the net reduction in stores the total sales area has increased to approx. 5.4m sq. ft.

Of the 32 closures, 8 were linked to relocations to new generation stores.

Of the new store openings, strategic locations to highlight include new generation stores at Sheffield Meadowhall, Hull, Middlesbrough, Darlington and Isle of Man. With the exception of Sheffield Meadowhall all of these are held on a Freehold or Long Leasehold basis. Each of these stores includes a lifestyle offering having incorporated a USC section.

The new Isle of Man store is a new market for Sports Direct with all trade being entirely incremental.

In Northern Ireland during FY18 the 10 Heatons/Sports Direct dual-fascia stores acquired at the time of the Heatons acquisition have been converted to the Sports Direct new generation store format. The remaining 6 standalone Sports Direct stores are part of a pipeline for future development and investment.

CHIEF EXECUTIVE'S REPORT AND BUSINESS REVIEW

Continued

Sports Direct Forecast Openings UK FY19

The Group forecasts that there will be in the region of 10-20 new generation Sports stores over the coming financial year in the UK and ROI, the majority of which will include the new USC concept

For our luxury fascia, Flannels, we anticipate 6-12 new stores over the coming financial year.

Store Portfolio Europe - Republic of Ireland

The ongoing investment programme by the Group in Ireland has also seen the development of 2 new generation Sports Direct stores during FY18, one being the flagship store in Dublin. The Group has also invested extensively in the Heatons ROI existing store network through the conversion of 16 out of the 29 dual-fascia Heatons / Sports Direct stores. The Group operates in 32 locations across ROI, 5 of which are standalone Sports Direct stores. An additional 12 stores are stand alone Heatons fascia.

Our investment in stores continues to be well-received by our colleagues, local customers and third party brands.

As previously advised and as can be seen to date we remain committed to roll out more of the new generation store format with a particular focus on flagship stores across Ireland.

The Group forecasts that there will be in the region of 3 - 5 new generation Sports stores over the coming financial year in ROI, the majority of which will include the new USC concept.

Store Portfolio Europe – Continental

The Group continues to operate sports stores in 18 countries in Europe.

- 221 Sports retail stores in Europe, a reduction of 12 from the previous financial year
- Total sq ft at approx. 3.2m of all sports fascias in Europe (including Eybl, Disport, Sportsworld etc)
- 5 openings in 4 different countries in FY18, 1 of which was a relocation
- 17 closures in 7 different countries of non-performing stores and where impacted by relocation
- Iceland store included, which is now a fully owned member of the Group

Store Portfolio – Rest of World

- 30 stores in Malaysia, including 5 openings in the year
- 49 stores in the USA, with the acquisition of Bob's Stores / Eastern Mountain Sports completed

Store Portfolio – Premium Lifestyle

The Group continues to enhance and develop the Flannels concept and we are working in partnership with Milan based P+P studios on store development, including the upcoming flagship store on Oxford street due to open in 2019.

The Group now operates 21 Flannels stores, 10 Cruise stores and 3 van mildert stores – a total of 34 stores within the Premium Lifestyle division.

Freehold / Long Leasehold Property Purchases

The property investment programme remained an important focus of the Group over FY18. A total of 10 acquisitions were completed in the UK amounting to a combined purchase price of £123.7m. This is a reduction from the previous financial year due to the strong pipeline of stores already created and changing market conditions shifting pricing. A further two properties were acquired in the EU, amounting to £16.3m.

Disposals of property assets that were considered non-core to the Group were also completed. Further property disposals will be made over the next financial year where appropriate.

The property acquisition programme will continue throughout the next financial year with an outlook to spend approx. £300m dependent on appropriate market conditions.

CONTRACTS ESSENTIAL TO THE BUSINESS OF THE GROUP

The Group has long-established relationships with Nike and adidas, the major suppliers of third party branded sporting goods, and considers that continued supplies from these companies are critical to the business of the Group.

ENVIRONMENTAL MATTERS

The Corporate Social Responsibility Report is on pages 77 to 86 and an assessment of the Group's impact on the environment is included in this report.

Mike Ashley

Chief Executive

18 July 2018

FINANCIAL REVIEW

The Financial Statements for the Group for the 52 weeks ended 29 April 2018 are presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

SUMMARY OF RESULTS

	52 weeks ended 29 April 2018 (£'m)	53 weeks ended 30 April 2017 (£'m)
Revenue	3,359.5	3,245.3
Underlying EBITDA	306.1	272.7
Reported Profit before taxation	77.5	281.6
Underlying Profit before tax	152.9	113.7
	Pence per share	Pence per share
Reported basic EPS	4.6	39.4
Underlying basic EPS	19.9	11.4

The Directors believe that underlying EBITDA, underlying Profit before tax and underlying basic EPS provide more useful information for shareholders on the underlying performance of the business than 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 profit from associated undertakings and joint ventures. Underlying EBITDA is calculated as EBITDA before the impact of foreign exchange, any exceptional or other non-trading items and costs relating to the Share Schemes.

EBITDA AND PROFIT BEFORE TAX

	52 weeks ended 29 April 2018		53 weeks ended 30 April 2017	
	EBITDA (£'m)	PBT (£'m)	EBITDA (£'m)	PBT (£'m)
Operating profit	217.0	-	160.1	-
Depreciation, amortisation and impairment	139.4	-	147.9	-
Share of (loss) / profit of associated undertakings (excl. FV adjustments)	(8.7)	-	0.9	-
Reported	347.7	77.5	308.9	281.6
Share scheme	(6.0)	-	2.8	-
Profit on disposal of subsidiary	-	-	(79.9)	(79.9)
Exceptional items	4.8	4.8	17.3	17.3
Profit on sale of properties	(16.3)	(16.3)	-	-
Net investment costs / (income)	-	93.3	-	(110.7)
Realised FX (gain) / loss	(24.1)	(24.1)	23.6	23.7
Fair value adjustment on foreign exchange contracts	-	17.7	-	(18.3)
Underlying	306.1	152.9	272.7	113.7

GROUP OPERATING COSTS

	52 weeks ended 29 April 2018 (£'m)	53 weeks ended 30 April 2017 (£'m)
Group operating costs	1,020.3	1,058.7
Depreciation, amortisation and impairment	139.4	147.9
Bonus share scheme	(6.0)	2.8
Realised FX (gain) / loss	(24.1)	23.7
Operating income	26.5	22.5
Selling, distribution & administration costs	1,156.1	1,255.6

Group operating costs for the purposes of management reporting:

- i. Excludes depreciation, amortisation and impairments, share scheme charges and realised FX losses; and
- ii. 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 mitigate the cash flow risks associated with these fluctuations with the careful use of currency hedging using forwards and options.

The Group uses forward contracts that qualify for hedge accounting in two main ways – to hedge highly probable Euro sales income and US dollar stock purchases. This introduces a level of certainty into the Group's planning and forecasting process. During the period the Group entered into vanilla foreign exchange US dollar forwards totalling \$1,440m. Management have reviewed detailed forecasts and the growth assumptions within them, and are satisfied that the forecasts meet the criteria as being highly probable forecast transactions

As at 29 April 2018, the Group had the following forward contracts that qualified for Hedge Accounting under IAS39 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 1,320m	FY19 – FY21	1.069 – 1.190
AUD / GBP	Australian dollar sales	AUD 16m	FY19 – FY20	1.690 – 1.740
USD / GBP	USD stock purchases	USD 1,440m	FY19 – FY20	1.360 – 1.430
USD / EUR	USD stock purchases	USD 270m	FY19 – FY21	1.160 – 1.320

The Group also uses currency options for more flexibility against cash flows that are less than highly probable and therefore do not qualify for hedge accounting under IAS39 Financial Instruments. The fair value movements before maturity are recognised in the Income Statement.

FINANCIAL REVIEW

Continued

The Group has the following currency options and unhedged forwards:

Currency	Expected use	Currency value	Timing	Rates
EUR / GBP	Euro sales	EUR 1,320m	FY19 – FY21	1.069 – 1.190
AUD / GBP	Australian dollar sales	AUD 16m	FY19 – FY20	1.690 – 1.740
USD / EUR	USD stock purchases	USD 150m	FY19 – FY21	1.160 – 1.210

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

Regular reviews are performed by the SD 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 FY18 was 64.4% (FY17: 17.7%). This is due to the impact of current year investment losses that are not tax deductible and prior year adjustments. The prior year rate reflects the impact of items that qualify for substantial shareholder relief. The underlying effective tax rate remains at approx. 31%, this reflects the impact of the increase in freehold property and related disallowable depreciation.

EARNINGS

	52 weeks ended 29 April 2018 (pence per share)	53 weeks ended 30 April 2017 (pence per share)	Change (%)
Reported EPS (Basic)	4.6	39.4	(88.3)
Underlying EPS (Basic)	19.9	11.4	74.6
Weighted average number of shares (actual)	527,793,623	583,501,473	

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.

The underlying basic EPS reflects the underlying performance of the business compared with the prior year 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.

The items adjusted for arriving at the underlying profit after tax and minority interests is as follows:

	52 weeks ended 29 April 2018 (£'m)	53 weeks ended 30 April 2017 (£'m)
Profit after tax	24.5	229.9
Post tax effect of adjustment items:		
Loss / (profit) on disposal of listed investments	3.6	(141.5)
Fair value adjustment to forward foreign exchange contracts	13.8	(14.3)
Fair value adjustment to derivative financial instruments	89.6	24.0
Realised (gain) / loss on forward foreign exchange contracts	(18.7)	18.5
Profit on disposal of freehold properties	(12.9)	-
Impairment and accelerated depreciation and amortisation	5.0	17.3
Write off of deferred tax assets	-	12.5
Profit on disposal of subsidiary	-	(79.9)
Underlying profit after tax	104.9	66.5

DIVIDENDS

The Board has decided not to pay a dividend in relation to FY18. 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 payment of dividends remains under review.

CAPITAL EXPENDITURE

During the period, capital expenditure amounted to £213.4m (FY17: £419.5m), which includes £140.0m on properties (FY17: £317.0m).

STRATEGIC INVESTMENTS

Strategic investments are an integral part of the Group's overall strategy. Against a backdrop of a challenged retail market, we believe innovative strategic partnerships will help to differentiate our offer and enhance the consumer experience. We look for ways to extend our reach into new retail channels and geographies, as well as selectively grow our market share. We maintain an active dialogue with the management teams of each of our investments, continually looking to explore new ways of working together. Given the breadth of our business, the strategic benefits can be varied and extensive

During FY18 we made good progress on several opportunities, highlighting the strength of our strategic investments approach. In February 2018, we announced an exciting collaboration agreement with GAME Digital plc comprising a £20 million working capital facility and a £35 million capital expenditure facility, which GAME may utilise to fund the venues envisaged under the collaboration agreement, including the costs for new venues and ongoing development of the BELONG website and its related tournament management system. The Group owns a 25.4% stake in GAME Digital. The agreement covers the rollout of BELONG and GAME Retail stores, including plans to enter into concession agreements with Sports Direct. BELONG is GAME Digital's competitive gaming and eSports experience centred around physical 'arenas', bringing both casual and competitive gaming to communities nationwide, in city and town centres and in major shopping centres. As part of the agreement, the Group acquired a 50% interest in the rights of BELONG intellectual property for a cash consideration of £3.2m, and a 50% profit share of future profits of BELONG.

FINANCIAL REVIEW

Continued

In March 2018, we began exploring possibilities for commercial supply arrangements with Express Gifts, a subsidiary of Findel plc. The Group holds 29.9% of Findel plc. Certain licenced menswear ranges have been included within the Express Gifts' Studio.co.uk Spring/Summer season and we will evaluate their success in the coming months. We are also considering access to other Sports Direct owned brands in future seasons. As part of the discussions, the Board of Findel agreed that Liam Rowley, Head of Strategic Investments at Sports Direct, would attend Findel Board meetings as an observer. This role does not enable Liam Rowley to make or influence strategic decisions and he is excluded from certain sensitive and confidential matters as well as those that may cause a conflict of interest.

During the period, the Group increased its total direct and indirect holding in Debenhams plc to 29.7% of issued share capital. We continue to operate several concessions within Debenhams stores and explore mutually beneficial opportunities across all channels. During the period the Group recognised a loss of £98.1m in the Income Statement in relation to the reduction in value of Debenhams plc.

The Group also holds a direct interest in Goals Soccer Centres plc representing 18.9% of issued share capital; French Connection Group plc, representing 27% of issued share capital; MySale Group plc, representing 4.8% of issued share capital; and, House of Fraser Limited representing 11.1% of the issued share capital. The Group also holds an economic interest at the year-end in Iconix Brand Group Inc. of 8.9%. In March 2018, JD Sports Fashion plc launched a takeover offer for The Finish Line Inc., of which the Group held a 19.3% economic interest at the year end. Subsequent to the year end, JD Sports Fashion plc completed their takeover of The Finish Line Inc. and Sports Direct International plc disposed of its remaining economic interest.

The Group continues to hold various other interests, none of which represent more than 5.0% of the voting power of the investee.

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

During the year, the Group completed the acquisition of the US retail chains operating under Bob's Stores and Eastern Mountain Sports. We also acquired the remaining shareholdings of Lovells Sports (Holdings) Ltd and Brasher Leisure Ltd (trading as Sweatshop), both of which were previously Associates of the Group.

RELATED PARTIES

MM Prop Consultancy Ltd, a company owned and controlled by Michael Murray (domestic partner of Anna Ashley, daughter of Mike Ashley), continues to provide property consultancy services to the Group. MM Prop Consultancy Ltd 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.

MM Prop Consultancy Ltd fees are linked directly to value creation which is determined by the Company's non-executive directors who independently review performance bi-annually with a view to determining, at their absolute and sole discretion, the quantum of the percentage payable. Under the terms of the agreement with MM Prop Consultancy Ltd no fees are payable until the earliest of 30 September 2018 so that the Company's independent non-executive directors have a sufficient amount of time to assess performance.

During the period, independent valuations were collated as an initial stage in confirming the value created (through disposals and properties still held) by MM Prop Consultancy Limited. The Group's non-executive directors agreed 25% of the final agreed value created would be paid to MM Prop Consultancy Ltd based on these independent valuations of selected sites subject to the agreement. The value created had not been determined and approved by the non-executive directors as at period end or at the date of signing this Annual Report and accounts.

The freehold acquisition program is a cornerstone of the elevation strategy and has proven to be extraordinarily successful. With a strong ongoing pipeline and with original expectations exceeded, Michael Murray has waived a portion of his fee and settled on 20% of the final agreed value created.

Based on IAS 37 Provisions, Contingent Liabilities and Contingent Assets we have provided for the most reliable estimate of the amount expected to be paid to MM Prop Consultancy Ltd being £5.0m to the end of FY18.

Michael Murray is now considered to be a related party in the context of IAS 24 Related Party Disclosures. This is due to the increased scope of his role within the Group in the second half of the financial period, as he became Head of Elevation in 2018, defining him as key management personnel.

COMMERCIAL ARRANGEMENTS

The Group has commercial arrangements in place with IBSL Consultancy Limited. Management has considered whether a related party relationship exists and concluded that Justin Barnes, a director of IBSL Consultancy Limited, and/or IBSL Consultancy Limited are acting in an advisory capacity only and are not performing key management functions that would indicate a related party relationship. Management decisions are made solely by the management of the Group.

Justin Barnes is a director of a number of companies in the Mash Group of which Mike Ashley is the sole shareholder of the ultimate parent of the group, Mash Holdings Limited. No payments made to Justin Barnes or IBSL Consultancy Limited in relation to services provided to subsidiaries of Mash Holdings Limited relate to services provided by IBSL Consultancy Limited or Justin Barnes to the Group.

During FY17, the Company had arrangements in place with Barlin Delivery Limited, a company owned by John Ashley (the brother of Mike Ashley). This arrangement ceased as at 30 April 2017. There were no commercial transactions between the Group and Barlin in the year ended 29 April 2018.

In December 2017, there was a vote by independent shareholders against a retrospective payment of £11m to John Ashley for executive bonuses forgone.

CASH FLOW AND NET DEBT

Net debt increased by £215.0m from £182.1m at 30 April 2017 to £397.1m at 29 April 2018. Based largely on the increase in net debt, interest on bank loans and overdrafts increased to £9.4m (FY17: £2.5m).

The analysis of debt at 29 April 2018 was as follows:

	29 April 2018 (£'m)	30 April 2017 (£'m)
Cash and cash equivalents	360.0	204.7
Borrowings	(757.1)	(386.8)
Net debt	(397.1)	(182.1)

The Revolving Credit Facility of £913.5m is available until November 2021 (with a one year extension option) and is not secured against any of the Group's assets.

The Group continues to operate well within its banking covenants and the Board remains comfortable with the Group's available headroom.

FINANCIAL REVIEW

Continued

CASH FLOW

Total movement is as follows:

	52 weeks ended 29 April 2018 (£'m)	53 weeks ended 30 April 2017 (£'m)
Underlying EBITDA	306.1	272.7
Realised profit/(loss) on forward foreign exchange contracts	24.0	(23.7)
Taxes paid	(45.2)	(75.3)
Movement in inventory	(119.6)	15.0
Working capital and other ⁽¹⁾	160.9	68.7
Underlying free cash flow	326.2	257.4
Invested in:-		
Purchase of own shares	(155.4)	(109.8)
Acquisitions (including debt) ⁽¹⁾	(3.1)	(22.6)
Deposit for acquisition ⁽¹⁾	-	(81.2)
Proceeds on disposal of subsidiary	-	109.5
Purchase of listed investments	(287.1)	(24.7)
Net proceeds from investments	20.9	190.2
Net capital expenditure	(144.4)	(417.1)
Exchange movement on cash balances	4.1	17.7
Investment income	34.4	0.5
Finance costs and other financing activities	(10.6)	(2.3)
Increase in net debt	(215.0)	(82.4)

(1) the funds used for the Bob's and Eastern Mountain Sports acquisition were transferred to escrow during FY17 and were therefore recognised in Receivables at the FY17 year end. The acquisition completed on 18 May 2017

Jon Kempster

Chief Financial Officer

18 July 2018

CORPORATE SOCIAL RESPONSIBILITY REPORT

Corporate Responsibility is central to our vision to be a leading international sports and lifestyle retailer. Our established Corporate Responsibility framework focuses on five key areas: Human Resources, Health and Safety, Customers, the Community and the Environment. Sports Direct has developed Key Performance Indicators (KPIs) to ensure we deliver on our commitments. These KPIs are discussed further in this Corporate Social Responsibility Report and in the Chief Executive's Report and Business Review and the Financial Review, and are based solely on our UK operations, unless expressly stated.

HUMAN RESOURCES (HR)

The Group employs and engages approx. 26,500 people, and our people are what make the Sports Direct Group such a success.

The Board is committed to ensuring that all of our people have the opportunity to be inspired, stimulated, motivated, and empowered. We believe that it takes every single team member to make a difference and drive performance, and we are committed to the development and rewarding of our people to enable the Group to achieve its future growth plans.

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

The Group has several policies and systems in place to ensure staff welfare is monitored and maintained. In support of these policies and systems, communication with our people occurs via Group news emails, letters, staff portal / staff app and the intranet, as well as through briefings by direct managers and through the Group's training programmes.

Our HR department is also represented at the meetings of the Listening Group and Health & Safety Committee 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.

ATTRACTION AND RETENTION

As a Group, we like to train and retain our staff to ensure that valuable knowledge remains within the Group. The Group uses a number of incentives to retain our people, including regularly holding employee appraisals, to identify the areas where we, as an employer, can improve. We find that regular appraisals also highlight the knowledge gaps which our employees have, and allows us to offer staff training which will develop their understanding.

During FY18, 23.0% of our UK salaried staff left the Group, an increase from 17.4% in FY17. As expected, this figure increased after the remaining 2011 Share Scheme vesting period.

Store Manager stability with Sports Direct is currently sitting at 84.3%, this is a decrease of 0.7% on the FY17 figure. Assistant Manager and Footwear Manager stability currently sit at 82.9% and 89.1% respectively, which is an increase of 2.5% and a decrease of 0.3% across the positions.

SALARIED STAFF TURNOVER SINCE FY14

- FY14 - 19%
- FY15 - 19%
- FY16 - 22%
- FY17 - 17%
- FY18 - 23%

CORPORATE SOCIAL RESPONSIBILITY REPORT

Continued

PERFORMANCE AND REWARD

Since their introduction in 2009, share schemes have been a major tool used to attract and retain employees. Vests in 2012, 2013, 2015 and 2017 have seen participants benefit from bonuses in excess of £230m. We believe that this high performance, high reward culture has been a major contributory factor towards our successes to date. Due to current economic and currency uncertainty, the Company has decided not to introduce a new share scheme at the present time but will look to do so at the right time in the future.

The 2009 and 2011 share schemes have now successfully achieved all of their targets, and as a result no more shares will be granted under the schemes.

During FY18, participants in the 2011 Share Scheme were offered the opportunity to vest their final tranches of shares. At this time the Company guaranteed a minimum price of £3 per share for all shares vested, increasing to £4 per share if kept in the scheme for a further 12 months. The guaranteed minimums were designed to offer some protection to share scheme participants from the recent volatility of the share price.

During FY18, 11.6m of shares worth £45.5m relating to the 2011 Bonus Share Scheme have vested, with 1,123,173 shares remaining.

The targets under the 2011 Share Scheme were:

- 2012: Underlying EBITDA of £215m - Achieved
- 2013: Underlying EBITDA of £250m - Achieved
- 2014: Underlying EBITDA of £260m - Achieved
- 2015: Underlying EBITDA of £300m - Achieved

The 2015 Share Scheme failed to achieve the first EBITDA Target and as a result, during FY16 the Scheme lapsed. During FY18 the Board have continued to look towards creating a long-term incentive scheme that will be both beneficial and rewarding for all parties concerned. This is an area which remains ongoing and is high on the Board agenda. The Board are committed to rewarding our people for their dedication to the Company and we are hopeful that a suitable incentive scheme can be achieved once we are comfortable that the targets set will be both stretching and achievable.

DIVERSITY AND INCLUSION

Diversity within the Group is essential, and we believe this plays an important role in a successful business. At all times we try to ensure that our people meet the diversity, cultures and values of our varied 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 have an important role to play at Sports Direct and it is our aim to be inclusive. We offer the opportunity to improve the skills to participate and be successful at work, at home and as citizens by providing free English language lessons to support people who have a first language other than English. Since introducing the lessons in January 2017 over 1,200 staff have attended. Five levels are available for each member of the team to work through including Business English which all nationalities attend including British. A selection of those who attended the classes have used their new found skills to secure new roles within various Head Office positions such as Customer Service, Buying and the Translation Team.

Our senior leadership team is currently comprised of approx. 35% females. Three of our senior executive positions: Head of Global Operations, Head of HR and UK Group Financial Controller are held by females. As positions become available the necessary level of consideration will be given to ensuring diversity within the team. Approximately 50% of our overall 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	6	-
Other senior managers	639	246
All UK workforce	7,277	6,856

GENDER PAY GAP

Our Gender pay gap report was published in April 2018. The average gender pay gap across the group was 6.3%, which we note is below the current national average of 18.4%. We recognise there is a difference in total earnings between female and male employees when bonuses are taken into account and we are continuing to explore and implement methods that will establish enhanced processes and training tools for our employees and engaged workers to achieve maximum earning potential through our various bonus and commission schemes.

For information on diversity on the Board please see the Nomination committee report on page 113.

APPRAISALS

During FY18 the Group implemented a new approach to its Appraisal Programme across both Retail and Head Office. All heads of department collaborated to revamp the existing measures with something innovative, modern and role specific. The aim of this exercise was to make it easier to identify training needs, manage performance and set achievable and role specific objectives, giving staff clear career direction and an opportunity to showcase their skills whilst highlighting areas of improvement. It has been well received and we will continue to evolve the project to suit the needs of the Group and to the benefit of its people.

PAY REVIEW

During FY18 a pay review of all UK staff was conducted and pay increases implemented where appropriate. The aim of the pay review was to bring wages in line with our competitors making us an employer of choice to appeal to external talent as well as improve the retention of our skilled and valued people.

TALENT AND CAPABILITY DEVELOPMENT

KEY HIGHLIGHTS:

Total workforce: approx. 26,500

Hours invested in training: approx. 60,000

Apprenticeships

The Apprenticeship Levy was introduced in April 2017. We currently have a number of apprentices across the group studying towards accredited qualifications on subjects ranging from Data Analysis, Team Leader, Advanced & Professional Diploma in Accounting, Network Engineer and Project Management.

Placement Years

We offer an opportunity for undergraduates to spend a year gaining valuable work experience during their time at University. 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

CORPORATE SOCIAL RESPONSIBILITY REPORT

Continued

STAFF TRAINING AND DEVELOPMENT

TRAINING & DEVELOPMENT

The aim of our Staff Training and Development department is to nurture our people to enable them to deliver the requirements of the Group and its customers. Our goal is to give every staff member from all fascias of the business, the opportunity to be inspired, developed, motivated and empowered to increase their impact within the business. In the past year, we invested approx. 60,000 hours in training and development. We believe this commitment to ensuring our teams have the knowledge they need to perform at the highest level is paramount to the continued success of the business.

We have launched an organisational development programme to give our people visibility over career opportunities within the Group. We also strive to offer staff the tools to achieve their personal development goals through training and other means. The majority of Store Managers are promoted from within and over a third of them started as casual sales staff.

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. During the year we have enhanced our welcome programme for new retail staff and continued to strengthen the product training that we provide in conjunction with third party brands.

Across all fascias, we remain focused on the need to proactively develop our teams' competence base and leadership capabilities in order to meet the rapidly changing requirements of the Group. We offer a varied portfolio of training courses for our people, the majority of which are hosted in our own facilities. The Training and Development portfolio continues to grow across the following areas:

- Brand and Product Knowledge
- Customer Service Training
- E-Learning
- 'Home Grown' Talent Management
- Management Training
- Apprenticeships
- Placement Years
- Free English Lessons (Adult ESOL)

We continue to believe in the integration between coaching, organisational development and performance management to support any new initiative or change to improve efficiency within Sports Direct.

MODERN SLAVERY ACT 2015 ("MSA")

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 which virtually all organisations, especially those dealing in consumer goods, will continue to face. 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 the risks. These policies aim to send a clear message that we will not tolerate this kind of behaviour.

We also have a range of tools in place including videos and literature to educate staff about their rights and a number of alternative channels (including an internal telephone hotline, physical comments boxes on site and the third party Retail Trust hotline) for reporting any concerns confidentially. We continue to review and develop our staff training, monitoring processes and evaluation of outcomes and work with relevant employment agencies.

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

Our section 54 MSA statement can be found on our website www.sportsdirectplc.com.

HEALTH AND SAFETY

As the Group continues to grow there has been increased focus on creating a consistent method of implementing Health and Safety measures and evaluating the Group's safety performance. Policies are implemented, in conjunction with legal standards, to protect our staff and customers. During FY18, the Head of Health & Safety and the team have undertaken a full review of its Health and Safety policies and procedures. The introduction of the bespoke online Accident/Incident reporting system has resulted in improved accident reporting/investigation and accident trend analysis

The Group's Reporting of Injuries, Disease and Dangerous Occurrences Report (RIDDOR) rate has reduced significantly in FY18 when compared to FY17. This has been achieved by accuracy of the reporting process. Improved communication and handling of incidents along with a more robust investigation process has also assisted.

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.

In relation to the UK workforce, the number of accidents recorded involving the warehouse workforce as at April 2018 was down when compared to April 2017. In the previous year the most frequent type of incidents involved the use of stillages and cages. The newly formatted induction handbook and training review has had a positive impact on this. Going forward, improved supervisor training and selection will support the momentum of the Group's standards and performance.

The number of accidents recorded involving the store, office and distribution workforce in the UK increased in FY18 compared with FY17. An increase was to be anticipated with the introduction of the bespoke online Accident/Incident reporting system in November 2016. Reporting is now more accurate and timely, allowing us to take any necessary actions and secure evidence more efficiently. In FY19 we will have a direct comparison of reported accidents through the online system.

The Company is a corporate member of the British Safety Council and we attend a quarterly Retail Health & Safety forum facilitated by Oris, this promotes the sharing of ideas and solutions. The Head of Health and Safety has now been nominated as the new Deputy Chairman of the forum.

The Company has recently employed a Wellbeing Officer based in the warehouse and Head Office to promote physical and mental health programmes within the workplace and link with local community projects.

Over the course of the year there were no environmental prosecutions or work-related fatalities.

CORPORATE SOCIAL RESPONSIBILITY REPORT

Continued

HEALTH AND SAFETY TRAINING

We take reasonable steps to train each relevant company within the Group to the appropriate standards applicable in each requisite country. Shirebrook Head Office is now a registered training centre for First Aid and Health & Safety, with Quallsafe and the British Safety Council respectively. Our Health & Safety Training Officer recently left the business but we have successfully recruited a replacement who will join us in July 2018. In association with EuroSafe Safety Schemes in Procurement (SSIP), all contractors are now required to register as a 'safe contractor' prior to undertaking any works within the business. This is extended to store maintenance and projects along with the Shirebrook Campus and Head Office.

Training courses are regularly offered and staff are encouraged to learn essential Health and 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. The 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 Quallsafe. All contractors are now required to complete a site induction before they will be given access to complete any works within the Shirebrook Campus or Head Office.

The Regional Health & Safety Officers have received additional training and education regarding delivery of Fire Risk Assessments in association with the British Association of Fire Engineers (BAFE) and Evac Chair training. They have also been enrolled into an a National Compliance & Risk Qualifications (NCRQ) course to enhance their existing knowledge and Health & Safety qualifications. Since the last report this team has an additional part time member who supports stores within Central London. All new or refurbished stores receive a visit from the relevant Health & Safety officer prior to opening and existing stores are visited using a priority based schedule.

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

Additional resource has been allocated to the team dedicated to dealing with accident related claims and complaints. The introduction of the Accident / Incident reporting has assisted the team to become more proactive investigating incidents and building claims defensibility where necessary. This allows direct follow up and initiation of the investigation process and evidence gathering i.e. CCTV, witness statements, service records etc.

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

CUSTOMERS

Customer service is at the forefront of our business. We aim to provide customers with an enjoyable experience both in-store and online and ensure all our products are safe and fit for purpose.

Regular external customer experience visits are undertaken in our stores and gyms to identify areas for improvement and also to recognise staff providing exceptional customer service.

Monitoring customer satisfaction and responding to queries is a continuous process. All written complaints are recorded, including an analysis of the nature of the complaint so that trends can be assessed and appropriate action taken.

We are continuously working to improve customer service at all levels within the Group from the retail stores, to Head Office and our website.

SUPPLY CHAIN

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

We recognise the potential risks associated with an international supply chain such as ours and we continue to take steps to assess and try to control these risks

One way in which we do so is through our continuing policy of using two key "gateway" suppliers based in Singapore and South Korea for Group branded products. The Group recognises the value in building long term relationships with its suppliers and has worked closely with its 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 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

Our key suppliers 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 also work with a number of household name third party brand suppliers who have their own published approach to supply chain management, which we monitor.

We comply with an internationally recognised list of chemicals that are banned for use in fabrics. Both supply chain companies 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 ethically sourced fur products in our retail stores.

COMMUNITY INVOLVEMENT

The Group engages at various levels with the local communities in which we operate, and in relation to our Shirebrook campus we continue to actively work with Shirebrook Forward NG20 working group, which aims to help Shirebrook retain its breadth of services, local support functions and community spirit. Our 500 seat auditorium is utilised throughout the year for local community events. Local community organisations such as county and local council groups make use of the facility free of charge. The Group supported a number of local charities and organisations through the year primarily through the donation of sporting equipment and clothing and sponsorship by our brands.

CORPORATE SOCIAL RESPONSIBILITY REPORT

Continued

PROTECTING OUR 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 happens in a number of different ways

Our trucks are back loaded with recyclable waste when they are making deliveries to our stores. This is supported by an onsite recycling centre which ensures we facilitate the recycling of circa 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 constant quality and quantity loaded correctly into either of two permanently located stand 40ft containers for export and one permanently located stand trailer going to a local paper mill.

Plastic

The recycling of plastic has transformed into a totally separate baling operation using four new HSM v press balers handling plastic only. This change has stopped end of bale contamination. Previously, we would have used the downtime available on the cardboard balers. Currently the plastic we produce on site is of a high grade.

Metal

We recycle our metal through a partnership with two local companies. They supply 40 yard bins located at the south end of the warehouse 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 and a greater rebate.

Transport

The Group has reduced the number of its trucks on the road by approximately 20% to 80. The Group's fleet is continuing to be replaced with more environmentally friendly trucks meeting Euro 6 standard. Due to more efficient usage of trucks, including training drivers to drive as efficiently as possible to maximise fuel usage, the Group used 375,000 litres less fuel in FY18 than the prior year.

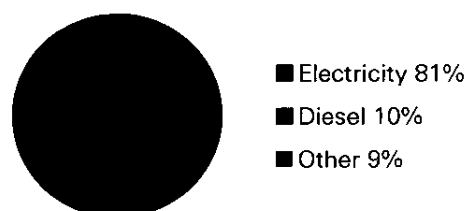
Energy Efficiency

All our newer retail stores are equipped with smart meters to monitor energy usage. This is managed centrally thus ensuring a consistent measurement across our retail footprint. We have embarked on a significant energy reduction programme culminating in the delivery of our very efficient Warehouse C. This has been supplemented with a number of pilot projects to create further energy saving opportunities.

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.

We are continuously aiming to reduce our carbon footprint. The single most significant element is electricity, which makes up 81% of the footprint. The carbon footprint spread across all UK sites is detailed in the chart below:

CARBON FOOTPRINT ANALYSIS 1 APRIL 2017 - 31 MARCH 2018



The growth of our Company has increased the number of our stores and therefore the absolute GHG emissions. Our chosen intensity ratio of electricity-related emissions per £m revenue has decreased by 10% due to the reduced CRC factors and efficiencies.

GREENHOUSE GAS (GHG) EMISSIONS REPORTING

Reporting period ⁽¹⁾	1 April 2017 - 31 March 2018
Baseline year ⁽²⁾	FY15
Consolidation approach	Operational control
Boundary summary	All entities and facilities 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	Other than the emissions declared for the period 1 April 2017 – 31 March 2018 to be in line with the CRC Energy Efficiency Scheme, there are no inconsistencies with Financial Statements.
Emission factor data source	DEFRA (May 2013)
Assessment methodology	The Greenhouse Gas Protocol and ISO 14064-1 (2006). We have used the 2016 UK Government's GHG conversion factors.
Materiality threshold	Materiality was set at Group level at 5%, with all facilities estimated to contribute >0.5% of total emissions included.
Intensity ratio	Emissions per £m revenue

(1) The emissions declared are for the period 1 April 2017 – 31 March 2018 to be in line with the CRC Energy Efficiency Scheme

(2) As we have full comparative information for all energy sources for the Group, we have set the baseline year as 2015

Scope 1 GHG emissions are calculated based on the purchased quantities of commercial fuels using published emission factors. Scope 2 GHG emissions are primarily calculated from metered electricity consumption and published emission factors.

CO2 equivalent factors are used which ensures we have reported on all of the emission sources required under the Companies Act 2006 Regulations.

Year	2018	2017
Scope 1 CO2e emissions	13,754	12,624
Scope 2 CO2e emissions	102,827	112,692
Total Scope 1 and Scope 2 CO2e emissions (Tonnes)	116,581	125,316
CO2e Emissions (Tonnes/£m)	34.7	38.7
CO2e Emissions vs Turnover Index (2015: 100)	75.3	84.0

CORPORATE SOCIAL RESPONSIBILITY REPORT

Continued

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:

- 6,278 units of electrical equipment (2017: 5,548 units)
- 120 tonnes of waste paper (2017: 607 tonnes)
- 12,931 tonnes of cardboard (2017: 12,203 tonnes)
- 360 tonnes of metal (2017: 384 tonnes)
- 826 tonnes of plastic (2017: 1,023 tonnes)

All stores now use biodegradable carrier bags and provide the option of a "bag for life". This is actively promoted in-store through high levels of staff engagement.

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.

ANTI-CORRUPTION AND ANTI-BRIBERY

The Group has an Anti-Bribery and 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 that they complied with the Act and measures are in place to prevent staff being offered and/or accepting bribes. We have a zero tolerance approach to bribery and corruption at Sports Direct, and encourage our people to speak up if they have concerns that bribery or fraud is taking place.

WHISTLE-BLOWING

There is an approved whistle-blowing policy within the Group, which was reviewed and updated by the Board in September 2017. The policy was established to be utilised by our people who wish to raise any issues or concerns relating to the Group's activities, and all matters are discussed on a confidential basis

The Board intends to continue reviewing its policies and procedures, particularly those relating to anti-corruption and anti-bribery as well as environmental, human rights and social matters, to help ensure that the outcomes of such policies are aligned with and further enhance the Group's values.

Mike Ashley
Chief Executive
18 July 2018

RISKS AND UNCERTAINTIES RELATING TO THE GROUP'S BUSINESS

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board has a responsibility to govern the Group in the interest of its shareholders. A specialist management team of Directors and senior management highlight risks as and when they become apparent. The team then in turn assists the Board in devising controls to minimise the Group's exposure.

THE GROUP'S APPROACH TO RISK

The identification and management of risk is a continuous process, and the Group's system of internal controls and the business continuity programmes are key elements of that. The Group maintains a system of controls to manage the business and to protect its assets with the development of contingency plans and rapid response to changing circumstances and does much to mitigate the risks facing the Group. The Group continues to invest in people, systems and in IT to manage the Group's operations and its finances effectively and efficiently.

1. RISKS ARE IDENTIFIED
2. RISKS ARE EVALUATED
3. ACTION IS TAKEN TO MANAGE, MITIGATE AND MONITOR THE RISKS
4. PRACTICES ARE REVIEWED TO LIMIT THE RISK

The specialist management teams are responsible for the identification, analysis, evaluation and mitigation of the significant risks applicable to their areas of business. The teams meet regularly to discuss the identified risks, and how these should be reviewed and monitored.

The Board ensures that the appropriate arrangements are in place under which staff can raise concerns about possible financial or other impropriety, which are then appropriately investigated. The Board is assisted by the Audit Committee in fulfilling its overview responsibilities, reviewing the reporting of financial and non-financial information to shareholders and the audit process, and satisfying itself that appropriate systems of internal control and risk management are in place and are serving to identify and manage risk.

The Group operates a Retail Support Unit which provides strong operational internal audit services in the Retail division, and there are procedures in place in the Wholesale & Licensing (formerly Brands) division to monitor and control licensees. These are complemented by an outsourced internal audit process currently performed by PKF Cooper Parry.

The Group's system of internal control and risk management and its effectiveness is monitored and reviewed by the Board, the Audit Committee and senior management. The Board believes that the Group has maintained an effective embedded system of internal control and has complied with the FRC's Risk Guidance throughout the year, and up to the date of approval of the Annual Report and Accounts.

The systems of internal control and risk management are designed to manage, rather than eliminate, the risk of failing to achieve business objectives.

RISK POLICIES AND PROCEDURES

Business plans and budgets for each business include financial and strategic targets against which performance is monitored. Monitoring includes the examination of and changes to rolling annual and quarterly forecasts, monthly measurement of actual achievement against key performance targets and plans, and weekly reviews of performance.

The Group has clear procedures for the approval and control of expenditure. Strategic investment decisions involving both capital and revenue expenditure are subject to a formal detailed appraisal and review according to approval levels set by the Board. Operating expenditure is controlled within each business with approval levels for such expenditure being determined by the individual businesses.

RISKS AND UNCERTAINTIES RELATING TO THE GROUP'S BUSINESS

Continued

There is an approved whistle-blowing policy within the Group. The policy was established to be utilised by staff who wish to raise any issues or concerns relating to the Group's activities, and all matters are discussed on a confidential basis

KEY RISKS

Control Environment

The Group's operating procedures include a comprehensive system for reporting information to the Board including:

- assessment of three years of strategy plans for business development;
- creation and assessment of legal policies; and
- review of the Group at each Board meeting, focusing on potential new risks (such as key changes in the market).

CONTROL PROCEDURES

Detailed operational procedures have been developed for each of the Group's operating businesses that embody key controls. The implications of changes in law and regulations are taken into account within these procedures.

FINANCIAL REPORTING PROCESS

The Group has in place internal control and risk management systems in relation to the Group's financial reporting process and the Group's process for the preparation of consolidated accounts. These include clearly defined lines of accountability and delegation of authority, policies and procedures that cover financial planning and reporting, preparing consolidated accounts, capital expenditure, project governance and information security. The finance function has suitably qualified and experienced personnel to carry out the financial reporting process effectively.

The Audit Committee is responsible for overseeing and monitoring these processes, which are designed to ensure that the Group complies with relevant regulatory reporting and filing provisions. As at the end of the period covered by this report, the Audit Committee, with the participation of the Executive Directors, evaluated the effectiveness of the design and operation of disclosure controls and procedures to ensure that information required to be disclosed in financial reports is recorded, processed, summarised and reported within specified time periods.

PRINCIPAL RISKS AFFECTING THE GROUP

The Group has identified the following factors as potential risks to, and uncertainties concerning, the successful operation of its business. The Group is, however, exposed to a wider range of risks than discussed below but these are the principal risks that have recently been discussed by the Board and Audit Committee and are of primary concern.

- **MARKET FORCES**

The Group operates in a highly competitive retail industry and currently competes at international, national and local levels with a wide variety of retailers

Risk: A severe recession or downturn in the markets we operate in, especially the UK, could impact revenue and profits of the Group.

Mitigation: The Group is part way through an elevation strategy that focuses on providing the customer with an enhanced shopping experience across the Group fascias, namely SPORTSDIRECT.COM, USC and Flannels. The Group has a strong property portfolio and continues to strengthen this by relocating and improving stores to enhance the customer experience and adapt to market conditions. This has greatly improved the products made available by the key third party Brand partners which provide a resilience to the business and places it in a good position to weather any periods of weak demand. A number of key brands are owned by the Group, providing an internal level of control and certainty on margins. There is also significant investment and focus on innovating our e-commerce offering

- **TREASURY AND FINANCIAL RISK**

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

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

Mitigation: The Group seeks to mitigate the foreign exchange fluctuations by hedging via forward foreign currency contracts which are designated as cash flow hedges. Forecast sterling/euro requirements are currently hedged up to the end of FY21 at rates of between 1.069 and 1.19. The sterling/dollar exchange requirement is fully hedged up to the end of FY20 at rates from 1.36 to 1.43. The Group also holds assets overseas in local currency, and these assets are revalued in accordance with currency movements. This currency risk is not hedged.

- b. **Risk:** The Group is exposed to interest rate risk due to its borrowings at floating interest rates

Mitigation: The Group is cash generative and maintains appropriate debt levels to mitigate interest rate risk and at year end has debt levels of less than 1.5x underlying EBITDA. We will continue to review the requirement for interest rate hedging.

- **BREXIT**

The Group operates internationally and specifically throughout mainland Europe. The Group fulfils European internet sales currently from the Shirebrook operation. We maintain inventory across the Europe wide retail operation as if it is one holding and as such regularly move inventory between stores in different European countries. We have also benefitted operationally from the availability of mainland European staff who work in our warehouse and store network.

Risk: The UK is due to leave the EU in March 2019 and a transition period is then expected to last until December 2020. A period of heightened economic uncertainty could reduce consumer confidence, holding back spending decisions and tightening financial conditions by creating extra risk thus impacting on the cost of finance and reducing its availability. The terms of the eventual Brexit may influence the cost of labour, the ability to move goods as easily as we currently can and thus impose operational challenges and costs which we will have to manage.

Mitigation: While we are unable to fully protect the Group from what is potentially a completely new economic landscape, we have some elements which help to protect us with a network of warehouses across Mainland Europe which can assist in providing the most efficient stock management once the customs and duty landscape is fully understood. We have been investing in some partial automation for the Shirebrook warehouse operations to make efficiencies and improve productivity on internet fulfilment orders and help mitigate any potential staffing shortfall after Brexit. Brexit is regularly discussed at Board meetings.

RISKS AND UNCERTAINTIES RELATING TO THE GROUP'S BUSINESS

Continued

• SUPPLY CHAIN

The Group operates internationally so is reliant on the successful distribution of goods from when they are distributed by the manufacturer to when they are sold in the stores. The Group is reliant on manufacturers based overseas as the majority of the Group's products are sourced from outside the UK.

Risk: The Group is subject to the risks associated with international trade and transport as well as those relating to exposure to different legal and other standards. Particular risks include worker strikes, failure to meet minimum code of conduct standards, and transport delays for products which could all cause substantial difficulties. Disasters in or around the factories of our suppliers could bring negative media attention to the Group.

Mitigation: The Group requires all suppliers to sign up to the Group's Code of Conduct/Supply Policy which enables the Group to monitor and benchmark the performance of the supplier. Many risks relating to the supply chain, reliance on non-UK suppliers, and to the reputation of the Group's brands are managed and mitigated by the implementation of these policies. Strong service level agreements and maintaining relationships with all parties involved in the supply chain also mitigate these risks.

• KEY SUPPLIERS

The Group is reliant on good relationships with its major manufacturers, key brands and brand suppliers.

Risk: A failure to replace any of its major manufacturers or suppliers on commercially reasonable terms could have an adverse effect on the Group's business, operating profit or overall financial condition. It may mean that customers shop elsewhere if stores cannot supply the required product.

Mitigation: The Group follows policies of forging long-term relationships with suppliers and of utilising two leading supply chain companies to procure much of the Group's own branded goods. This close relationship brings a better understanding of the supplier's resources enabling the Group to react quickly to changes in the international supply market. Lengthy contracts are often used by the Group to ensure that key manufacturers are aware of our commitment to them. The elevation strategy is forging stronger relationships with key Brand partners as we perfect our merchandising of their products in our new generation stores. This is enabling us to get a wider product range than we have had historically.

• CREDIT AND LIQUIDITY RISK

The Group, primarily the Group Wholesale & Licensing division, provides credit to some of its customers. Funding and liquidity for the Group's operations are provided through bank loans, overdrafts and shareholders' funds.

Risk: The Group could have a credit risk if customers were unable to make payments for products purchased on credit. The Group's objective is to maintain sufficient funding and liquidity for its requirements, but the availability of adequate cash resources from bank facilities and achieving continuity of funding in the current financial climate could be a risk to the Group in future years. The purchase of strategic acquisitions and investments to strengthen and compliment the Group may be hindered. Relationships with suppliers could break down if we are unable to pay them in line with our contractual obligations.

Mitigation: The Group's key suppliers also face credit risks and as such the Group regularly assesses the viability of its suppliers and ensures there are plans to source from alternative businesses should key suppliers fail. Rigorous procedures are in place to mitigate this credit risk. The Group has a credit policy in place and the exposure to risk is monitored on an on-going basis. Investment of cash surplus, borrowings and derivative investments are made through banks and companies which have credit ratings and investment criteria approved by the Board. The Group refinanced its main credit facility in November 2017 and is operating comfortably within it, expiry is November 2021 with an option to extend a further year.

- **TAXATION**

The Group operates internationally and in a wide range of jurisdictions and is therefore subject to tax risk across its operations

Risk: The Group is subject to varying degrees of tax risk in relation to its international trading activities, both in the UK and overseas. These include duty and VAT in relation to its overseas supply chain (both internal and external) and sales taxes in relation to online sales made to overseas customers from the UK. The Group is also subject to transfer pricing regulations relating to trading relationships and transactions between Group companies. Tax regimes differ country by country and the Group's overseas subsidiaries are subject to local tax compliance requirements and tax enquiries from the local tax authorities

Mitigation: Group level tax risks are monitored by the Group finance function, with support from external tax advisors as required. On-going compliance with local tax regulations is maintained through a combination of local finance teams, central oversight from the Group finance function, and the use of external tax advisors in key jurisdictions. The Group takes a proactive approach to engaging with the tax authorities across its business. Key tax risks are monitored and discussed at Board level, with appropriate actions agreed and implemented.

- **SUCCESSION PLANNING**

Key individuals within the Group have such a level of knowledge and experience of the business which makes them essential to continue to further the interests of the Group.

Risk: Natural disaster, illness, injury, or the sudden resignation of key individuals could mean key people are no longer available to manage the Group, and this could result in a change to the operations and strategic direction of the Group.

Mitigation: Our departments work together to develop their understanding of each department and of the Group. Senior managers work at ground level to help to assess the strengths within their teams and to offer development opportunities where appropriate. This can be of assistance when considering the suitability of internal candidates for vacancies. Our structured talent management programmes, and specialist masterclasses, encourage internal progression within the Group. Executive development is important to us and we aim to promote internally rather than recruit external individuals who are unknown to the Group.

The Nomination Committee reviews the succession plan of the Group, and discusses who would take over roles if key team members were to leave.

- **OPERATIONAL**

The Group is reliant on the Head Office and National Distribution Centre at its Shirebrook Campus operating without disruption, along with the uninterrupted running of the Group's fleet of vehicles. The majority of the Group's revenue is derived from the UK.

Risk: Any disruption to the Head Office, National Distribution Centre or the fleet of vehicles might significantly impact the Group's ability to manage its operations, distribute products to its stores and maintain its supply chain. Any long-term interruption of the Group's IT systems would have a significant impact on the Group's operation, particularly in the Sports Retail divisions. Terrorist attacks, armed conflicts, government actions or adverse weather affecting the road networks within the UK could result in a significant reduction in consumer confidence, which would in turn have an adverse effect on sales in stores.

Mitigation: The Group has a strong business continuity plan that is regularly reviewed to address operational risks. The Head Office and National Distribution Centre has been extended so that there is additional room for storage and workers, for future business needs and in case of disaster. The Board is confident that as far as it is practical, the risks and uncertainties that face the Group are being monitored and managed and that, where required, appropriate action is being taken.

RISKS AND UNCERTAINTIES RELATING TO THE GROUP'S BUSINESS

Continued

• CYBER FAILURES AND ATTACKS

Online sales and advertising are key to the Group's strategy going forward. However, cyber-attacks are becoming more sophisticated and frequent, commanding headlines and causing loss of customers' trust.

Risk: Reputational implications if the attack is reported to the media, including a loss of sales whilst the site is down, and longer term loss of sales through the deterioration of customer confidence. Loss of competitive advantage against market competitors and the new GDPR (General Data Protection Regulation) regulations will enable overseeing bodies to enforce sizeable sanctions and penalties.

Mitigation: The Group has a strategy and processes in place which relate to our IT security posture. The recent establishment of a Group IT Security Officer role and ongoing work with internal and external parties enable us to continuously monitor our systems to ensure that they are sufficiently strong to deal with ever increasing cyber risks. We have invested and continue to invest in systems to protect our sites, data and customers. This investment spans several new security initiatives, including; new security tools, external penetration testing and employee IT security awareness training. Recent implementation of the GDPR (General Data Protection Regulation) which seeks to create a harmonised data protection law framework across the EU and aims to give back to data subjects control of their personal data, whilst imposing strict rules on those hosting and processing this data anywhere in the world, has been an opportunity to review and enhance in some cases the way in which we use and store data. The Group's IT is independently audited by outside agencies on an annual basis to challenge and test our defences. Our existing strategies are under constant review to ensure we are protecting ourselves and fully utilising new technologies where those technologies could assist.

• HEALTH AND SAFETY

Health and Safety is key across all areas of the Group. Policies are implemented, in conjunction with legal standards, to protect our staff and customers. These have been subject to a detailed review and updated where necessary.

Risk: Potential injuries, distress and fatalities could result from a failure to establish and maintain safe environments. Lack of competence in health and safety reporting could lead to legal claims which are difficult to defend.

Mitigation: We take reasonable steps to train all relevant employees within the Group to the appropriate standards applicable in each country. Shirebrook Head Office is now a registered training centre for First Aid and Health & Safety, with Quallsafe and the British Safety Council respectively. We have recruited a Health & Safety Training Officer and additional Health & Safety Officer based within Head Office. The Regional Health & Safety Officers have received additional training and education regarding delivery of Fire Risk Assessments and Evac Chair training. Training courses are regularly offered, and staff are encouraged to learn essential Health and Safety techniques. A revised staff induction, refresher training and handbook has been introduced within our stores, along with revised task based risk assessments and safe Systems of Work. The Warehouse teams have also undertaken similar reviews and implemented improved documentation and standards.

The team at our Head Office is always on hand to visit and assist stores with Health and Safety issues, assess incidents and report relevant matters to the Health and Safety Executive via the Reporting of Injuries, Disease and Dangerous Occurrences Report (RIDDOR). We have a team of employees dedicated solely to dealing with claims and complaints. The introduction of a bespoke online Accident/Incident reporting system in November 2016 has assisted the team to become more proactive investigating incidents and building claims defensibility where necessary. Accidents involving staff or customers are reported to the Board regularly, as are any legal claims that arise from these. The Board considers ways to reduce the number of claims.

- **LEGAL**

The Group's trade marks, patents, designs and other intellectual property rights are central to the value of the Group's Brands.

Risk: The Group currently believes that its licensees, suppliers, agents and distributors are in material compliance with employment, environmental and other laws. The violation, or allegations of a violation, of such laws or regulations, by any of the Group's licensees, suppliers, agents or distributors, could lead to adverse publicity and a decline in public demand for the Group's products, or require the Group to incur expenditure or make changes to its supply chain and other business arrangements to ensure compliance. The Group may need to resort to litigation in the future to enforce its intellectual property rights and any litigation could result in substantial costs and a diversion of resources. Third parties may try to challenge the ownership of or counterfeit the Group's intellectual property.

Mitigation: The Group has an in-house legal team who have knowledge of a variety of legal areas that apply to the Group. This in-house expertise is vital in mitigating such issues. The legal team work closely with external advisors to assist with, and gain knowledge on, matters outside their areas of expertise.

The Group's legal advisors actively monitor trade mark applications by other companies, as well as the inventory of rival retailers, to ensure that our rights are not infringed and where these are infringed, to take appropriate action. The legal team carefully draft contractual agreements to ensure that documentation is clear and legally binding. Standard templates and key points are shared so that processes are streamlined and legal spend is reduced.

- **SALES**

The Group's retail businesses are subject to seasonal peaks.

Risk: Prolonged unseasonal weather conditions or temporary severe weather during peak trading seasons could have a material adverse effect on the Group's businesses. The Group is dependent upon the store portfolio and consumers' spending habits.

Mitigation: Although unable to mitigate environmental conditions, the Group monitors inventory levels through sales forecasting to manage peaks in demand and we have years of trading profiles which assist in this regard. Our team keep ahead of the trends, conducting market research on our customers and monitoring our competitors. Sophisticated ordering systems ensure that items which sell well in particular areas will be restocked. Our strong relationship with suppliers ensures that we are able to source key items at short notice, should this be required.

THE BOARD

DR KEITH HELLAWELL OPM

Non-Executive Chairman, Chairman of the Nomination Committee

Appointed: 24 November 2009

Committees: Nomination and Remuneration Committees

Previous roles: Prior to joining the team at Sports Direct International plc, Dr Hellawell spent over 40 years in public sector management being a former Chief Constable of two British police forces. While working directly for the Prime Minister between 1998 and 2002 he wrote and coordinated the United Kingdom national and international anti-drugs policy. Dr Hellawell has been involved in the private sector since 1998 when he joined Evans of Leeds, a fully listed property company. Since then he has served on the Boards of both Dalkia plc and Sterience Limited, subsidiaries of the French company Veolia Env. He was Non-Executive Chairman of Goldshield Group plc, a marketing-led pharmaceutical and consumer health company, from May 2006 to its sale in December 2009. He has held a number of other Non-Executive Board positions in private companies in sectors such as vehicle manufacturing and IT

Present roles: Dr Hellawell is currently a Non-Executive Director of Mortice plc, a Singapore-based facilities management company, a Director of the Super League team Huddersfield Giants and Non-Executive Chairman of Smart Witness Limited, a leading designer, manufacturer, and supplier of in-vehicle cameras, recorders, and software. He also runs his own management and training consultancy company. There have been no changes to Dr Hellawell's significant commitments outside the Company during FY18

Key skills and experiences: Dr Hellawell has worked in both the public and private sector for over 50 years. Throughout this time he has built up a wealth of experience which he brings to the Group to ensure the successful and effective operation of the Board.

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 Chairman prior to being appointed Chief Executive in September 2016.

Key skills and experiences: 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 with Sports Direct he is invaluable to the Group.

JON KEMPSTER

Chief Financial Officer

Appointed: 11 September 2017

Previous roles: Jon has been a listed plc Finance Director for most of his career. He was previously Finance Director of Wincanton plc, Delta plc, Low & Bonar plc, Linden plc, fii plc and of AIM listed Utilitywise plc.

Present roles: Jon is a director of JVM Ltd, a private group who have exclusive dealerships to sell construction equipment in Russia. Jon is also a Non-Executive Director of Redcentric plc, an AIM listed IT managed services provider and a Trustee of the Delta Pension Plan.

Key skills and experiences: Jon is a Chartered Accountant and has extensive experience working in listed company environments.

SIMON BENTLEY**Senior Independent Non-Executive Director, Chairman of the Audit Committee**

Appointed: 2 March 2007

Committees: Audit, Nomination and Remuneration Committees

Previous roles: Simon qualified as a Chartered Accountant in 1980 and in 1987 joined Blacks Leisure Group plc where he was Chairman and Chief Executive for 12 years

Present roles: Simon chairs and is on the board of a range of companies and organisations. Among these, he is Chairman of the hair brand Umberto Giannini, is the principal owner and Chairman of the leading mobile ATM operator Cash on the Move, is a Supervisory Board Director of Global Home, a designer and manufacturer of indoor furniture for retailers, based in Vietnam, and is Chairman of Yad Vashem UK Foundation.

Key skills and experiences: He has lengthy experience of the sporting goods industry, and has the recent and relevant financial experience and accounting background necessary to be Chairman of the Audit Committee.

DAVID DALY**Non-Executive Director**

Appointed: 2 October 2017

Committees: Audit, Nomination and Remuneration Committees

Previous roles: David has held a number of positions during a 30 year international career with Nike, focussing on the football industry. He started in a sales role in 1986 and retired in 2015 as a Senior Director for Nike's Club and Federation business, responsible for global merchandising business for all of Nike's leading Soccer Clubs

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

Key skills and experiences: David has strong international experience in marketing and merchandising in the sports industry

DAVID BRAYSHAW**Non-Executive Director, Chairman of the Remuneration Committee**

Appointed: 8 December 2016

Committees: Audit, Nomination and Remuneration Committees

Previous roles: David is a very 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 and experiences: David graduated from Oxford in 1975 with a Masters of Arts in Chemistry. He has spent a long career in the field of corporate financing for a number of major financial institutions, and completed time as the Group Treasurer of Pilkington plc.

DIRECTORS' REPORT

The Directors of Sports Direct International plc present their Annual Report and Accounts for the period ended 29 April 2018.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Chief Executive's Report and Business Review on pages 60 to 69 provides a detailed review of the Group's current activities and potential future developments together with factors likely to affect future development, performance and conditions. There is also a table of the principal risks and uncertainties likely to affect the Group on pages 87 to 93. The financial position of the Group, its cash flow, liquidity position and borrowing facilities are described in the Financial Review on pages 70 to 76. The Corporate Social Responsibility Report on pages 77 to 86 reports on environmental matters, including the impact of the Group's businesses on the environment, the Group's workforce, and on social and community issues.

The principal activities of the Group during the period were:

- retailing of sports and leisure clothing, footwear and equipment, lifestyle and luxury apparel;
- 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

Further information on the Group's principal activities is set out in the front of this document and in the Chief Executive's Report and Business Review on pages 60 to 69.

RESULTS FOR THE PERIOD AND DIVIDENDS

Revenue for the 52 weeks ended 29 April 2018 was £3,359.5m and Profit before tax was £77.5m compared with £3,245.3m and £281.6m 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 60 to 69 and 70 to 76 respectively.

The Board has decided not to propose a dividend in relation to FY18. 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 payment of dividends remains under review.

SHARE CAPITAL AND CONTROL

As at 18 July 2018, there are 640,602,369 ordinary shares of 10p in issue and fully paid, of which 103,633,049 were held in treasury. As at the period end there were 103,633,049 ordinary shares held in treasury.

Further information regarding the Group's issued share capital can be found on pages 177 to 178 of the Financial Statements.

Details of our Share Schemes are also set out on pages 177 to 178.

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 £17,652,965.20 (being approximately one third of the then issued share capital) for the period expiring at 12 September 2018, the date of the 2018 AGM.

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 nominal amount of £35,305,930.20 in connection with a rights issue.

An authority to allot shares up to a maximum nominal value of £2,647,944.80 (being approximately 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 £2,647,944.80 (being approximately 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.

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 79,385,385 representing 14.99% of the Company's issued ordinary share capital at the 2017 AGM. The above authority expires at the close of the next AGM of the Company.

During the period to 29 April 2018 the Company has purchased 37,105,027 ordinary shares at a cost of £113,846,000 (excluding purchasing costs) and representing 5.8% of the issued share capital. The maximum number of shares held in treasury by the Company during the period was 103,633,049 representing 16.2% of the issued share capital. No shares have been disposed of by the Company.

As at 18 July 2018 the Company has not purchased any additional ordinary shares and no shares have been disposed of by the Company to this date.

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 6.1.4D. 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;
- exercise his voting rights or other rights in support of the Company being managed in accordance with the Listing Rules and the principles of good governance set out in the UK Corporate Governance Code and not exercise any of his voting or other rights and powers to procure any amendment to the Articles of Association of the Company; and
- other than through his interest in the Company, not have any interest in any business which sells sports apparel and equipment, subject to certain rights, after notification to the Company, to acquire any such interest of less than 20% of the business concerned, and certain other limited exceptions, without receiving the prior approval of the Non-Executive Directors; and not solicit for employment or employ any senior employee of the Company.

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

DIRECTORS' REPORT

Continued

As at 29 April 2018, 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	61.0%	Indirect
Odey Asset Management LLP ⁽²⁾	28,001,702	4.98%	Direct
Phoenix Asset Management Partners Limited ⁽³⁾	18,119,748	3.03%	Direct

(1) Mike Ashley holds the shares through two companies, namely MASH Beta Limited and MASH Holdings Limited, which hold 303,507,460 ordinary shares (56.11% of the issued ordinary share capital of the Company) and 26,492,540 ordinary shares (4.9% of the issued ordinary share capital of the Company) respectively

(2) These figures are as at 6 April 2017, being the last date on which the Company was notified of a change in the percentage of shares

(3) These figures are as at 11 July 2016 being the last date on which the Company was notified of a change in the percentage of shares

Between 29 April 2018 and 18 July 2018 (being the latest practicable date prior to the publication of this report), the Company has not been advised of any further interests in 3% or more of the issued share capital of the Company pursuant to Rule 5 of the DTRs.

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 law 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. Details of the impact of any successful takeover of the Group on the Directors' bonus and share schemes are set out in the Director's Remuneration Report on pages 115 to 128.

SHARE SCHEMES

Details of the Executive Share Scheme is set out in the Directors' Remuneration Report on pages 115 to 128 and details of the Share Scheme for participating employees on page 78 of the Corporate Social Responsibility Report.

STAFF INVOLVEMENT

The Group currently has approx. 26,500 strong workforce in its stores, offices and warehouses.

The workforce is notified of announcements and major changes in the business via Company news emails and our intranet, as well as information being transmitted through line managers. The Company has elected a Workers' Representative 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 if appropriate. A selection of questions received and answers given by management are displayed in communal areas for staff. The Company also operates a "Listening group" where representatives from the warehouse meet with members of senior management to provide feedback on the operation of the warehouse.

Training programmes and induction courses provide the workforce with opportunities to keep up to date with the latest developments of the Group. Our employee conferences offer attendees an opportunity to mix with teams with which they wouldn't ordinarily mix, to learn about the Group's aspirations, and to keep up to date with the latest changes in the Group. These conferences are full day events and also have a range of activities tailored to the specific area in which each individual works.

Further information on relationships with our people can be found in the Corporate Social Responsibility Report on pages 77 to 86 and on pages 55 to 58 of Our Business review.

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 should be ignored and any decision which is made with regard to candidates should be irrespective of these. Discrimination in any form will not be tolerated under any circumstances within the Group.

Applications for employment by disabled persons 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 job 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.

With the aim of restoring a balance of female representation on our Board, we are in the process of interviewing a number of female candidates for non-executive directorships.

Further information on our approach to diversity can be found in the Corporate Social Responsibility Report on pages 78 to 79.

RESEARCH AND DEVELOPMENT

The Group designs clothing and some footwear for sale in stores and has arrangements with suppliers for the research and development of goods.

CHARITABLE AND POLITICAL DONATIONS

During the year, the Group made charitable donations of £66k (2017: £117k) in the UK. No political donations were made (2017: nil). There have been a number of further donations of sporting equipment made to worthy causes.

DIRECTORS

Details of current Directors, dates of appointment, their roles, responsibilities and significant external commitments are set out on pages 94 to 95. David Daly joined the Board as a Non-Executive Director with effect from 2 October 2017. Jon Kempster joined the Board as Chief Financial Officer on 11 September 2017. Claire Jenkins resigned as a Director on 3 May 2017 and Dave Singleton resigned as a Director on 6 September 2017.

Although the Company's Articles of Association require retirement by rotation of one third of Directors each year, the Group complies with the 2016 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 29 April 2018 and at the date of this report is shown in the Directors' Remuneration Report on pages 115 to 128.

DIRECTORS' REPORT

Continued

Copies of the service contracts of Executive Directors and of the appointment letters of the Chairman 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.

DIRECTORS' CONFLICTS OF INTEREST

The Board has formal procedures to deal with Directors' conflicts of interest. During the year the Board reviewed and, where appropriate, approved certain situational conflicts of interest that were reported to it by Directors, and a record of those situational conflicts is maintained and reviewed. The Board noted any transactional conflicts of interest concerning Directors that arose and were declared. No Director took part in the discussion or determination of any matter in respect of which he had disclosed a transactional conflict of interest.

DIRECTORS' INDEMNITIES

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

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 29 April 2018.

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	N/A
(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 122
(12) Shareholder waivers of dividends	Page 100
(13) Shareholder waivers of future dividends	N/A
(14) Agreements with controlling shareholders	Page 97

GREENHOUSE GAS EMISSIONS

See page 85.

ANNUAL GENERAL MEETING

The 2018 AGM will be held on 12 September 2018 at Academy House, 36 Poland St, London, W1F 7LU. The meeting will commence at 11:00am. The Board encourages shareholders to attend and participate in the meeting.

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 60 to 69.

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 70 to 76. 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 profitable, highly cash generative and has considerable financial resources. The Group is able to operate comfortably within its banking facilities and covenants, which run until November 2021, 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.

The Group's forecasts and projections, taking account of reasonable possible changes in trading performance, and its exposure to foreign currency movements in respect of future purchases in US Dollars, and the forward contracts and written options entered into to sell Euros, show that the Group should be able to operate within the level of the current facility.

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 the foreseeable future. On this basis, the Directors continue to adopt the going concern basis for the preparation of the Annual Report and Financial Statements

ACCOUNTABILITY AND AUDIT

A statement by the Auditor can be found on page 139 to 140 detailing their reporting responsibilities. The Directors fulfil their responsibilities and these are set out in the responsibility statement on page 129.

AUDITOR

I would like to draw your attention to the fact that we are part way through the process of undertaking an audit tender. In order to achieve an efficient and orderly handover, our current intention is to ask our shareholders to approve re-appointment of Grant Thornton for one further year at the AGM. In accordance with Section 489(4) of the Companies Act 2006, resolutions to determine remuneration are to be agreed at the AGM.

POST BALANCE SHEET EVENTS

See note 40 of the Annual Accounts

By Order of the Board

Cameron Olsen
Company Secretary
18 July 2018

CORPORATE GOVERNANCE REPORT

CHAIRMAN'S INTRODUCTION

I am pleased to introduce the Corporate Governance Report, which confirms that for the year ended 29 April 2018, the Group has complied with the 2016 UK Corporate Governance Code.

The Board is diligent in its responsibilities in this area and will continue to develop and refine its approach to deliver best practices.

Our Board and senior management team lead by example to provide a strong corporate governance framework which is distilled throughout our business and processes. The Company has established an executive corporate governance group. Members of senior management including the Company Secretary, the Chief Executive and the Chief Financial Officer meet to discuss issues including people, finance, risk, regulatory and legal matters and stakeholder engagement. Board members are provided with copies of the minutes of these meetings

Sports Direct will continue to invest and make decisions in the long term interest of our customers, people and shareholders. Our ambition is to continue to create shareholder value in a volatile trading environment underpinned by a robust approach to governance.

Keith Hellawell
Chairman
18 July 2018

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The Group complied throughout the year under review with the provisions set out in the 2016 UK Corporate Governance Code (the "Code") which is the version of the Code that applies to FY18. A copy of the Code is available at www.frc.org.uk. The sections below detail how the Group has complied with the Code

Disclosures in relation to DTR 7.2.6 (share capital) and DTR 7.2.8 (diversity) are set out on pages 96 to 99.

A LEADERSHIP

A1 THE ROLE OF THE BOARD

The Board is responsible for overseeing the long term success of the Group and for setting and overseeing the execution of the business strategy in accordance with our stated aims of delivering value for customers, people and shareholders.

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 the business demands. During FY18 the Board met eight times. The Board is also available to advise on other issues which arise day to day.

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 Executive, 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. Areas discussed include strategic investments, the elevation strategy, capital expenditure, Brexit and treasury. The Board has also received updates throughout the year on topical matters such as GDPR and the gender pay gap. The Board receives reports from the Workers' Representative who is in attendance at all scheduled Board meetings.

Presentations are also given 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, unless a conflict of interest arises, to enable all Directors to have oversight of those matters delegated to Committees. Copies of analysts' reports and brokers' notes are also provided to Directors.

There are three Board committees, namely, the Audit Committee, the Remuneration Committee and the 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 Company's website.

Matters Reserved for the Board

There is a formal schedule of matters that require Board approval, they are matters that could have significant strategic, financial or reputational effects on the Group as a whole. These were reviewed in FY18 and 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 pages 87 to 93

Attendance at Board and Committee meetings

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 meetings, for more urgent matters.

	Board Meetings: Scheduled	Board Meetings: Unscheduled	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings
Keith Hellawell	6/6	2/2	-	3/3	2/2
Mike Ashley ⁽¹⁾	5/6	2/2	-	-	-
Simon Bentley ⁽²⁾	4/6	2/2	2/3	2/3	2/2
David Brayshaw	6/6	2/2	3/3	3/3	2/2
David Daly ⁽³⁾	3/3	1/2	2/2	1/1	1/1
Claire Jenkins ⁽⁴⁾	-	-	-	-	-
Jon Kempster ⁽⁵⁾	3/3	2/2	-	-	-
Dave Singleton ⁽⁶⁾	3/3	-	1/1	1/1	-

(1) Mike Ashley did not attend one scheduled Board meeting, with the prior permission of the Board due to competing demands for his time in other areas of the business

(2) Simon Bentley was unable to attend two scheduled Board meetings due to medical reasons

(3) Meetings attended by David Daly following his appointment on 2 October 2017

(4) Claire Jenkins resigned from the Board prior to any Board or committee meetings being held during FY18

(5) Meetings attended by Jon Kempster following his appointment on 11 September 2017

(6) Meetings attended by Dave Singleton until his resignation on 6 September 2017

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 members.

Directors and Officers Liability Insurance

Appropriate insurance cover is maintained by the Company in respect of its Directors and Officers.

A2 DIVISION OF RESPONSIBILITIES

The division of responsibilities between the Non-Executive Chairman and the Chief Executive is in writing and was reviewed and agreed by the Board in FY18. However, they work closely together to ensure effective decision making and the successful delivery of the Group's strategy.

CORPORATE GOVERNANCE REPORT

Continued

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 approximately 4.9% and 56.11% respectively of the issued share capital of the Company (excluding treasury shares) as at 18 July 2018. This agreement is described in the Directors' Report on page 97.

The Chief Executive is responsible for the running of the Group's business for the delivery of the strategy for the Group, leading the management team and implementing specific decisions made by the Board to help meet shareholder expectations. He also takes the lead in strategic development, by formulating the vision and strategy for the Group. The Chief Executive reports to each Board meeting on all material matters affecting the Group's performance. No one individual has unfettered power of decision.

Given the structure of the Board, the fact that the Chairman and Chief Executive roles are fulfilled by two separate individuals and the terms of the Relationship Agreement with Mike Ashley, the Board believes that no individual or small group of individuals can disproportionately influence the Board's decision making

A3 THE CHAIRMAN

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

The Chairman officiates effective communication with shareholders and ensures that the Board understands the views of major investors, and is available to provide advice and support to members of the Executive team. Upon his appointment the Chairman met the independence criteria set out in section B.1.1 of the Code.

A4 THE NON-EXECUTIVE DIRECTORS

There are currently three independent 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. They must also ensure they are satisfied with the accuracy of financial information and that thorough risk management processes are in place.

The Non-Executive Directors have excellent 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.

Simon Bentley is the Senior Independent Non-Executive Director. He supports the Chairman and Non-Executive Directors and is available to shareholders if they have concerns.

There were a number of meetings throughout the year which were solely for Non-Executive Directors and the Chairman. Meetings also took place which were attended by Non-Executive Directors without the Chairman. The performance of the Chairman was appraised during one of these meetings and led by the Senior Independent Non-Executive Director, Simon Bentley.

B EFFECTIVENESS

B1 COMPOSITION OF THE BOARD

The Board consists of the Non-Executive Chairman, Keith Hellawell, the Chief Executive, Mike Ashley, the Chief Financial Officer, Jon Kempster, and three further independent Non-Executive Directors. 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 94 to 95. Each year the Board considers the independence of each Non-Executive Director in accordance with the Code. The most recent review did not highlight any Directors who lacked independence.

The Board continues to support our longest serving Non-Executive Director, Simon Bentley, who has been a Board member since 2007. The Board greatly values Simon's experience and his strong contribution to debate. In supporting Simon, the Board has taken full account of the Code's requirements to consider carefully a Non-Executive Director's independence where that Director has served on the Board for more than nine years from the date of their first election. The Board is of the view that Simon continues to be independent, that there are no issues likely to affect his independent judgement and that he is not financially dependent upon the fee he receives from the Company

B2 APPOINTMENTS TO THE BOARD

The Company has a Nomination Committee comprised of all the Non-Executive Directors and Chaired by the Chairman of the Board. The Nomination Committee is responsible for regularly reviewing the structure, size and composition (including the skills, knowledge experience and diversity) of the Board and make recommendations to the Board with regard to any changes. It is also responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies.

The work of the Nomination Committee is described on pages 113 to 114

Non-Executive Directors (with the exception of the Chairman whose agreement continues until terminated in accordance with its terms) are appointed for an initial term of three years. All directors are subject to annual re-election

B3 COMMITMENT

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. Details of the Non-Executive Directors' external appointments can be found on pages 94 to 95.

Before accepting new appointments, Non-Executive Directors are required to obtain approval from the Chairman, and the Chairman requires the approval of the whole Board. It is essential that no appointment causes a conflict of interest or impacts on the Non-Executive Directors' commitment and time spent with the Group in their existing appointment. The time specified in Non-Executive Directors' letters of appointments, to be committed to the role was reviewed by the Nomination Committee in FY18 and deemed to be appropriate.

Details of Executive Directors' service contracts, and of the Chairman's and the Non-Executive Directors' appointment letters, are given on pages 122 to 123. 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.

Neither of the Executive Directors hold a directorship of another FTSE 100 company

B4 DEVELOPMENT

All newly appointed Directors are provided with an induction programme which is tailored to their existing skills and experience and includes warehouse and store visits, legal update on directors duties and one on ones with members of the senior management team. The Board is informed of any material changes to governance, laws and regulations affecting the Group's business.

Directors are provided with details of relevant training courses and training needs are reviewed by the Chairman during the annual Board evaluation process.

B5 INFORMATION AND SUPPORT

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

CORPORATE GOVERNANCE REPORT

Continued

The Company Secretary has responsibility for advising the Board on corporate governance matters and during FY18 reports have been provided to the Board on the FRC's reform of the UK Corporate Governance Code and the new governance code for Large Private Companies. Training was also provided on directors' duties, relevant Listing Rules obligations and the Market Abuse Regulations.

B6 EVALUATION

The practices and processes of the Board and its committees are evaluated on a yearly basis. Following evaluations the feedback obtained is considered and the Board act on the issues which have been raised. The most recent Board evaluation in FY18 was conducted internally using a questionnaire. The Directors believe that the Board and its committees are working effectively.

The last external evaluation of the Board was undertaken in FY17 by NJMD Corporate Services Limited ("NJMD"). NJMD are an independent consultancy specialising in board performance evaluation and have no connection to the Company other than undertaking the external board evaluation in 2014.

The Non-Executive Directors led by Simon Bentley, as the Senior Independent Non-Executive Director, have reviewed the performance of the Chairman taking into account the views of Executive Directors. All directors' performance is reviewed by the Chairman to ensure their performance remains effective and that they are committed to the role.

B7 EXECUTIVE AND NON-EXECUTIVE DIRECTORS - RE-ELECTION

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 2018 AGM to comply with the Code. All Directors appointed by the Board during the year after consideration of the recommendations of the Nomination Committee must stand for election at the AGM following their appointment.

C ACCOUNTABILITY

C1 FINANCIAL AND BUSINESS REPORTING

It is the responsibility of the Directors to ensure that the accounts are prepared and submitted. Having assessed the current Annual Report, along with the accounts, the Directors confirm that, taken as a whole, they are fair, balanced and understandable. The Directors also confirm that these documents provide the necessary information in order for shareholders to assess the Group's performance, business model and strategy. Details of the business model and strategy are contained in the Strategic Report on pages 52 to 87.

The going concern statement provided by the Directors is on page 101 of the Directors Report. The independent auditor's report is set out on pages 131 to 141.

C2 RISK MANAGEMENT AND INTERNAL CONTROL

The Board has carried out a robust assessment of the principal risks facing the Group. Details of these risks are set out on pages 87 to 93. The Board has reviewed the Company's risk management and internal control systems during FY18 and consider them to be effective.

C3 AUDIT COMMITTEE AND AUDITORS

The Company has an Audit Committee comprised of all the independent Non-Executive Directors and Chaired by the Senior Independent Non-Executive Director. The Audit Committee report on pages 107 to 112 details how the Group has complied with Section C3 of the Code relating to Audit Committees.

D REMUNERATION

The Company has a Remuneration Committee comprised of all the Non-Executive Directors and the Chairman of the Board. David Brayshaw is the Chair. The Remuneration report on pages 115 to 128 details how the Company has complied with Section D of the Code relating to the Remuneration Committee.

E RELATIONS WITH SHAREHOLDERS

E1 DIALOGUE WITH SHAREHOLDERS

Upon his appointment, the Chief Financial Officer met with a number of major shareholders and analysts together with the then newly appointed Head of Strategic Investments. The Senior Independent Non-Executive Director and Chief Financial Officer have also met with shareholders throughout the year to discuss the Group's strategy and performance and on occasions specifically the Group Audit. The Company has undertaken collective face-to-face briefings for analysts and investors on announcement of the half year and annual results.

E2 CONSTRUCTIVE USE OF THE AGM

Directors are available at and following general meetings when shareholders have the opportunity to ask questions on the business of the meeting. The Company Secretary, the Company's auditors and the Registrars are in attendance at general meetings to assist with any queries shareholders may have. The Notice of AGM and related papers are sent to shareholders a minimum of 20 working days before the meeting. For other general meetings the Notice and accompanying paperwork is sent out a minimum of fourteen working days in advance.

AUDIT COMMITTEE

AUDIT COMMITTEE REPORT 2018

Dear Shareholder,

I am pleased to present the Audit Committee Report for the 52 weeks ended 29 April 2018

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. It is also responsible 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 has met during the year;
- The main responsibilities of the Committee;
- What the Committee has done during the year;
- How the Committee has assessed the effectiveness of the external auditors, including ensuring their independence;
- The Committee's opinion on the Annual Report when viewed as a whole; and
- The Board's view of the Committee's own effectiveness and what is planned for 2019.

I would like to draw your attention to the fact that we are part way through the process of undertaking an audit tender process. In order to achieve an efficient and orderly handover, our current intention is to ask our shareholders to approve re-appointment of Grant Thornton for one further year at the AGM. We intend to announce our proposed new auditors later this year on conclusion of the tender process, who will therefore be in place for the year ended April 2020.

MEMBERSHIP

I am Chairman of the Committee and the other members are David Daly and David Brayshaw. Biographical details of each Committee member are set out in the Directors' profiles on pages 94 to 95 of this Annual Report

As Chairman of the 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 and that the Committee as a whole has competence relevant to the retail sector in which the Group operates.

CORPORATE GOVERNANCE REPORT

Continued

MEETINGS

The Committee met three times during the year. Non-Committee members of the Board and the management team, including Mike Ashley and Jon Kempster, have attended Committee meetings during the year at my invitation so that they can keep the Committee informed of important developments in the business and the risk and control environment. The attendance of members of the Executive management team at these meetings also helps to reinforce a strong culture of risk management within the business.

Our external auditors, Grant Thornton UK LLP, attended all Committee meetings during the year. After the Committee meetings the Committee members met with Grant Thornton without any of the Non-Committee members of the Board or Executive management team present. In my capacity as Chairman of the Committee, I also met with Philip Westerman, the lead audit partner at Grant Thornton, on three additional occasions during the year as part of the Committee's assessment of Grant Thornton's effectiveness as our external auditors. Further details of this assessment are set out below.

THE MAIN RESPONSIBILITIES OF THE AUDIT COMMITTEE INCLUDE:

- Assisting the Board with the discharge of its responsibilities in relation to internal and external audits and controls;
- Considering and making recommendations to the Board on the reappointment of the external auditors;
- Agreeing the nature and scope of the external audit and monitoring the same;
- Monitoring the external audit, including reviewing the results of the external audit and its independence, objectivity, effectiveness, and reviewing and agreeing the external auditor's fee;
- Agreeing and monitoring the extent of the non-audit work that may be undertaken by the external auditors;
- Monitoring and making judgements and recommendations on the Group's financial reporting processes and the integrity and clarity of the Group's financial statements as well as any formal announcements relating to the Group's financial performance and reviewing significant financial reporting judgments contained in them;
- Reviewing and monitoring the effectiveness of the Group's internal financial control systems and internal control and risk management systems, including a review of the activities of the internal audit function;
- Reviewing arrangements by which staff may, in confidence, raise concerns about any improprieties in matters of financial reporting;
- Informing the Board of the outcome of the audit and explaining how the audit contributed to the integrity of the financial report and what the role of the committee was in that process; and
- Reporting to the Board on how the Committee has discharged its responsibilities during the year.

WHAT HAS THE COMMITTEE DONE DURING THE YEAR?

During the year, and as further described below, the Committee has:

- Monitored the effectiveness of the Group's internal controls, particularly in light of the current macroeconomic climate and its likely impact on the Group;
- Assessed the effectiveness of the external audit process and considered the reappointment of Grant Thornton as external auditors for 2019;
- Reviewed Group accounting policies, presentations and the financial statements;
- Advised the Board on its interactions with the Financial Reporting Council's Corporate Reporting Review Team, as further described below; and
- Together with the Board, considered the Committee's own effectiveness.

INTERNAL CONTROLS

As one of the fastest growing retailers, with rapidly expanding overseas and online operations, the Group has many complex operational risks to manage. Information on the Group's approach to internal control and risk management is set out in the Strategic Report on pages 87 to 93 of this Annual Report.

Central to the Group's system of internal controls has been the work undertaken by its Retail Support Unit. The Retail Support Unit conducts internal audits across the Group's retail operations each year, providing internal assurance in relation to the efficacy of the Group's controls over the operational procedures and systems which generate and report trading data for the purposes of compiling the Group's financial statements.

In the prior year there were various changes to the Executive management team and the decision was made to suspend certain activities including the continuation of BDO as internal auditor. Following the appointment of Jon Kempster as the new Group Chief Financial Officer and Chris Wootton as his Deputy we have re-commenced some internal audit activity to run alongside the Retail Support Unit. This was recommenced towards the back end of the financial year and was performed by PKF Cooper Parry. We intend to continue to build on this programme in the current year and will look to complement third party work with the recruitment of a dedicated internal resource.

The Committee focused on a number of significant areas of internal control during the year, including:

- Stock valuation and the calculation of associated provisions;
- Management of foreign currency exposures;
- Property investment in elevated stores formats;
- Property and the systems in place to ensure onerous lease provisions 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;

In addition to the above the Group has seen the introduction of the General Data Protection Regulation (GDPR) recently with substantial work undertaken by an internal project team, assisted by an external consultancy. In my role as Chairman of the Committee I saw that this was an important project and also very interesting and challenging as it touched on all areas of the business. It has helped me understand the data use within the business and the actions undertaken to ensure compliance is a positive addition to the overall control environment.

The Committee remains of the view that the Group's internal controls continue to be effective.

EXTERNAL AUDITORS

Our current external auditors, Grant Thornton, have been in place since the listing in February 2007

To maintain the objectivity of the audit process, the external auditors are required to rotate audit partners for the Group audit every five years. The current lead audit partner at Grant Thornton, Philip Westerman, has been in place for five years.

On an annual basis, the Committee considers the appointment or reappointment (as applicable) of the external auditors and their remuneration and makes recommendations to the Board. The auditors are then proposed for appointment or reappointment (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 auditors and their independence. These include:

- The quality and scope of the planning of the external audit in assessing risks and how the external auditors have 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 auditors during the year;
- The level of understanding that the external auditors have demonstrated in relation to the Group's businesses and the retail sector;
- The objectivity of the external auditors' views on the internal controls around the Group 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

CORPORATE GOVERNANCE REPORT

Continued

- The nature and scope of non-audit services provided by the external auditors and the level of fees charged for these services.

The FRC's Revised Ethical Standard for audit engagements came into effect on 17 June 2016. It is applicable for accounting periods commencing on or after this date. For Sports Direct, this is therefore applicable for the first time for this financial period commencing 1 May 2017.

A number of services historically provided to the Group by Grant Thornton are now prohibited under the Revised Ethical Standard, including any tax-related work. The Committee carefully reviewed the Revised Ethical Standard in conjunction with Grant Thornton and the provision of all services that are now prohibited ceased with effect from 1 May 2017.

The Committee has agreed that, in the future, any proposed non-audit services by the external auditors will continue to require express pre-approval by the Committee to ensure that the requirements of the Revised Ethical Standard are complied with.

Overall, following its detailed assessment and discussions with Grant Thornton, the Committee believes that Grant Thornton's independence, the objectivity of the external audit and the effectiveness of the audit process is safeguarded and remains strong and that high standards for external audit have been maintained. This is evident to the Committee in Grant Thornton's robust internal processes, their continuing challenge, their focused reporting and their discussions with both management and the Committee.

The Committee has therefore concluded that Grant Thornton remain effective as external auditors and has recommended to the Board that its current intention is for Grant Thornton be reappointed as the Group's external auditors for the 2019 financial year

Non-audit fees charged by Grant Thornton for its UK services during the year were nil. This compares to UK audit fees of £0.8m and other assurance fees of £0.1m.

In addition, member firms of Grant Thornton's international network provided audit and non-audit services to the Group with fees for non-audit services totalling £0.1m. These non-audit services related primarily to tax compliance and advisory services. The tax services were not prohibited under FRC 5.167R as they were in respect of non-EU entities. Fees for international audit services were £0.4m.

More detail on fees charged by Grant Thornton is included in note 8 to the financial statements contained on page 166 of this Annual Report.

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 Grant Thornton as the Group's external auditors. The Committee was also satisfied that it was in the interests of the Group to be provided with these non-audit services from the external auditors because of Grant Thornton's deep understanding of the business and expertise in the relevant areas.

Phil Westerman had reached the end of his five year term, and we have requested his term be extended by one year to cover the FY19 audit. We have made the FRC aware of our intentions and have consulted with our major shareholders over the extension of his term, who have been supportive of this, subject to the necessary procedures to ensure this remains compliant with the Ethical Standard requirements.

REVIEWED ACCOUNTING POLICIES, PRESENTATIONS AND THE FINANCIAL STATEMENTS

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 this Annual Report is consistent with the Group's financial statements for the 52 weeks ended 29 April 2018. 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 (for example, in relation to the FRC's Revised Ethical Standard, referred to above);
- 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 represented 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;
- Interim progress review of process and Annual Report content with the Committee; and
- Overall review of the contents of the Annual Report and substantiation of why it provides a fair, balanced and understandable view of the year under review

The Audit Committee also considered a number of areas arising during the audit including consideration of the accounting treatment for the Debenhams strategic investment.

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's review of this year's interim and full year financial statements focused on the following areas of significance:

- Revenue recognition accounting policies;
- Adequacy of inventory provisioning and assumptions inherent in the provision calculation;
- Acquisitions in the year, accounting, control and recoverability of any year end receivables to controlled entities and investments;
- Foreign currency impact on trading and eligibility for hedge accounting of forward currency contracts, financial instruments and hedging strategy;
- Control considerations and whether the Group has significant influence over investments and associates
- Completeness and disclosure of related party and other commercial relationships; and
- Quality of systems and management override of controls.

REVIEW OF THE COMMITTEE'S EFFECTIVENESS

As advised in my report last year, we stated the need to focus on succession planning, both in relation to its own membership and also those members of the Board and management team with responsibility for the quality and effectiveness of the Group's financial reporting and external audit process, as well as its internal controls and risk management

CORPORATE GOVERNANCE REPORT

Continued

In the year under review Jon Kempster has joined the Group as Chief Financial Officer, Chris Wootton has been promoted to the Deputy Chief Financial Officer role, having joined the Group in the previous financial year. The Group finance function has been invested in more widely with the addition of other very capable accountants. Alistair Stewart joins us from RSM (formerly Baker Tilly) as Chris' replacement as Chief Accountant. I am also pleased to announce that Katie Smith has been promoted internally to UK Group Financial Controller. As such I see the finance function is better placed today to cope with the ever-increasing demands placed upon it to support the group in its growth aspirations. The constitution of the Committee has changed with the addition of David Daly.

Simon Bentley

Chairman of the Audit Committee and Senior Independent

Non-Executive Director

REMUNERATION COMMITTEE

Biographical details of each member are shown in the Board of Directors' profiles on pages 94 to 95

The Remuneration Committee consists of Non-Executive Directors who are considered independent and the Chairman. The purpose of the Committee is to assist the Board to ensure that Executive and Non-Executive Directors receive appropriate levels of pay and benefits. A key priority is to ensure that 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 the UK Corporate Governance Code while meeting stakeholder, shareholder and staff expectations.

THE RESPONSIBILITIES OF THE REMUNERATION COMMITTEE INCLUDE:

- Determining the Company's Policy on Executive remuneration, including the design of bonus schemes and targets, share schemes when appropriate, together with payments under them;
- Determining the level of remuneration of the Chairman and each of the Executive Directors;
- 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 the continuing enhancements proposed by regulatory bodies.

The Remuneration Committee meets at least three times a year and met on three occasions during FY18.

WHAT HAS THE COMMITTEE DONE DURING THE YEAR?

- Worked on the Share Scheme, including announcements;
- Reviewed and approved the Company's Remuneration policy;
- Considered the introduction of a new employee share scheme;
- Reviewed the Company's Gender Pay Gap Report; and
- Reviewed and approved the Directors' Remuneration Report contained on pages 115 to 128.

Full details of Directors' remuneration can be found in the Remuneration Report on pages 115 to 128.

David Brayshaw

Chairman of the Remuneration Committee

18 July 2018

NOMINATION COMMITTEE

In my role as Chairman of the Nomination Committee, I ensure that the Board remains competent, balanced and effective in order to meet the needs of the Group. These goals are achieved in a number of ways, including monitoring the succession of the Board, reviewing its performance and identifying and nominating suitable candidates to fill Board vacancies.

Biographical details of each member are shown in the Board of Directors' profiles on pages 94 to 95.

The Nomination Committee will usually meet twice a year and will also meet when appropriate. The Committee met formally on two occasions during FY18. A number of informal discussions also took place. All of the Nomination Committee members are Non-Executive Directors and with the exception of the Chairman, are considered to be independent. See page 105 regarding Simon Bentley's independence.

THE RESPONSIBILITIES OF THE NOMINATION COMMITTEE INCLUDE:

- Reviewing the leadership needs of the Group, looking at both Executives and Non-Executives;
- 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, taking into account the challenges and opportunities facing the Group and the skills and expertise therefore needed on the Board;
- Formally documenting the appointment of Directors; and
- Identifying potential candidates for senior posts, and making recommendations to the Board as and when necessary.

The Nomination Committee also determines succession plans for the Chairman and the Chief Executive who are not present at meetings when the matter is discussed. Succession plans are reviewed by the Nomination Committee at least once a year.

WHAT HAS THE COMMITTEE DONE DURING THE YEAR?

Board nominations

The Committee follows a formal, rigorous and transparent procedure for the appointment of new Directors to the Board. The Committee has considered and recommended the re-appointment of all directors, following consideration of their effectiveness and commitment.

The Committee led the process for recruiting and recommending the appointment of Jon Kempster as Chief Financial Officer. The Committee used Taurus London to identify Jon as a suitable candidate for the role. Taurus London is a division of Liberum Capital Limited, who are also the Company's brokers. The Committee also recommended the appointment of David Daly. David was known to the Group through his former role as Sales Director with Nike, one of the Company's key suppliers. However, he had had no direct relationship with the Group since 2011 and retired from Nike in 2015. He was interviewed by the Chairman and Claire Jenkins, Non-Executive Director, neither of whom had any prior relationship with David. The Committee therefore considered that he was independent and that his experience of brands and retail would be an asset to the Board.

Composition of the Board

The Committee has reviewed the composition of the Board and has concluded that it would benefit from the addition of a non-executive with international exposure, and experience of luxury brands to assist its objective of elevation. The Company is actively seeking applications from female candidates to fulfil this role and is currently interviewing a number of candidates.

CORPORATE GOVERNANCE REPORT

Continued

Diversity and inclusion

The Group's policy on diversity was considered by the Committee in FY18 and is currently being revised in line with best practice. Following the resignation of Claire Jenkins, during FY18 the Company has no female directors on the Board. The committee has taken steps to address this and during the period a number of female candidates have been interviewed for the Non-Executive Director roles. Our senior leadership team is currently comprised of approx. 35% females. Three of our senior executive positions, Head of Global Operations, Head of HR and UK Group Financial Controller are held by females, and approx 50% of our overall workforce is female. Further details on diversity and inclusion are set out in the Corporate Social Responsibility Section on page 78.

Review of Terms of Reference

The committee has reviewed its terms of reference in FY18 and concluded that no further amendments need to be made.

Dr Keith Hellawell QPM

Chairman of the Nomination Committee

18 July 2018

DIRECTORS' REMUNERATION REPORT

Dear Shareholder,

As the new Chair of Sports Direct's Remuneration Committee (the "Committee") I am pleased to present our Remuneration Report for the period ended 29 April 2018, for which we will be seeking your approval at our AGM in September 2018. In line with the applicable legislation, separate approvals will be sought for: (1) the proposed new Directors' Remuneration Policy on a binding basis; and (2) the remainder of the Remuneration Report on an advisory basis.

I would like to thank out-going Chair Dave Singleton for his contribution to the Committee in the period up to his retirement from the Board and the Committee in September 2017. I am pleased to welcome Dave Daly to the team, who joined the Committee in April 2018.

The Remuneration Committee consists of Non-Executive Directors who are considered independent and the Chairman of the Board. The purpose of the Committee, as previously outlined, is to assist the Board to ensure that Executive Directors and Senior Executives receive appropriate levels of pay and benefits.

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 applicable regulatory requirements including, but not limited to, the UK Corporate Governance Code ("Code"), whilst meeting stakeholder, shareholder and staff expectations.

In line with recent suggestions for revisions to the Code we reiterate our commitment to including the following key objectives:

- Clarity
- Simplicity
- Predictability
- Proportionality;
- Risks and behaviours; and
- Alignment to Culture

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.

REMUNERATION POLICY CHANGES

The Company's current directors' remuneration policy (the "Remuneration Policy") reaches the end of its three year life at the AGM on 12 September 2018. We shall be seeking shareholder approval for a revised Remuneration Policy at the 2018 AGM.

A key consideration in relation to the new Remuneration Policy has been the Company's long term incentive arrangements, both for Executive Directors and the wider workforce. During FY18 the Committee has continued to consider the introduction of a new employee share scheme that appropriately aligns Executive Directors' interests with the interests of shareholders in bringing consistent long-term profitable growth to the Company, and intends to seek shareholder approval in the near future for a new share scheme, referred to in the Directors' Remuneration Report as the "Future Share Scheme". When we seek approval for the Future Share Scheme, we will also seek approval for the grant of awards under it to the Company's Executive Directors

The Company will not grant any additional awards under the Executive Share Scheme, which was approved by shareholders in 2010, to any Executive Director.

The Committee has reviewed the current Remuneration Policy and proposes a small number of minor changes.

DIRECTORS' REMUNERATION REPORT

Continued

The majority of these are summarised in the Future Policy Table on pages 118 to 120, with consequential changes also having been made to other areas of the Remuneration Policy. Reflecting that we will seek approval for the Future Share Scheme in due course and that we will not grant any additional awards under the Executive Share Scheme, we have removed the Long-Term Incentive Pay section from the Remuneration Policy for which we will seek approval at the 2018 AGM. This means that, as under the current Remuneration Policy, Executive Directors (other than Mike Ashley) may earn a bonus of up to 200% of salary in respect of any financial year, reflecting that our Executive Directors are not currently eligible to earn any variable remuneration; but we would review the bonus arrangements as part of any revised Remuneration Policy for which shareholder approval was sought in connection with the introduction of the Future Share Scheme.

The Remuneration Policy will also include provision for any bonus in excess of 100% of salary to be deferred into shares for two years. However, recognising the level at which salaries are currently set, the Committee will retain discretion not to implement deferral (or to require deferral of a smaller amount) if the 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 as the Company.

Our business model has not changed since shareholder approval of the current Remuneration Policy in 2015 and we believe that the structure of the current Remuneration Policy continues to be the right one for the Company and its shareholders. It remains aligned to the Company's performance, with shareholder interests and with the Company's strategy, objectives and business model. Therefore, we believe the minor changes proposed ensure that the future Remuneration Policy remains fit for purpose and supports the long-term success of the business.

BOARD CHANGES

During financial year 2018, Jon Kempster joined the board as Chief Financial Officer. The Committee determined his remuneration package in line with the existing shareholder approved directors' remuneration policy. Mr Kempster's salary has been set at the level of £150,000 consistent with the salaries that have applied for all executive directors, other than Mike Ashley who does not currently receive a salary, since 2002. In line with the existing policy, Mr Kempster was not eligible to earn a bonus for FY18 and was not granted any share scheme or other long term incentive award.

FY18 PERFORMANCE RELATED REMUNERATION AND APPROACH TO EXECUTIVE DIRECTOR'S REMUNERATION FOR FY19

No Executive Director was eligible to earn a bonus in respect of FY18 and no Executive Director has any outstanding award under any share scheme or other long term incentive scheme.

Our proposed approach to Executive Directors' remuneration in respect of FY19 is summarised on pages 125 to 126.

WORKFORCE REWARD

As we discussed in our last Annual Report and Accounts, we introduced a minimum share value guarantee of £3 to eligible employees on the vesting of the final tranche of shares under the 2011 Share Scheme in September 2017, rising to £4 for those who elect to defer the vesting of their share awards until September 2018. The Company was pleased to report in September 2017 that c.£40m of shares were acquired by just under 2,000 eligible employees, and that those participants were able to benefit from the market price of the shares being above the £3 minimum guarantee at that time.

As noted above, during FY18 the Committee has continued to consider the introduction of a new employee share scheme that appropriately aligns Executive Directors' interests with the interests of shareholders in bringing consistent long-term profitable growth to the Company, and proposes to seek shareholder approval for the Future Share Scheme in the near future.

It is worth reminding shareholders that in addition to share schemes, the Company operates other bonus and incentive awards for its workforce. By way of recent examples, in FY16 our UK retail workers received a total of £19m in bonus and incentive awards, and this figure increased to £20m in FY17. In FY18 this figure was £20m. A significant proportion of these other bonus and incentive awards were paid to our casual retail workers.

The Remuneration Committee meets several times a year, with three formal meetings and a number of ad hoc meetings held in FY18.

A full report on the remuneration of Directors appears on pages 124 to 128.

RESPONSIBILITIES OF THE COMMITTEE

- Determining the Company's policy on Executive remuneration, including the design of bonus schemes and targets, share schemes when appropriate, together with payments under them
- Determining the level of remuneration of the Chairman and each of the Executive Directors
- Monitoring the remuneration of senior management and making recommendations in that respect
- Agreeing any compensation for loss of office of any Executive Director

Ensuring that the Company's Remuneration Policy remains fit for purpose and takes note of the continuing enhancements proposed by regulatory bodies. We are currently examining suggested enhancements to the UK Corporate Governance Code in this regard and will adopt those that we believe are appropriate to our business.

David Brayshaw

Chair of the Remuneration Committee

18 July 2018

DIRECTORS' REMUNERATION POLICY

This part of the report sets out the Company's proposed Directors' Remuneration Policy which, subject to shareholder approval, shall take binding effect from the date of the 2018 AGM and remain valid until the 2021 AGM. The proposed Policy is determined by the Committee, and key changes to elements of the current Remuneration Policy, which was approved by shareholders at the 2015 AGM and expires at the 2018 AGM, have been highlighted for ease. As explained in the statement from the Chair of the Remuneration Committee, the provisions of the old Remuneration Policy relating to long term incentives have also been removed. However, the Remuneration Committee continues to consider the introduction of a new employee share scheme that appropriately aligns Executive Directors' interests with the interests of shareholders in bringing consistent long-term profitable growth to the Company, and intends to seek shareholder approval for the Future Share Scheme in the near future. Consequential changes have been made as to reflect the changes to the Remuneration Policy.

DIRECTORS' REMUNERATION REPORT

Continued

FUTURE POLICY TABLE

The table below describes each of the elements of the remuneration package for the 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 Committee retains discretion to set salaries at a level commensurate with other companies of a similar size and complexity as the Company.

PERFORMANCE MEASURES

Not applicable.

CHANGES TO POLICY APPROVED AT THE 2015 AGM

No change, other than the removal of references to the arrangements for the Company's former interim Chief Financial Officer.

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 same level of staff 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 on-going strategy of the Company.

PERFORMANCE MEASURES

Not applicable.

CHANGES TO POLICY APPROVED AT THE 2015 AGM

No change, other than the availability of a 20% staff discount on purchases of products from the Group's retail stores and removal of references to the Executive Share Scheme.

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 scheme is 2%, rising to 3% from April 2019.

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.

The maximum bonus that an Executive Director may earn shall be 200% of salary in respect of any financial year.

PERFORMANCE MEASURES

Not applicable.

CHANGES TO POLICY APPROVED AT THE 2015 AGM

Maximum employer contribution has increased to 2%, and will rise to 3% in April 2019, reflecting changes in the auto-enrolment employer contribution rates. Discretion is retained to reflect any subsequent increases in those rates.

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 3 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.

DIRECTORS' REMUNERATION REPORT

Continued

CHANGES TO POLICY APPROVED AT THE 2015 AGM

The deferral mechanism for any bonus earned in excess of 100% of salary.

Note that the ability to earn up to 200% of salary reflects (i) the Policy approved at the 2015 AGM which provided that an Executive Director may be awarded an annual incentive opportunity of up to 200% of salary per annum, until such time as he or she participates in the 2015 Share Scheme, and (ii) the fact that the 2015 Share Scheme lapsed in FY16 and the Executive Share Scheme is no longer in use. The Company will review the bonus arrangements as part of any revised Remuneration Policy for which shareholder approval is sought in connection with the introduction of the Future Share Scheme.

The table below sets out an overview of the approach to remuneration for the Chairman and Non-Executive Directors.

PURPOSE / LINK TO STRATEGY	APPROACH OF THE COMPANY
Chairman and Non-Executive Director fees	The Committee's Remuneration Policy in respect of the Non-Executive Directors is to pay annual fees which reflect the responsibilities and duties placed upon them, while also having regard to market practice.
Provide an appropriate reward to attract and retain Directors of the calibre required for the business.	<p>Non-Executive Directors receive a fixed annual fee. The maximum aggregate amount of annual fees payable to all Non-Executive Directors shall not exceed the £500,000 limit set in the Company's articles of association. Non-Executive Directors are not currently entitled to any additional fees for their roles as <i>committee members, committee chairs, or the Senior Independent Non-Executive Director.</i></p> <p>Non-Executive Directors do not participate in any bonus or share schemes.</p> <p>Non-Executive Directors may be eligible for benefits such as the use of secretarial support, travel costs or other benefits that may be appropriate.</p>

EXPLANATION OF PERFORMANCE MEASURES CHOSEN

Any bonus opportunity would be subject to performance metrics determined by the Committee and linked to the Company's strategy and/or the performance of the Executive Director in role. The metrics and performance against them would be disclosed in the Directors' Remuneration Report in which payment of the bonus was disclosed, or if later when they were no longer considered commercially sensitive. Any performance measure may be varied or substituted by the Committee if an event occurs which causes the Committee to determine that it would be appropriate to do so; the rationale for any such variation or substitution would be given in the next Directors' Remuneration Report.

EXPLANATION OF DIFFERENCES IN REMUNERATION POLICY FOR OTHER EMPLOYEES

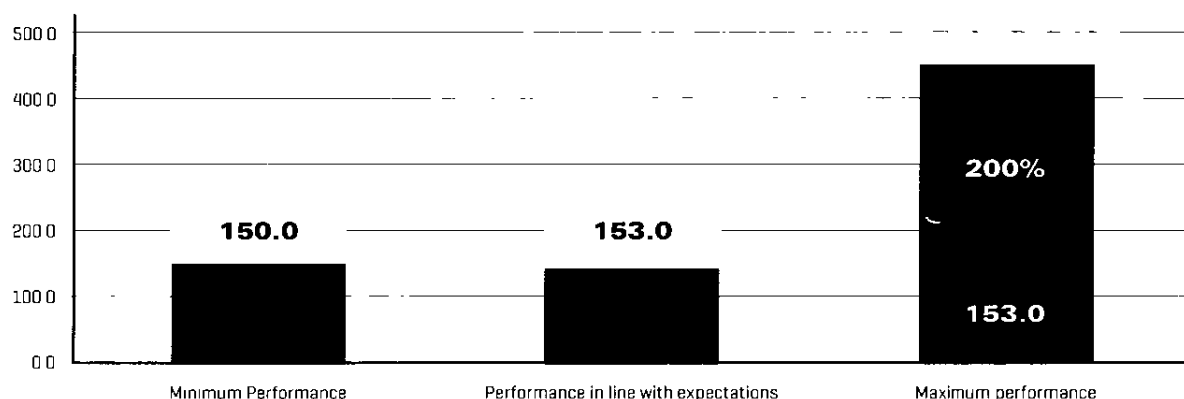
The Company has a large number of employees with different responsibilities and differing levels of seniority. Reward policies for employees other than Executive Directors are determined by reference to grade, role, performance and other relevant factors. The Committee engages with the wider workforce on the remuneration policy through the Employers' Representative on the Board, whose feedback and views are sought by the Committee. 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 and the creation of new incentive schemes in order to create a sense of common purpose and sharing of success. Indeed, in order to reflect the Company's "One Team" ethos, the 2015 Share Scheme (which lapsed in FY16) had applied to awards granted to both Executives and employees determined by the Board as eligible who meet the qualifying conditions as determined and agreed by the Committee and the Board on the same basis (including the performance conditions), and it is proposed that the Future Share Scheme would apply on the same basis.

ILLUSTRATIONS OF APPLICATION OF REMUNERATION POLICY

The charts below set out an illustration of the policy for FY19 in line with the future policy table above. The charts provide 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 Jon Kempster should be eligible to earn a bonus in respect of FY19, for the purposes of the chart it is assumed that he will be eligible to earn a bonus of up to 200% of salary.

JON KEMPSTER



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 2% of salary. No benefits (as no benefits are currently proposed to be provided to the Executive Directors in FY19 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 of the Executive Director's purchase).	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		A bonus of 200% of salary is earned.

APPROACH TO RECRUITMENT REMUNERATION

When agreeing a remuneration package for the appointment of a new Executive Director, the Committee will apply the following principles:

- the package will be sufficient to attract the calibre of Director required to deliver the Company's strategy;
- the Committee will seek to ensure that no more is paid than is necessary; and
- in the next Annual Report on remuneration, the Committee will explain to shareholders the rationale for the arrangements implemented.

The Committee will ordinarily seek to implement the remuneration package in accordance with the elements referred to in the policy table on pages 118 to 120. The Committee retains discretion to make appropriate remuneration decisions outside that policy to meet the individual circumstances of the recruitment, subject to the limits and parameters of this recruitment remuneration section of the Directors' Remuneration Report.

DIRECTORS' REMUNERATION REPORT

Continued

ELEMENT APPROACH

Base salary and benefits	Aligned with the policy set out in the policy table on page 118.
Retirement benefits	Typically aligned with the policy set out in the policy table on page 119 although the Committee may provide for up to 20% of salary to be paid to a pension arrangement or paid as a supplement to base salary in lieu of a pension arrangement until the new Executive Director participates in a long term incentive scheme.
Variable remuneration	Until such time as the newly appointed Executive Director participates in the Future Share Scheme, he or she may be awarded an annual or longer-term cash incentive opportunity of up to 200% of salary per annum. The Committee may vary the application of deferral to any annual bonus opportunity to reflect the circumstances of the recruitment.
Maximum variable remuneration	<p>The maximum level of variable remuneration that may be awarded to a new Executive Director is until such time as he or she participates in the Future Share Scheme, an annual or longer-term cash incentive opportunity of up to 200% of salary per annum.</p> <p>The value of any buy-out arrangements (described below) does not count towards the maximum.</p>
Compensation for forfeited arrangements	<p>The Committee may make awards on hiring an external candidate to buy-out the remuneration arrangements forfeited on leaving a previous employer. In doing so, the Committee will have regard to relevant factors including any performance conditions attached to such arrangements (and whether such conditions were achieved), the form of those arrangements (e.g. cash or shares) and the timeframe of such arrangements.</p> <p>While such awards are excluded from the maximum level of variable remuneration referred to below, the Committee's intention is that the value awarded would be no higher than the expected value of the forfeited arrangements. Buy-out awards will be subject to forfeiture or clawback on early departure, with 100% being subject to forfeiture if the Executive departs within 12 months of joining, and a sliding scale down to 50% if the departure occurs within 12 and 24 months of joining, at the Committee's discretion.</p>
Relocation costs	If necessary, the Company will pay appropriate relocation costs. The Committee will seek to ensure that no more is paid than is necessary.

Any share awards referred to in this section will be granted as far as possible under the Company's existing share schemes. If necessary and subject, where relevant, to the limits referred to above, awards may be granted outside existing share plans as permitted under the Listing Rules, which allow for the grant of awards to facilitate, in unusual circumstances, the recruitment of an Executive Director.

Where a position is filled internally, any on-going remuneration obligations or outstanding variable pay elements shall be allowed to continue according to their subsisting terms.

The remuneration package for a newly appointed Non-Executive Director would normally be in line with the policy set out in the future policy table above for Non-Executive Directors.

SERVICE CONTRACTS AND POLICY ON PAYMENTS FOR LOSS OF OFFICE

The Company's policy is for Executive Directors to be employed on the terms of service contracts which may be terminated by either the Company or the Executive Director on the giving of not less than 12 months' notice.

EXECUTIVE DIRECTORS

Details of each current service contract are set out below:

	CONTRACT DATE	UNEXPIRED TERM / NOTICE PERIOD	GOVERNING LAW
Mike Ashley	11/02/2007	12 months [^]	England & Wales
Jon Kempster	18/07/2018	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

^{*}Notice may not be given to terminate Mr Kempster's service contract before 31 March 2019

The principles on which the determination of payments for loss of office will be approached are summarised below:

Payment in lieu of notice	<p>The Company may terminate an Executive Director's employment with immediate effect by making a payment in lieu of notice consisting of basic salary (but excluding any bonus, commission, benefits or holiday entitlement) during the notice period.</p> <p>The Company may either (i) pay the payment in lieu of notice in a lump sum or (ii) in its discretion, pay the amount in equal monthly instalments during the notice period, with such instalment payments to be reduced in the event that the Executive Director obtains alternative income within the notice period.</p> <p>Mike Ashley does not receive any salary or contractual benefits, and his service contract does not provide for a payment in lieu of notice.</p>
Annual bonus	<p>Whether to award a bonus in full or in part in the event of a termination of employment would be at the discretion of the Committee on an individual basis and dependent on a number of factors, including the circumstances of the Executive Director's departure and his contribution to the business during the bonus period in question. Typically bonus amounts would be pro-rated for time in service to termination. Any bonus in respect of the year of termination or preceding year which would otherwise be deferred into shares may be paid wholly in cash at the election of the Committee.</p> <p>Any deferred bonus would typically continue in the event of termination (other than on dismissal for cause) and be released to the Executive Director at the end of the originally anticipated deferral period, although the Committee has discretion to release the amount sooner in appropriate circumstances.</p>
Other payments	<p>The Remuneration Committee reserves the right to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment. In appropriate circumstances, payments may also be made in respect of legal fees. Were the Company to make an award on recruitment of an Executive Director to buy out remuneration arrangements forfeited on leaving a previous employer then the leaver provisions for that award would be determined at the time of grant. A payment may also be made in respect of accrued but untaken holiday</p>

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors enter into an agreement with the Group for a period of three years, other than the Chairman 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 do not and are not entitled to participate in any bonus or share scheme.

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 letters of appointment are set out below:

	POSITION	DATE OF LETTER OF APPOINTMENT
Keith Hellawell	Non-Executive Chairman	11 April 2018
Simon Bentley	Non-Executive Director	15 July 2014
David Brayshaw	Non-Executive Director	8 December 2016
David Daly	Non-Executive Director	11 July 2017

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

DIRECTORS' REMUNERATION REPORT

Continued

PAYMENTS OUTSIDE THE POLICY IN THIS REPORT

The Committee retains discretion to make any remuneration payment or payment for loss of office outside the policy in this report:

- where the terms of the payment were agreed before the policy came into effect;
- where the terms of the payment were agreed at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration of the individual becoming a Director of the Company; or
- to satisfy contractual commitments made under legacy remuneration arrangements.

For these purposes, "payment" includes the satisfaction of awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" at the time the award is granted.

STATEMENT OF CONSIDERATION OF SHAREHOLDER VIEWS

The Committee consults major shareholders and representative groups where appropriate concerning remuneration matters.

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 29 April 2018 and how our Directors' Remuneration Policy will be applied in the year commencing 29 April 2018.

SINGLE FIGURE TABLE (AUDITED)

The aggregate remuneration provided to individuals who have served as Directors in the period ended 29 April 2018 is set out below, along with the aggregate remuneration provided to individuals who have served as Directors during the prior financial year.

Director	Salaries and fees		Other benefits		Bonus		Long-term incentives		Pension		Total	
	FY18	FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18	FY17
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
EXECUTIVE												
Mike Ashley	-	-	-	-	-	-	-	-	-	-	-	-
Jon Kempster ⁽¹⁾	84	N/A	-	N/A	-	N/A	-	N/A	-	N/A	84	N/A
NON-EXECUTIVE												
Keith Hellawell	155	155	-	-	-	-	-	-	-	-	155	155
Simon Bentley	50	50	-	-	-	-	-	-	-	-	50	50
David Brayshaw ⁽²⁾	50	20	-	-	-	-	-	-	-	-	50	20
David Daly ⁽³⁾	25	N/A	-	N/A	-	N/A	-	N/A	-	N/A	25	N/A
Dave Singleton ⁽⁴⁾	22	50	-	-	-	-	-	-	-	-	22	50
Claire Jenkins ⁽⁵⁾	-	50	-	-	-	-	-	-	-	-	-	50

(1) Jon Kempster's remuneration for FY18 as set out in the above table is his remuneration for the period from the date of his appointment to the end of FY18

(2) David Brayshaw's remuneration for FY17 as set out in the above table is his remuneration for the period from the date of his appointment to the end of FY17

(3) David Daly's remuneration for FY18 as set out in the above table is his remuneration for the period from the date of his appointment to the end of FY18.

(4) Dave Singleton's remuneration for FY18 as set out in the above table is his remuneration for the period from 30 April 2017 until 6 September 2018 when he ceased to be a Non-Executive Director. No payment was made to Mr Singleton following his resignation

(5) Claire Jenkins remuneration for FY18 as set out in the above table is her remuneration for the period from 30 April 2017 until 4 May 2018 when she ceased to be a Non-Executive Director. No payment was made to Ms Jenkins following her resignation

NOTES TO THE SINGLE FIGURE TABLE AND IMPLEMENTATION OF POLICY IN THE YEAR ENDING 28 APRIL 2019

BASE SALARY AND FEES

Base salaries are normally reviewed annually. In the review in FY18 the Committee decided not to alter Jon Kempster's salary, and has also decided not to increase Jon Kempster's salary in FY19, which is in line with salaries for the Group's Executive Directors (other than Mike Ashley) since 2002. Base salaries 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.

Fees for Non-Executive Directors are normally reviewed annually. In the review in FY18 fees were not increased and had not previously been increased since 2007. The Company's approach to the fees for Non-Executive Directors for FY19 is yet to be finalised, but will be subject to the proposed new Remuneration Policy set out in pages 117 to 124.

ANNUAL BONUS SCHEME

The Committee has yet to determine whether Jon Kempster should be eligible to earn a bonus in respect of FY19. If he is eligible to earn such a bonus, any amount earned shall be determined by reference to one or more performance metrics determined by the Committee and linked to the Company's strategy and/or Mr Kempster'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.

Mike Ashley shall not be eligible to earn a bonus in respect of FY19.

LONG TERM INCENTIVES

Mike Ashley is not eligible to be granted awards under the Executive Share Scheme, and no award will be granted to Jon Kempster under the Executive Share Scheme in FY19.

The Committee is actively considering the introduction of a new share scheme to replace the 2015 Share Scheme which lapsed in FY16, and intends to consult with shareholders on the terms of the new scheme once details have been further developed.

DIRECTORATE CHANGES

Jon Kempster was appointed Chief Financial Officer with effect from 11 September 2017. The Committee determined his remuneration package in line with the existing shareholder approved directors' remuneration policy. Mr Kempster's salary was set at the level of £150,000 consistent with the salaries that have applied for all executive directors, other than Mike Ashley who does not currently receive a salary, since 2002. In line with the existing policy, Mr Kempster was not eligible to earn a bonus for FY18 and was not granted any share scheme or other long term incentive award.

Claire Jenkins resigned as a Director with effect from 4 May 2017 and Dave Singleton resigned as a Director with effect from 6 September 2017. Neither Ms Jenkins nor Mr Singleton received any payment for loss of office during the period ended 29 April 2018 or will receive any such payment in the future.

SHAREHOLDING GUIDELINES AND TOTAL SHAREHOLDINGS OF DIRECTORS

The Board believes it is important that Executive Directors have a significant holding in the capital of the Company. In FY14 the Committee reassessed the shareholding guidelines for Executive Directors and determined that the Executive Directors must hold a minimum shareholding of 50,000 shares while employed by the Company.

DIRECTORS' REMUNERATION REPORT

Continued

The beneficial interests of the Directors who served during the year and of their Persons Closely Associated 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 29 April 2018 of if earlier the date of resignation	Ordinary Shares 30 April 2017 of if earlier the date of resignation
Directors as at 29 April 2018		
Mike Ashley	330,000,000	330,000,000
Jon Kempster	— ⁽¹⁾	— ⁽¹⁾
Simon Bentley	10,000	10,000
Keith Hellawell ⁽²⁾	50,000	50,000
David Brayshaw	10,276	10,276
David Daly	11,007	— ⁽³⁾
Former Directors		
Dave Singleton ⁽⁴⁾	42,000	42,000
Claire Jenkins ⁽⁵⁾	21,725	21,725

(1) Jon Kempster was appointed as a Director on 11 September 2017. He is expected to acquire the minimum number of shares over a reasonable time period to be determined by the Committee during FY19.

(2) These shares are held in the name of Keith Hellawell, as well as his wife.

(3) David Daly was appointed as a Director on 2 October 2017.

(4) David Singleton resigned with effect from 6 September 2017.

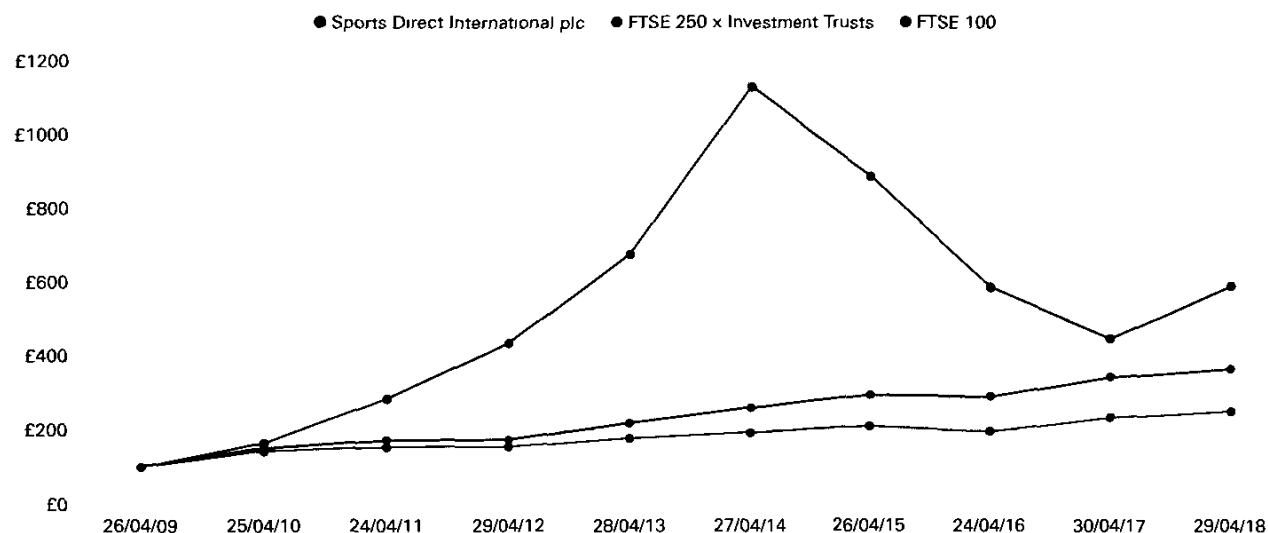
(5) Claire Jenkins resigned with effect from 4 May 2017.

There has been no change to the interests reported above between 29 April 2018 and 18 July 2018. The Company did not receive any notifications under DTR 5 between 29 April 2018 and 18 July 2018.

Neither Jon Kempster nor Mike Ashley currently participates 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 the companies that investors are likely to consider alternative investments

The table below shows details of the total remuneration and performance-related pay for the Company's Chief Executive Officer over the last nine financial years.

	Total remuneration	Executive Share Scheme as a % of maximum opportunity
FY18	Nil	N/A
FY17 – Mike Ashley ⁽¹⁾	Nil	N/A
FY17 – Dave Forsey ⁽²⁾	£62,500	N/A
FY16	£150,000	N/A
FY15	£150,000 ⁽³⁾	0% ⁽³⁾
FY14	£150,000	N/A
FY13	£150,000	N/A
FY12	£150,000	N/A
FY11	£6,620,000 ⁽⁴⁾	100%
FY10	£150,000	N/A

(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 1 million 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 1 million shares that vested on 15 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 IN RELATION TO ALL EMPLOYEES

The table below sets out in relation to salary, taxable benefits and annual bonus the percentage increase in pay for the Company's Chief Executive compared to the average increase between the same periods for the Group's UK Head Office employees, which the Committee believes is the most appropriate comparator group. The percentages shown relate to the amounts for FY18 as compared to the amounts for FY17 in each case for Mike Ashley, who was Chief Executive Officer for approximately seven months of FY17 and all of FY18.

Element of remuneration	Mike Ashley / % change	UK head office employee average / % change
Salary	0% (Mike Ashley does not receive a salary)	5.5%
Taxable benefits	0% (no taxable benefits were provided to Mike Ashley in either year)	(1.0)%
Annual bonus	0% (no annual bonus arrangement was operated for Mike Ashley in either year)	11.0%

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 FY18 and FY17) and the Company's share price (calculated as at the close of business on the last day of FY18 and FY17).

DIRECTORS' REMUNERATION REPORT

Continued

	FY18	FY17	% CHANGE
Distributions to shareholders by way of dividend and share buyback	£114,146,336	£108,689,056	5.0%
Investment*	£431,650,000	£407,192,000	6.0%
Group-wide expenditure on pay for all employees	£393,357,000	£386,717,000	1.7%
Share price (pence)	405.8**	306.8**	32.3%

*Comprises of increases in working capital, acquisitions and capital expenditure in the year 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 FY18 and the share price for FY17 is calculated at the close of business on 27 April 2018 and 28 April 2017 respectively, being the last working days prior to the year ends

CONSIDERATION BY THE DIRECTORS OF MATTERS RELATING TO DIRECTORS' REMUNERATION

MEMBERSHIP

During FY18 the Committee consisted of David Brayshaw, Simon Bentley, David Daly, Dave Singleton and Claire Jenkins, who are independent Non-Executive Directors, and Keith Hellawell, who is the Non-Executive Chairman. Dave Singleton was Chair of the Committee until his retirement from the Board following the conclusion of the 2017 AGM, at which point David Brayshaw was appointed Chair of the Committee. Claire Jenkins resigned from the Board and the Committee on 4 May 2017, David Daly joined the Committee in April 2018.

The role and main responsibilities of the Committee are detailed in the Corporate Governance Report on page 112.

Attendance at the meetings held during the year is detailed on page 103.

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, and Jon Kempster, the Chief Financial Officer, have advised or materially assisted the Committee throughout FY18 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.

SHAREHOLDER VOTING

The following table sets out actual voting in respect of the resolution to approve the Directors' Remuneration Report for the year ended 30 April 2017 at the 2017 AGM and the resolution to approve the Directors' Remuneration Policy at the 2015 AGM.

	Votes for	% for	Votes against	% against	Total votes cast	Votes withheld
Directors' Remuneration Report for the year ended 30 April 2017	454,984,951	99.89	502,902	0.11	455,487,853	2,242
Directors' Remuneration Policy	426,150,848	81.4	97,167,282	18.6	523,318,130	1,825,428

David Brayshaw

Chair of the Remuneration Committee

18 July 2018

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report, the Remuneration Report and the Company and Group Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors are required 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

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 and profit or loss of the Company and 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 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 Company Financial Statements, state whether the applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements, and the Remuneration Report, comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

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.

To the best of our 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 management 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 Board has reviewed the Annual Report and has confirmed it is fair, balanced and understandable.

On behalf of the Board

Jon Kempster
Chief Financial Officer
18 July 2018

VIABILITY STATEMENT

The 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 key risks.

Accordingly, the Board has carried out a thorough and robust assessment of the risks, including stress testing its resilience to threats to its business model, future performance, liquidity and the risks identified in the Risk & Uncertainties section of this report, which can be found on pages 87 to 93 together with the steps the Company has taken to mitigate them.

The Board chose to review these over a three-year period as this best reflects the budgeting and planning process of the Company and the expected timescales for strategy implementation. In relation to each viability related risk the Board has:

MARKET FORCES

- tested the business model's resilience to changes in the Retail market and responses to variability in sales and margins

TREASURY & FINANCIAL RISK

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

BREXIT

- reviewed the proposal for post-Brexit operations and adaptations to the business model

SUPPLY CHAIN

- reviewed the arrangements with key suppliers

The Board has reviewed the Group modelling of the impact of each risk and stress testing of the risk mitigation proposals, with regard to both income and profitability, and net debt impact.

The Group has a £913.5m banking facility in place until November 2021 (with a one year extension option) with a syndicate of institutions. The Group has consistently created a strong free cash flow from underlying trading and has an appropriate hedging strategy to meet currency risks.

Based on the Board's assessment, the Directors have a reasonable expectation that the Group will be able to continue operating and be able to meet its liabilities as they fall due over the three-year period assessed, assuming no major changes in its relationship with key suppliers.

The Strategic Report was approved by the Board on 18 July 2018, and signed on its behalf by:

Jon Kempster
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPORTS DIRECT INTERNATIONAL PLC

OUR OPINION ON THE FINANCIAL STATEMENTS IS UNMODIFIED

We have audited the financial statements of Sports Direct International plc (the 'parent company') and its subsidiaries (the 'Group') for the 52-week period ended 29 April 2018, 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 parent Company Balance Sheet, the parent Company Statement of Changes in Equity and notes to the Group and parent 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 29 April 2018 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 Regulation.

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 the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard 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.

WHO WE ARE REPORTING TO

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPORTS DIRECT INTERNATIONAL PLC Continued

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 87 to 93 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation, set out on page 129 of the annual report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement, set out on page 101 of 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's and the parent company's ability to continue to do so over a period of at least twelve 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 directors' explanation, set out on page 130 of the annual report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have 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.

OVERVIEW OF OUR AUDIT APPROACH

- Overall materiality: £10.5m, which represents 3.5% of the Group's underlying¹ earnings before interest, tax, depreciation and amortisation (underlying EBITDA).
- Key audit matters were identified for the Group as:
 - revenue recognition,
 - carrying value of inventory,
 - acquisition accounting,
 - accounting for foreign currency forward contracts and option arrangements, and
 - control considerations.
- The following key audit matter was identified for the Group and parent company:
 - related party disclosures.
- Full scope audit procedures have been performed on the financial statements of Sports Direct International plc and on the financial information of the main trading company within the UK Sports Retail division, Sportsdirect.com Retail Limited.
- Targeted audit procedures have been performed over the financial information of components in the Premium Lifestyle Division (which includes Cruise Clothing Limited, The Flannels Group Limited and Van Mildert (Lifestyle) Limited), Wareshop2 Limited, Republic.com Retail Limited, SDI Property Limited and overseas components in the United States of America, Austria, Belgium, Ireland and Estonia.
- Analytical audit procedures have been performed on all other entities across the Group.

(1) Underlying EBITDA excludes realised foreign exchange gains/losses in selling and administration costs, exceptional costs, profit/loss on disposal of subsidiaries, strategic investments and properties. Underlying EBITDA also excludes the Share Scheme charges

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that 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 were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER – GROUP	HOW THE MATTER WAS ADDRESSED IN THE AUDIT – GROUP
<p>REVENUE RECOGNITION</p> <p>Revenue is recognised in accordance with the Group's accounting policy and International Accounting Standard (IAS) 18. Revenue. The majority of Group revenue is recorded through Electronic Point of Sale (EPOS) transactions.</p> <p>Key to the appropriate recognition of this revenue is the capture of the EPOS data and the Group operates a control to ensure the completeness and accuracy of this data as it is transferred into the accounting system. Other material sources of revenue are from web sales, wholesale sales and from licencing agreements for brands owned by the Group</p> <p>Under International Standard on Auditing (ISA) (UK and Ireland) 240 there is a presumption that there are risks of fraud in revenue recognition. The revenue recorded by the Group is also one of the key determinants of Group underlying EBITDA, which is the primary financial Key Performance Indicator (KPI) for the Group. Therefore, we identified revenue recognition as a significant risk, which was one of the most significant assessed risks of material misstatement.</p> <p>This risk is unchanged from the prior period</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> determining whether revenue is recorded in the accounting system consistent with the accounting policy and considering the appropriateness of that policy, checking the accounting entries for a sample of retail transactions and identifying entries not derived from EPOS transactions for further investigation; testing, on a sample basis, that licencing and wholesale sales are recognised appropriately by checking to underlying arrangements (licencing), or subsequent cash receipts (wholesale), testing the completeness and accuracy of the EPOS data from tills through to head office, testing a sample of sales transactions in stores to till reports and cash banked; testing the reconciliation of internet sales receipts in total to cash received; and analytically reviewing sales trends at an individual store level and by product type to identify trends and variances that would require further substantive testing <p>KEY OBSERVATIONS</p> <p>Based on our audit work we did not identify any material instances of revenue not being recognised in accordance with stated accounting policies.</p>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPORTS DIRECT INTERNATIONAL PLC Continued

KEY AUDIT MATTER – GROUP	HOW THE MATTER WAS ADDRESSED IN THE AUDIT – GROUP
<p>CARRYING VALUE OF INVENTORY</p> <p>The carrying value of inventory is stated net of provisions for obsolete or slow moving inventory. Management's methodology calculates provision levels by applying an approach based on risk assessments covering seasonal inventory, Group brands, inventory type, and expected sale coverage.</p> <p>We identified the carrying value of inventory as a significant risk because of the complexity of this calculation and the judgement and assumptions applied by management in assessing the amount of provision required to record inventory at the lower of cost and net realisable value. We therefore identified carrying value of inventory as a significant risk, which was one of the most significant assessed risks of material misstatement.</p> <p>This risk is unchanged from the prior period</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> • testing the underlying inventory provision model used for mathematical accuracy by re-performing the calculations, • considering the appropriateness and consistency of the underlying assumptions within the model, • challenging management's assessment of the assumptions applied, and reviewing the reports management use to verify the ongoing appropriateness of provision levels, • testing the selling price of a sample of inventory sold post period end against its carrying value; and • challenging key estimates and judgements in management's overall inventory provision risk assessment paper <p>The Group's accounting policy on inventories is shown in note 1 and related disclosures are included in note 21. The Audit Committee identified the carrying value of inventory as an area of significance in its report on page 111, where the Committee also described the action that it has taken to address this area.</p> <p>KEY OBSERVATIONS</p> <p>Based on our audit work, we are satisfied that the judgements made and assumptions used by management in determining the carrying value of inventory were balanced and supported by the evidence obtained from our testing.</p> <p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> • obtaining and assessing management's acquisition accounting paper in relation to the acquisition; • obtaining the asset purchase agreement and agreeing consideration paid to bank statements; • performing an onsite visit in the US and verifying significant balances on the acquisition balance sheet; • considering and challenging the assumptions underpinning fair value adjustments; • recalculating areas where there has been a change in accounting policy to align with the Group policies; and • assessing whether the disclosures in the financial statements in relation to acquisition accounting were compliant with IFRS 3, Business Combinations. <p>The Group's accounting policy on acquisitions is shown in note 1 and related disclosures are included in note 31. The Audit Committee identified the acquisition of Bob's and Eastern Mountain Sports as an area of significance in its report on page 111 where the Committee also described the action that it has taken to address this area.</p> <p>KEY OBSERVATIONS</p> <p>Based on our audit work, we are satisfied that the judgements made and assumptions used by management in determining the fair value of assets and liabilities on acquisition are supported by evidence obtained from our testing.</p>
<p>ACQUISITION ACCOUNTING</p> <p>In May 2017, the Group completed the acquisition of the trade and assets of US based Bob's Stores and Eastern Mountain Sports.</p> <p>We identified the acquisition of Bob's and Eastern Mountain Stores as a risk because of the size of the acquisition and the judgement and assumptions applied by management in assessing the fair value of the assets and liabilities acquired and any identified intangibles. We therefore identified acquisition accounting as a significant risk, which was one of the most significant assessed risks of material misstatement.</p> <p>This risk is new in the period due to the size and nature of the transaction.</p>	

KEY AUDIT MATTER – GROUP

ACCOUNTING FOR FOREIGN CURRENCY FORWARD CONTRACTS AND OPTION ARRANGEMENTS

The Group has a number of forward currency contracts and option arrangements that are classified as derivative financial instruments and are accounted for under IAS 39: Financial Instruments: Recognition and Measurement.

We have identified accounting for forward currency contracts as a significant risk for the current period audit due to the quantum of instruments entered into in the current and prior periods and the total number of open contracts at the period end.

The potential accounting treatment of the fair value movements in the instruments has a significant impact on the consolidated income statement and consolidated statement of other comprehensive income.

The long-term nature of these instruments could have a material impact on the future results of the Group. We therefore identified accounting for foreign currency forward contracts as a significant risk, which was one of the most significant assessed risks of material misstatement.

This risk is unchanged from the prior period

CONTROL CONSIDERATIONS

The Group has a number of associates and investments which have continued to increase across the period

We have control considerations as a risk because of the judgement involved in assessing whether control or significant influence exists and the impact this could have on the financial statements. We therefore identified control considerations as a significant risk, which was one of the most significant assessed risks of material misstatement.

This risk is new in the current period, due to the increased strategic investments activity during the period.

HOW THE MATTER WAS ADDRESSED IN THE AUDIT – GROUP

Our audit work included, but was not restricted to:

- obtaining the documentation of hedging strategy and risk management objectives,
- obtaining details of foreign exchange contracts from banking institutions and agreeing those instruments held to management's hedge effectiveness assessment,
- comparison of the banks' valuations to management's external valuations and investigating any significant differences,
- testing the calculations prepared by management to confirm the hedging arrangements remained effective in accordance with the requirement of IAS 39;
- obtaining and confirming that the hedge designation documentation was compliant with the IAS 39 requirements for new relationships entered into in the year
- challenging management forecasts to ensure that the 'highly probable' criteria was met for a sample of hedged relationships

The Group's accounting policy on forward currency contracts is shown in note 29 and related disclosures are included in note 37 and in the strategic report. The Audit Committee identified the accounting for forward currency contracts and option arrangements as a risk in its report on page 111, where the Committee also described the action that it has taken to address this risk.

KEY OBSERVATIONS

Based on our audit work, we concluded that foreign currency forward contracts have been accounted for in accordance with IAS 39.

Our audit work included, but was not restricted to:

- assessing the accounting for associated undertakings and investments against the relevant accounting standards, including IAS 28 and IAS 39,
- considering and challenging management's paper setting out the requirements of within IFRS 10 and the requirement to consolidate companies under the control of the Group;
- understanding and challenging management's reasons where significant influence does not exist and where associate accounting has not been applied; and
- obtaining sufficient and appropriate audit evidence to support the rebuttal of presumed significant influence for holdings of over 20%, as required by IAS 28, Investments in Associates, and
- challenging the disclosures of judgements applied by management on the application of the standards within the financial statements.

The Group's accounting policy on accounting for associates, investments and options is shown in note 1 and related disclosures are included in note 37. The Audit Committee identified this as an area of significance in its report on page 111,

KEY OBSERVATIONS

Based on our audit work, we are satisfied that the judgements and assumptions used by management in determining whether control or significant influence exists was balanced and did not identify any material misstatements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPORTS DIRECT INTERNATIONAL PLC Continued

KEY AUDIT MATTER – GROUP AND PARENT COMPANY	HOW THE MATTER WAS ADDRESSED IN THE AUDIT – GROUP AND PARENT COMPANY
<p>RELATED PARTY DISCLOSURES</p> <p>The objective of IAS 24, Related Party Disclosures is to ensure the financial statements draw attention to the possibility that the financial position and financial performance of the Group and parent company may have been affected by the existence of related party transactions</p> <p>We have identified related party disclosures as a significant risk for the current period audit given that this has the potential to impact the assessment of the Group and parent company operations by users of the financial statements. There has also historically been significant media and regulator interest in the Group and parent company. We therefore identified related party disclosures as a significant risk, which was one of the most significant assessed risks of material misstatement</p> <p>This risk is unchanged from the prior period.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> • updating our knowledge of related party relationships through enquiries of management, review of board meeting minutes and searches of company information databases; • obtaining management's related party paper including workings for disclosures in the annual report; • performing searches for related party transactions on the Group's accounting records using data interrogation software and comparing to those identified by the Group and parent company, • obtaining supporting documentation for a sample of related party transactions; and • challenging disclosures of related party relationships and transactions in the financial statements to assess their completeness and accuracy. <p>The Group and parent company related party disclosures are included in note 37. The Audit Committee identified related parties as an area of significance in its report on page 111, where the Committee also described the action that it has taken to address this area.</p> <p>KEY OBSERVATIONS</p> <p>Based on our audit work, the related party disclosures in the financial statements are complete in all material respects.</p>

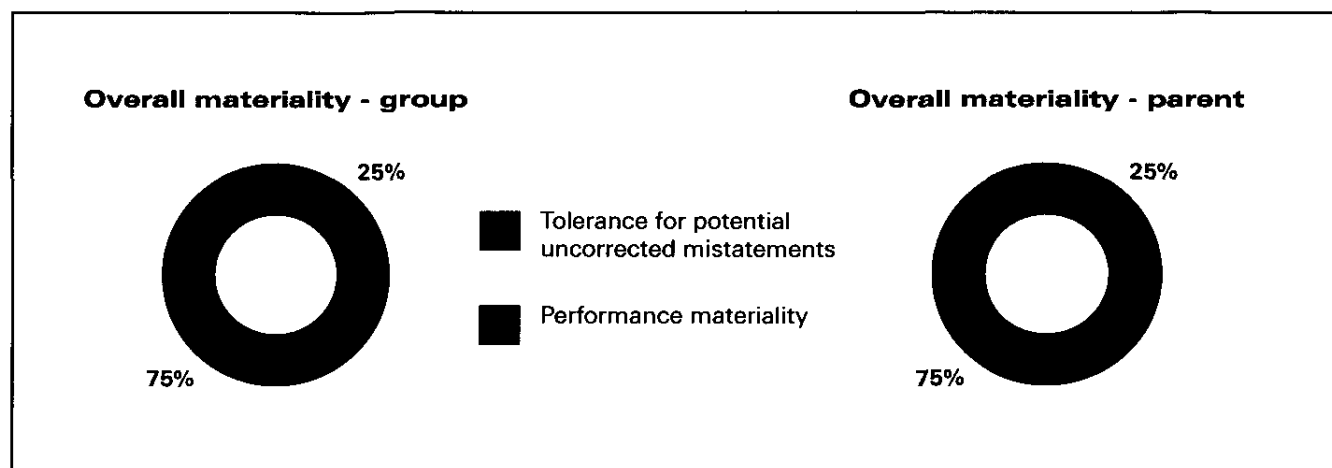
OUR APPLICATION OF MATERIALITY

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

MATERIALITY MEASURE	GROUP	PARENT
Financial statements as a whole	<p>£10.5m, which is 3.5% of the Group's underlying earnings before interest, tax, depreciation and amortisation (underlying EBITDA). This benchmark is considered the most appropriate because this is the measure against which the performance of the Group is measured both internally and externally</p> <p>Materiality for the current period is higher than the level that we determined for the 53-week period ended 30 April 2017 to reflect increased underlying EBITDA in the current period as a result of stronger performance. The measurement percentage used of 3.5% remains unchanged from the prior period</p>	<p>£7.9m, which is 1% of the company's total assets, capped at 75% of group materiality. This benchmark is considered the most appropriate because the parent company is a holding company with minimal transactional activity.</p> <p>Materiality for the current period is similar to the level that we determined for the 53-week period ended 30 April 2017.</p>
Performance materiality used to drive the extent of our testing	75% of financial statement materiality.	75% of financial statement materiality.
Specific materiality	We also determine a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions.	We also determine a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions.
Communication of misstatements to the audit committee	£500,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds	£375,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.



AN OVERVIEW OF THE SCOPE OF OUR AUDIT

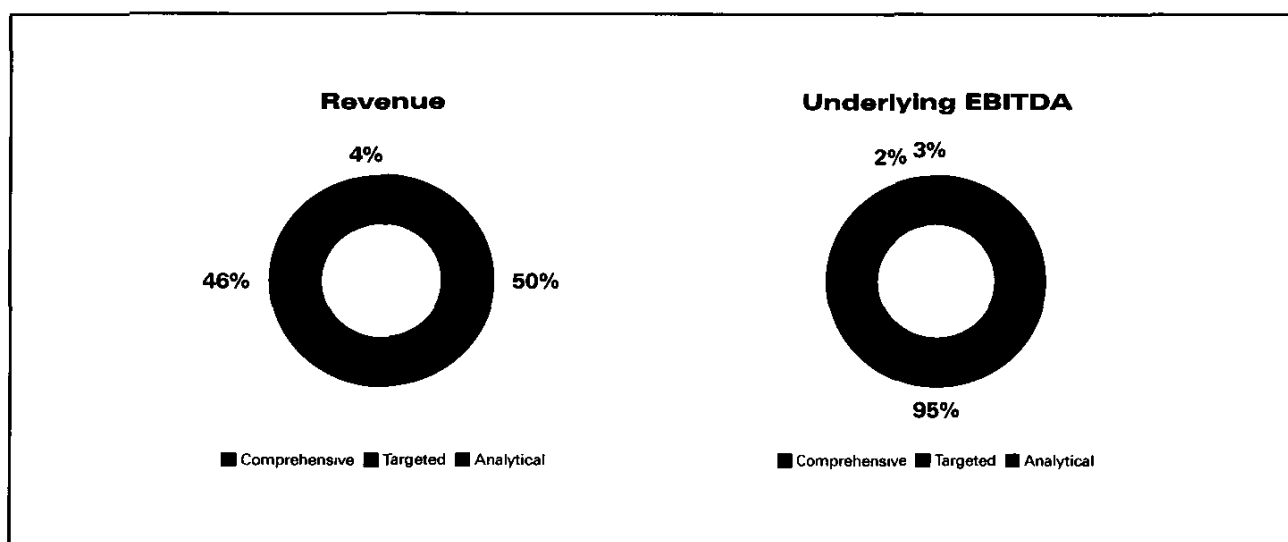
Our audit approach was based on a thorough understanding of the Group's business and is risk based, and in particular included:

- Continuing to evolve our audit approach, which resulted in advanced audit procedures during the interim review (period 6) and January 2018 (period 9). Our procedures focused on revenue occurrence testing, obtaining the updated inventory provision, challenging the updated dilapidations model, testing of property, plant and equipment additions, testing of available-for-sale financial assets and an assessment of the accounting for forward currency contracts;
- An onsite visit to the US in March 2018 to finalise our audit work in respect of the acquisition of the trade and assets of US based Bob's Stores and Eastern Mountain Sports and gain a better understanding of the acquired businesses;
- Evaluation by the Group audit team of identified components to assess the significance of each component and to determine the planned audit response based on a measure of materiality.
- For those components that were evaluated as significant, either a full-scope or targeted audit 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. We then undertook substantive testing on significant transactions and material account balances;
- In order to address the audit areas described above and identified during our planning procedures, we performed a full-scope audit of the financial statements of the parent company, Sports Direct International plc and on the financial information of the main trading company within the UK Sports Retail division, SportsDirect.com Retail Limited. The operations that were subject to full-scope audit procedures made up 54% of consolidated revenues and 95% of underlying EBITDA;
- Targeted audit procedures have been performed over the Premium Lifestyle Division (which includes Cruise Clothing Limited, The Flannels Group Limited and Van Mildert (Lifestyle) Limited), Wareshop2 Limited, Republic.com Retail Limited, SDI Property Limited and overseas components in the United States of America, Austria, Belgium, Ireland and Estonia;
- The operations that were subject to targeted audit procedures made up 46% of consolidated revenues and 2% of underlying EBITDA;
- 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 and the significance to the Group's results and financial position; and

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPORTS DIRECT INTERNATIONAL PLC Continued

- Where the audit work was performed by 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. Detailed audit instructions were issued to the component auditors where a targeted audit approach had been identified. The audit instructions detailed the significant risks to be addressed through the audit procedures and indicated the information we required to be reported back to the Group audit team. We were involved in the planning of the audit work for overseas components and performed site visits to component auditor locations in Austria and Ireland, which included a review of the audit work performed by the component auditors. Where the component auditors of components subject to a targeted approach were not visited, a review of audit working papers was conducted remotely. The Group audit team communicated with all component auditors throughout the planning, fieldwork and concluding stages of their audit work.

The chart below demonstrates the coverage of audit procedures:



OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report set out on pages 1 to 130, 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 the 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 129 – 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 108 – 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 UK Corporate Governance Code set out on page 102 – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the 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 UK Corporate Governance Code.

OUR OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006 ARE UNMODIFIED

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;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT UNDER THE COMPANIES ACT 2006

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in:

- the Strategic Report or the Directors' Report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPORTS DIRECT INTERNATIONAL PLC Continued

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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; or
- a corporate governance statement has not been prepared by the parent company.

RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the directors' responsibilities statement set out on page 129, 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.

We are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). Our audit approach is a risk-based approach and is explained more fully in the 'An overview of the scope of our audit' section of our audit report

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 board of directors on 10 February 2007 to audit the financial statements for the period ended 29 April 2007 and subsequent financial periods.

The period of total uninterrupted engagement as auditor is 12 years, covering the 52-week period ended 29 April 2007 to the 52-week period ended 29 April 2018.

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.

Our audit opinion is consistent with the additional report to the audit committee.

Philip Westerman

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

18 July 2018

CONSOLIDATED INCOME STATEMENT

For the 52 weeks ended 29 April 2018

	Note	52 weeks ended 29 April 2018 (£m)	53 weeks ended 30 April 2017 (£m)
Revenue	1, 4	3,359.5	3,245.3
Cost of sales		(2,024.4)	(1,914.7)
Gross profit		1,335.1	1,330.6
Selling, distribution and administrative expenses		(1,156.1)	(1,255.6)
Other operating income	5	26.5	22.5
Exceptional items	6	(4.8)	(17.3)
Profit on sale of properties	7	16.3	-
Profit on disposal of subsidiary	32	-	79.9
Operating profit	4, 8	217.0	160.1
Investment income	10	25.7	162.5
Investment costs	11	(119.0)	(51.2)
Finance income	12	3.4	18.8
Finance costs	13	(40.9)	(9.4)
Share of (loss) / profit of associated undertakings	19	(8.7)	0.8
Profit before taxation		77.5	281.6
Taxation	14	(49.9)	(49.9)
Profit for the period	4	27.6	231.7
ATTRIBUTABLE TO:			
Equity holders of the Group		24.5	229.9
Non-controlling interests		3.1	1.8
Profit for the period	4	27.6	231.7
EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS			
		Pence per share	Pence per share
Basic earnings per share	15	4.6	39.4
Diluted earnings per share	15	4.6	38.3

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 29 April 2018

	Note	52 weeks ended 29 April 2018 (£m)	53 weeks ended 30 April 2017 (£m)
Profit for the period	4	27.6	231.7
OTHER COMPREHENSIVE INCOME			
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Actuarial losses on defined benefit pension schemes		-	(8.8)
Taxation on items recognised in other comprehensive income		-	1.7
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Exchange differences on translation of foreign operations		(0.9)	50.3
Exchange differences on hedged contracts - recognised in the period	29	(49.9)	(31.3)
Exchange differences on hedged contracts - reclassified and reported in sales	29	15.5	8.7
Exchange differences on hedged contracts - reclassified and reported in cost of sales	29	0.6	(18.2)
Exchange differences on hedged contracts - taxation taken to reserves		6.9	7.7
Fair value adjustment in respect of available-for-sale financial assets - recognised in the period	20	(26.1)	23.7
Fair value adjustment in respect of available-for-sale financial assets - reclassified in the period	20	-	(129.3)
Fair value adjustment in respect of available-for-sale financial assets - reclassified to Income Statement		47.9	-
Fair value adjustment in respect of available-for-sale financial assets - taxation		-	(1.8)
OTHER COMPREHENSIVE COST FOR THE PERIOD, NET OF TAX		(6.0)	(97.3)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		21.6	134.4
ATTRIBUTABLE TO:			
Equity holders of the Group		18.5	132.6
Non-controlling interest		3.1	1.8
		21.6	134.4

The accompanying accounting policies and notes form part of these Financial Statements.

CONSOLIDATED BALANCE SHEET

At 29 April 2018

	Note	29 April 2018 (£m)	30 April 2017 Restated (£m)
ASSETS - NON-CURRENT			
Property, plant and equipment	16	878.4	842.0
Investment properties	17	23.7	23.1
Intangible assets	18	181.3	185.7
Investments in associated undertakings	19	6.2	26.4
Available-for-sale financial assets	20	249.8	63.9
Deferred tax assets	27	24.9	33.7
		1,364.3	1,174.8
ASSETS - CURRENT			
Inventories	21	873.4	674.2
Trade and other receivables	22	234.8	352.1
Derivative financial assets	29	17.1	43.0
Cash and cash equivalents	23	360.0	204.7
		1,485.3	1,274.0
TOTAL ASSETS		2,849.6	2,448.8
EQUITY AND LIABILITIES			
Share capital	24	64.1	64.1
Share premium	25	874.3	874.3
Treasury shares reserve		(290.0)	(329.5)
Permanent contribution to capital	25	0.1	0.1
Capital redemption reserve	25	8.0	8.0
Foreign currency translation reserve		76.2	77.1
Reverse combination reserve	25	(987.3)	(987.3)
Own share reserve		(69.0)	(33.7)
Hedging reserve	25	(51.9)	(25.1)
Retained earnings		1,588.0	1,591.0
Issued capital and reserves attributable to owners of the parent		1,212.5	1,239.0
Non-controlling interests		1.7	(0.7)
TOTAL EQUITY		1,214.2	1,238.3
LIABILITIES - NON-CURRENT			
Borrowings	26	757.1	317.3
Retirement benefit obligations		1.9	3.4
Deferred tax liabilities	27	10.4	18.7
Provisions	28	156.9	130.2
		926.3	469.6
LIABILITIES - CURRENT			
Derivative financial liabilities	29	93.1	75.2
Trade and other payables	30	606.5	584.9
Borrowings	26	-	69.5
Current tax liabilities		9.5	11.3
		709.1	740.9
TOTAL LIABILITIES		1,635.4	1,210.5
TOTAL EQUITY AND LIABILITIES		2,849.6	2,448.8

The accompanying accounting policies and notes form part of these Financial Statements. The Financial Statements were approved by the Board on 18 July 2018 and were signed on its behalf by:

Jon Kempster
Chief Financial Officer

Company number: 06035106

CONSOLIDATED CASH FLOW STATEMENT

For the 52 weeks ended 29 April 2018

	Note	52 weeks ended 29 April 2018 (£m)	53 weeks ended 30 April 2017 Restated (£m)
CASH INFLOW FROM OPERATING ACTIVITIES	33	371.3	332.7
Income taxes paid		(45.1)	(75.3)
NET CASH INFLOW FROM OPERATING ACTIVITIES		326.2	257.4
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		69.0	2.4
Proceeds on disposal of listed investments	32	20.9	190.2
Proceeds on disposal of subsidiary	19	-	109.5
Purchase of associate, net of cash acquired	31	-	(9.0)
Cash acquired through / (purchase) of subsidiaries	16	8.2	(8.1)
Purchase of property, plant and equipment	17	(204.2)	(413.5)
Purchase of investment properties	18	(5.0)	(6.0)
Purchase of intangible assets	20	(4.1)	-
Purchase of listed investments	33	(287.1)	(24.7)
Prepayment of business combination consideration held in escrow		-	(81.2)
Investment income received		34.2	0.5
Finance income received		3.4	0.5
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(364.7)	(239.4)
CASH FLOW FROM FINANCING ACTIVITIES			
Exercise of option over non-controlling interests		(11.3)	(5.5)
Finance costs paid		(14.0)	(2.8)
Borrowings drawn down		782.9	328.0
Borrowings repaid		(343.0)	(344.1)
Purchase of own shares		(155.4)	(109.8)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES		259.2	(134.2)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS INCLUDING OVERDRAFTS		220.7	(116.2)
Exchange movement on cash balances		4.1	17.7
CASH AND CASH EQUIVALENTS INCLUDING OVERDRAFTS AT BEGINNING OF PERIOD		135.2	233.7
CASH AND CASH EQUIVALENTS INCLUDING OVERDRAFTS AT THE PERIOD END	23	360.0	135.2

The accompanying accounting policies and notes form part of these Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 52 weeks ended 29 April 2018

	Treasury Shares (£m)	Foreign currency translation (£m)	Own share Reserve (£m)	Retained Earnings (£m)	Other (£m)	Total attributable to owners of parent (£m)	Non- controlling interests (£m)	Total (£m)
At 24 April 2016	(56.2)	26.8	(33.7)	1,482.3	(32.8)	1,386.4	(1.7)	1,384.7
Credit to equity for share-based payment	-	-	-	1.9	-	1.9	-	1.9
Deferred tax on share schemes	-	-	-	(1.3)	-	(1.3)	-	(1.3)
Purchase of own shares	(109.8)	-	-	-	-	(109.8)	-	(109.8)
Fair valuation of share buyback contractual obligation	(163.5)	-	-	-	-	(163.5)	-	(163.5)
Non-controlling interests - acquisitions	-	-	-	(7.3)	-	(7.3)	(0.8)	(8.1)
Transactions with owners	(273.3)			(6.7)		(280.0)	(0.8)	(280.8)
Profit for the financial period	-	-	-	229.9	-	229.9	1.8	231.7
OTHER COMPREHENSIVE INCOME								
Cash flow hedges - recognised in the period	-	-	-	-	(31.3)	(31.3)	-	(31.3)
Cash flow hedges - reclassified and reported in sales	-	-	-	-	8.7	8.7	-	8.7
Cash flow hedges - reclassified and reported in cost of sales	-	-	-	-	(18.2)	(18.2)	-	(18.2)
Cash flow hedges - taxation	-	-	-	-	7.7	7.7	-	7.7
Actuarial losses on defined benefit pension schemes	-	-	-	(8.8)	-	(8.8)	-	(8.8)
Fair value adjustment in respect of available-for-sale financial assets - recognised	-	-	-	23.7	-	23.7	-	23.7
Fair value adjustment in respect of available-for-sale financial assets - reclassified	-	-	-	(129.3)	-	(129.3)	-	(129.3)
Taxation	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Translation differences - Group	-	50.3	-	-	-	50.3	-	50.3
Total comprehensive income for the period	-	50.3	-	115.4	(33.1)	132.6	1.8	134.4
At 30 April 2017	(329.5)	77.1	(33.7)	1,591.0	(65.9)	1,239.0	(0.7)	1,238.3
Credit to equity for share-based payment	-	-	57.3	(57.3)	-	-	-	-
Current tax on share scheme vesting	-	-	-	4.8	-	4.8	-	4.8
Deferred tax on share schemes	-	-	-	(7.9)	-	(7.9)	-	(7.9)
Transfer of shares from Treasury to Own Share reserve	29.9	-	(51.0)	21.1	-	-	-	-
Purchase of own shares	(113.9)	-	(41.6)	-	-	(155.5)	-	(155.5)
Reversal of FY17 fair valuation of share buyback contractual obligation	163.5	-	-	-	-	163.5	-	163.5
Fair valuation of share buyback contractual obligation	(40.0)	-	-	-	-	(40.0)	-	(40.0)
Non-controlling interests - acquisitions	-	-	-	(10.0)	-	(10.0)	(0.7)	(10.7)
Transactions with owners	39.5		(35.3)	(49.3)		(45.1)	(0.7)	(45.8)
Profit for the financial period	-	-	-	24.5	-	24.5	3.1	27.6
OTHER COMPREHENSIVE INCOME								
Cash flow hedges - recognised in the period	-	-	-	-	(49.8)	(49.8)	-	(49.8)
Cash flow hedges - reclassified and reported in sales	-	-	-	-	15.5	15.5	-	15.5
Cash flow hedges - reclassified and reported in cost of sales	-	-	-	-	0.6	0.6	-	0.6
Cash flow hedges - taxation	-	-	-	-	6.9	6.9	-	6.9
Fair value adjustment in respect of available-for-sale financial assets - recognised	-	-	-	(26.1)	-	(26.1)	-	(26.1)
Fair value adjustment in respect of available-for-sale financial assets - reclassified to P&L	-	-	-	47.9	-	47.9	-	47.9
Taxation	-	-	-	-	-	-	-	-
Translation differences - Group	-	(0.9)	-	-	-	(0.9)	-	(0.9)
Total comprehensive income for the period	-	(0.9)	-	46.3	(26.8)	18.6	3.1	21.7
At 29 April 2018	(290.0)	76.2	(69.0)	1,588.0	(92.7)	1,212.5	1.7	1,214.2

The accompanying accounting policies and notes form part of these Financial Statements.

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 Sports Direct International plc purchased in the market and held by Sports Direct International plc Employee Benefit Trust to satisfy options under the Group's share scheme.

On 23 August 2017 the Company transferred 12,782,512 shares from Treasury Shares to the Own Share reserve in order to satisfy the vesting of the Bonus Share Scheme. The shares were transferred into the Own share reserve at market value on the day.

On 28 April 2017 the Company announced an irrevocable non-discretionary share buyback programme. In line with IAS32 the Company recognised the full redemption amount of £163.5m in the FY17 accounts. In FY18 this fair value was reversed and replaced with the actual value purchased under the programme of £113.9m.

The Company announced on 27 April 2018 that it has instructed Liberum Capital Limited in relation to an irrevocable non-discretionary share buyback programme to purchase the Company's shares during the closed period commencing on 30 April 2018 and ending on 19 July 2018. In line with IAS32 Financial Instruments: Presentation the Company recognised the full redemption amount of £40.0m which is considered to be immaterially different to the present value at period end. If the contract expires without full delivery, the amount of the financial liability attributable to the undelivered shares is reclassified to equity reversing the original recognition. As at 18 July 2018, nil shares have been repurchased under the closed period share buyback programme.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 29 April 2018

1. ACCOUNTING POLICIES

The consolidated Financial Statements of Sports Direct International 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").

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 period ended 29 April 2017 financial statements have been restated following a review by management into the recognition of an element of Loaded-on-Board inventory. In 2017 an element of Loaded-on-Board inventory was incorrectly classified within other debtors instead of inventory. A prior period adjustment has been made to correct the prior period balance sheet resulting in an increase to inventory of £45.0m and a decrease to other debtors of £45.0m. There has been no impact to basic or diluted earnings per share, profit for the period, total comprehensive income or net assets.

The funds used for the Bob's and Eastern Mountain Sports acquisition were transferred to escrow during FY17 and were reported in Receivables in the prior year. The acquisition completed on 18 May 2017 and the prior year has therefore been restated to recognise the transfer on the face of the Cash Flow, therefore movement in Receivables has been restated.

CONSOLIDATION

The consolidated Financial Statements consolidate the revenues, costs, assets, liabilities and cash flows of the Company and its subsidiaries, being those entities that the Group is considered to have control over. It will be considered to have control when it has power over the entity, is exposed to or has rights to variable returns from the entity and has the ability to use its power over the entity to affect the amount of the entity's returns.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of fair value of the consideration transferred over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of fair value of consideration transferred below the fair values of the identifiable net assets acquired is credited to the consolidated income statement in the period of acquisition. The non-controlling interest is stated at the non-controlling interest's proportion of the fair values of the assets, liabilities and contingent liabilities recognised. Costs incurred relating to acquisitions are expensed to the income statement.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

ASSOCIATES

Associates are entities over which the Group has significant influence but not control, generally accompanied by a share of between 20% and 50% of the voting rights.

The Group's share of the results of associates is included in the Group's consolidated income statement using the equity method of accounting. Investments in associates are carried in the Group's consolidated balance sheet at cost plus post acquisition changes in the Group's share of the net assets of the associates and joint ventures, less any impairment in value. The carrying values of investments in associates include acquired goodwill.

If the Group's share of losses in an associate equals or exceeds its investment in the associate, the Group does not recognise further losses, unless it has incurred obligations to do so or made payments on behalf of the associate. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity.

INVESTMENTS

Available-for-sale investments are initially recognised at fair value. Where fair value is different to cost, this is recognised in the income statement on initial recognition. Subsequent gains and losses arising from changes in fair value are recognised in the statement of other comprehensive income except for interest and dividend income, impairment losses and foreign exchange losses on monetary assets, which are recognised in the income statement. When the security is disposed of, de-recognised or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement as a reclassification adjustment within other comprehensive income.

ACQUISITIONS

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.

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.

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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, 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.

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 where onerous leases are noted the assets of each individual store are individually assessed for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing 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.

Equity investments are impaired when there is objective evidence of impairment which includes a significant or prolonged decline in value.

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.

REVENUE RECOGNITION

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.

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

In the case of goods sold on the internet, revenue is recognised at the point that the risks and rewards of the inventory have passed 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, which in turn is based upon the historical rate of returns.

In the case of goods sold to other businesses via wholesale channels, revenue is recognised when the substantial risks and rewards of ownership are transferred to the customer.

In the case of income generated from trademarks and licences, revenue is recognised on an accruals basis in accordance with the relevant agreements or on a transactional basis when revenue is linked to sale or purchase volumes.

In the case of gym membership fees that are received in advance, revenue is deferred and recognised in the period in which the services are provided.

EXCEPTIONAL ITEMS

The Group presents exceptional items on the face of the income statement, those 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 understand better 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.

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.

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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.

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 154 to 155)

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, transport costs and a proportion of applicable overheads. 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.

LOANS AND RECEIVABLES

Loans and receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost under the effective interest method less provision for impairment. Provision for impairment is established when there is objective evidence that the Group will not be able to collect amounts due according to the original terms of the receivable. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

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.

TRADE AND OTHER PAYABLES

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, 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.

BORROWINGS AND BORROWING COSTS

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months from the balance sheet date. Borrowing costs, being interest and other costs incurred in connection with the servicing of borrowings, are recognised as an expense when incurred.

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.

Other provisions include management's best estimate of restructuring, employment related costs, legal costs and other claims. See also note 22 and note 28. The Group provides for bad debts that arise on outstanding receivables balances.

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LEASES

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The asset subject to the finance lease is depreciated over the shorter of its useful life and the lease term. The corresponding rental obligations, net of finance charges, are included as a liability.

Leases of property, plant and equipment where the Group does not have substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the lease term. Incentives provided by the lessor are credited to the income statement on a straight-line basis over the lease term.

Contingent rental payments, above standard payments, are conditional on the Group's operating performance derived from the lease item, (e.g. turnover levels). These are expensed in the period in which they are incurred.

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.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The most significant exposure to foreign exchange fluctuations relates to purchases and sales made in foreign currencies, principally the US Dollar and Euro. The Group's policy is to substantially reduce the risk associated with purchases and sales denominated in foreign currencies by using forward fixed rate currency purchase contracts, taking into account any foreign currency cash flows.

Derivative financial instruments are measured at fair value. Where derivatives do not qualify for hedge accounting, any gains or losses on re-measurement are immediately recognised in the income statement. Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedge relationship and the item being hedged.

In order to qualify for hedge accounting, the Group is required to document from inception the relationship between the item being hedged and the hedging instrument. The Group is also required to document and demonstrate an assessment of the relationship between the hedged item and the hedging instrument, which shows that the hedge will be highly effective on an on-going basis. This effectiveness testing is performed at each reporting date to ensure that the hedge remains highly effective.

Written option contracts do not qualify for hedge accounting and fair value movements are recognised directly in the income statement.

CASH FLOW HEDGING

Derivative financial instruments are classified as cash flow hedges when they hedge the Group's exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction.

The effective element of any gain or loss from re-measuring the derivative instrument is recognised directly in other comprehensive income.

The associated cumulative gain or loss is reclassified from other comprehensive income in the same period or periods during which the hedged transaction affects the profit or loss. The classification of the effective portion when recognised in the income statement is the same as the classification of the hedged transaction.

Any element of the re-measurement of the derivative instrument which does not meet the criteria for an effective hedge is recognised immediately in the income statement within finance income or costs. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs upon which the cumulative gain is reclassified from Other Comprehensive Income to the Income Statement. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is reclassified from equity to the income statement as a reclassification adjustment.

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 national 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.

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.

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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 29 April 2018, the current period EBITDA of £306.1m gives a materiality level for FY18 of £15.3m.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("STANDARDS") IN ISSUE BUT NOT YET EFFECTIVE

At the date of authorisation of these consolidated Financial Statements, the International Accounting Standards Board ("IASB") and International Financial Reporting Standards Committee ("IFRSC") have issued the following standards and interpretations which are effective for annual accounting periods beginning on or after the stated effective date. These standards and interpretations are not effective for, and have not been adopted early in the preparation of the consolidated Financial Statements:

IFRS 9

IFRS 9 Financial Instruments (IASB effective date 1 January 2018) replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces:

- New requirements which look to align hedge accounting more closely with entities' risk management activities
- New requirements for the classification and measurement of financial assets and liabilities.
- A new impairment model for financial assets by applying the expected loss model

Management has identified the following areas that are expected to be most impacted by the application of IFRS 9:

- the classification and measurement of the Group's financial assets. Management holds most financial assets to hold and collect the associated cash flows and is currently assessing the underlying types of cash flows to classify financial assets correctly. Management expects the majority of held-to-maturity (HTM) investments to continue to be accounted for at amortised cost. However, a number of available-for-sale (AFS) investments and other financial assets are likely to be measured at fair value through profit or loss as the cash flows are not solely payments of principal and interest, unless management make an irrevocable election to measure them through other comprehensive income.

The Group has completed an assessment of the impact of IFRS 9 and it is expected that adoption will not have a material impact on total comprehensive income or net assets.

IFRS 15

IFRS 15 Revenue from Contracts with Customers (IASB effective 1 January 2018) replaces IAS 18 Revenue and several revenue related Interpretations. The Group has completed an assessment of the impact of IFRS 15 and it is expected that adoption will not have a material impact on total comprehensive income or net assets. The majority of sales are made direct either in store or online at standard prices and provisions are already held for expected levels of returns.

IFRS 16

IFRS 16 Leases (IASB effective 1 January 2019). The Group has performed an initial assessment of the impact of IFRS 16, but has not yet performed a detailed impact assessment. The Group will be required to recognise a right-of-use asset and a lease liability for future lease commitments (excluding low value leases and leases less than 12 months) on the Consolidated Balance Sheet. Within the Consolidated Income Statement IFRS 16 replaces straight line operating lease rental charges with depreciation of the right-of-use assets and an interest charge on the lease liabilities.

The options available upon adoption of IFRS 16 are modified retrospective and full retrospective. The Group plans to use the modified retrospective approach which will result in an adjustment to the opening balance of Retained earnings, with no restatement of comparatives.

The full financial impact of the standard has not yet been completed, as a number of unknown factors will impact the calculation of the liability such as discount rates, whether the practical expedients available on transition will be used and the composition of the property portfolio is likely to be materially different at the time of adoption.

For current operating lease information see note 34.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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:

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:

1. Core inventory
2. Seasonal inventory lines – specifically seasons that have now finished
3. Third party versus own brand inventory
4. Ageing of inventory
5. Sports Retail or Premium Lifestyle
6. Local economic conditions
7. Divisional specific factors
8. Increased cost of inventory and lower margins with the devaluation of the pound

Estimates are then applied to the various categories of inventory to calculate an appropriate level of provision. These estimates are formed using a combination of factors including historical experience, management's knowledge of the industry, group discounting and 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 provisions made. The additional cost of repricing inventory and handling charges are considered in arriving at the appropriate percentage provision. The Group revised its estimation methodology in the period in relation to inventory provisioning, and now also includes Loaded-on-Board inventory in the overall assessment of the provision, as it considers this inventory to also have some risk of obsolescence due to the factors outlined above. 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. A 1% change in the total provision would impact underlying EBITDA by approx. £10.4m.

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. Where an onerous lease has been identified, the assets dedicated to that store are also reviewed for impairment.

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Specific assumptions which involve the use of estimates to determine the appropriate level of provision include:

1. Forecast sales in stores, reflecting historic and expected future performance
2. Forecast wages and direct store cost inflation
3. The impact to gross margins due to currency fluctuations
4. Impact of Elevation of Sports Retail strategy in the UK has been considered in determining future forecast individual store performance
5. Planned store closures, relocations and re-brandings
6. 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

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 28.

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.

Other provisions relate to managements best estimates of provisions required for restructuring, employment, commercial, legal and regulatory claims and ongoing non-UK tax enquiries. Where applicable these are inclusive of any estimated penalties, interest and legal costs, and are net of any associated recoverable amounts. See note 28.

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.

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. Where the Group are aware that relationships exist that they do not consider to meet the definition of related parties, but believe that the arrangements will be of interest to the users of the accounts, these are disclosed under "Commercial Arrangements". See note 38 for more details.

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 Findel Plc, Debenhams Plc, French Connection Group PLC and GAME Digital Plc, however 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 SDI representative having an observer role on the board of Findel 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 Findel plc. Findel 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 (with regards to the collaboration and working capital agreements entered into with GAME Digital plc in FY18 which have been evaluated and are not considered to represent material transactions);
- 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.

CASH FLOW HEDGING

Under IAS 39 in order to achieve cash flow hedge accounting, forecast transactions (primarily Euro denominated sales and US dollar 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 IAS 39 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.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are impaired when there is objective evidence of impairment which includes a significant or prolonged decline in value. Judgement is exercised in determining whether either or both of these factors are present

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 segments 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.

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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:

- a. 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 29.
- b. 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 29.
- c. Net investment exposure, from the fair value of net investments outside the UK. The Group hedges its international investments via foreign currency transactions and borrowings in matching currencies
- d. 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.
- e. 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 29

INTEREST RATE RISK

The Group has net borrowings, which are principally at floating interest rates linked to bank base rates or LIBOR. The Group does not currently use interest rate financial instruments to hedge its exposure to interest rate movements. 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 availability of adequate cash resources is managed by the Group through utilisation of its revolving credit facilities together with equity and retained profits thereby achieving continuity of funding and short-term flexibility.

PRICE RISK

The Group is exposed to price risk in respect of its available-for-sale 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 available-for-sale so there would be no effect on profit or loss unless any decline in fair value below cost is determined to be an impairment.

The investments in listed equity securities 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 29.

4. SEGMENTAL ANALYSIS

Management have determined to present its segmental disclosures consistently with the presentation in the 2017 Annual Report with the exception that the USC fascia has been included within UK Sports Retail and our Asia based retail activities have been moved from European Retail (formerly International Retail) to Rest of World Retail. This is due to management's assessment of the operating characteristics of USC and the Asia based retail activities. Management consider operationally that the UK and EU Sports Retail divisions are run as one business unit in terms of allocating resources and assessing performance. However, under IFRS 8 we have not at this reporting date met the required criteria with enough certainty to move back to an aggregated reporting segment. We will continually keep this under review at subsequent reporting dates. We continue to monitor the impacts of 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 Sports Retail – includes the results of the UK retail network of sports stores and USC stores and concessions, along with related websites;
2. European Retail (formerly International Retail) - includes the results of the European retail network of sports stores;
3. Rest of World Retail – includes the results of the US and Asia based retail activities;
- 4 Premium Lifestyle – includes the results of the premium and lifestyle retail businesses and related websites such as Flannels, Cruise and van mildert; and
5. Wholesale & Licensing (formerly Brands) – includes the results of the Group's portfolio of internationally recognised brands such as Everlast, Lonsdale and Slazenger.

The comparative information for the period ended 30 April 2017 has been restated to include the results of USC in UK Sports Retail and Malaysia in Rest of World Retail. Accordingly, the prior period has been restated to adjust £88.6m of sales, £36.1m of margin and £40.8m of overheads to UK Sports Retail, and £27.7m of sales, £11.2m of margin and £8.3m of costs to Rest of World Retail.

Information regarding the Group's reportable segments for the 52 weeks ended 29 April 2018, as well as a reconciliation of reported profit for the period to underlying EBITDA, is presented on pages 162 to 165.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 29 April 2018

Continued

Segmental information for the 52 weeks ended 29 April 2018:

	UK Sports Retail (£m)	European Sports Retail (£m)	Rest of World Retail (£m)	Premium Lifestyle (£m)	Total	Retail (£m)	Wholesale & Licensing (£m)	Eliminations (£m)	Total (£m)
Sales to external customers	2,181.5	637.2	192.4	162.1	3,173.2	186.3	-	-	3,359.5
Sales to other segments	-	-	-	-	-	12.7	(12.7)	-	-
Revenue	2,181.5	637.2	192.4	162.1	3,173.2	199.0	(12.7)	-	3,359.5
Gross profit	890.8	260.1	57.8	53.9	1,262.6	72.5	-	-	1,335.1
Operating profit/(loss) before foreign exchange and exceptional items	197.2	(20.5)	(25.5)	3.4	154.6	26.9	-	-	181.5
Operating profit/(loss)	238.6	(18.8)	(27.3)	3.5	196.0	21.0	-	-	217.0
Other investment income									25.7
Investment costs									(119.0)
Finance income									3.4
Finance costs									(40.9)
Share of profits of associated undertakings									(8.7)
Profit before taxation									77.5
Taxation									(49.9)
Profit for the period									27.6

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 29 April 2018:

	UK Sports Retail (£m)	European Sports Retail (£m)	Rest of World Retail (£m)	Premium Lifestyle (£m)	Total	Retail (£m)	Wholesale & Licensing (£m)	Total (£m)
Depreciation	93.4	34.0	3.2	2.8	133.4	1.2	-	134.6
Amortisation	2.8	-	-	-	2.8	2.0	-	4.8

Information regarding segment assets and liabilities as at 29 April 2018 and capital expenditure for the 52 weeks then ended:

	UK Sports Retail (£m)	European Sports Retail (£m)	Rest of World Retail (£m)	Premium Lifestyle (£m)	Wholesale & Licensing (£m)	Eliminations (£m)	Total (£m)
Investments in associated undertakings	6.2	-	-	-	-	-	6.2
Other assets	2,552.5	448.1	115.3	10.2	354.0	(636.7)	2,843.4
Total assets	2,558.7	448.1	115.3	10.2	354.0	(636.7)	2,849.6
Total liabilities	(1,387.9)	(601.4)	(160.3)	(29.2)	(93.3)	636.7	(1,635.4)
Tangible asset additions	180.7	20.5	9.9	5.9	-	-	217.0
Intangible asset additions	13.7	-	-	-	0.9	-	14.6
Total capital expenditure	194.4	20.5	9.9	5.9	0.9	-	231.6

Segmental information for the 53 weeks ended 30 April 2017 (restated):

	UK Sports Retail (£m)	European Sports Retail (£m)	Rest of World Retail (£m)	Premium Lifestyle (£m)	Retail (£m)	Wholesale & Licensing (£m)	Eliminations (£m)	Total (£m)
					Total			
Sales to external customers	2,225.0	637.9	27.7	113.6	3,004.2	241.1	-	3,245.3
Sales to other segments	-	-	-	-	-	30.1	(30.1)	-
Revenue	2,225.0	637.9	27.7	113.6	3,004.2	271.2	(30.1)	3,245.3
Gross profit	915.5	276.1	11.2	40.0	1,242.8	87.8	-	1,330.6
Operating profit/(loss) before foreign exchange and exceptional items	161.0	(63.8)	1.9	1.6	100.7	20.5	-	121.2
Operating profit/(loss)	151.7	(71.1)	1.9	1.5	84.0	76.1	-	160.1
Other investment income								111.3
Finance income								18.8
Finance costs								(9.4)
Share of profits of associated undertakings								0.8
Profit before taxation								281.6
Taxation								(49.9)
Profit for the period								231.7

Other segment items included in the income statement for the 53 weeks ended 30 April 2017:

	UK Sports Retail (£m)	European Sports Retail (£m)	Rest of World Retail (£m)	Premium Lifestyle (£m)	Retail (£m)	Wholesale & Licensing (£m)	Total (£m)
					Total		
Depreciation	95.0	40.2	1.0	2.2	138.4	2.2	140.6
Amortisation	2.5	1.1	-	-	3.6	3.7	7.3

Information regarding segment assets and liabilities as at 30 April 2017 and capital expenditure for the 53 weeks then ended:

	UK Sports Retail (£m)	European Sports Retail (£m)	Rest of World Retail (£m)	Premium Lifestyle (£m)	Wholesale & Licensing (£m)	Eliminations (£m)	Total (£m)
Investments in associated undertakings and joint ventures	25.8	0.6	-	-	-	-	26.4
Other assets	2,201.5	356.0	18.1	12.1	357.6	(522.9)	2,422.4
Total assets	2,227.3	356.6	18.1	12.1	357.6	(522.9)	2,448.8
Total liabilities	(1,059.4)	(518.5)	(20.1)	(13.7)	(121.7)	522.9	(1,210.5)
Tangible asset additions	399.5	13.3	1.3	3.0	2.4	-	419.5
Intangible asset additions	2.3	-	-	-	5.1	-	7.4
Total capital expenditure	401.8	13.3	1.3	3.0	7.5	-	426.9

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 29 April 2018

Continued

GEOGRAPHIC INFORMATION

Segmental information for the 52 weeks ended 29 April 2018:

	UK (£m)	Non-UK (£m)	Eliminations (£m)	Total (£m)
Segmental revenue from external customers	2,408.8	950.7	-	3,359.5
Total capital expenditure	201.2	30.4	-	231.6
Non-current segmental assets*	761.3	328.3	-	1,089.6
Total segmental assets	2,706.1	762.8	(619.3)	2,849.6

*Excludes deferred tax and financial instruments

Segmental information for the 53 weeks ended 30 April 2017:

	UK (£m)	Non-UK (£m)	Eliminations (£m)	Total (£m)
Segmental revenue from external customers	2,408.6	836.7	-	3,245.3
Total capital expenditure	410.1	16.8	-	426.9
Non-current segmental assets*	738.9	338.3	-	1,077.2
Total segmental assets	2,350.4	573.6	(475.2)	2,448.8

*Excludes deferred tax and financial instruments

Material non-current segmental assets – by a non-UK country:

	USA (£m)	Belgium (£m)	Austria (£m)	Estonia (£m)	ROI (£m)
FY18	164.2	19.0	57.0	13.9	58.8
FY17	164.2	32.6	64.0	15.2	58.2

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 29 April 2018:

	UK Sports Retail (£m)	European Sports Retail (£m)	Rest of World Retail (£m)	Premium Lifestyle (£m)	Wholesale & Licensing (£m)	Total (£m)
Operating profit / (loss)	238.6	(18.8)	(27.3)	3.5	21.0	217.0
Depreciation	93.3	34.1	3.2	2.8	1.2	134.6
Amortisation	2.8	-	-	-	2.0	4.8
Share of profit of associated undertakings	(9.2)	0.5	-	-	-	(8.7)
Reported EBITDA	325.5	15.8	(24.1)	6.3	24.2	347.7
Bonus share scheme	(6.0)	-	-	-	-	(6.0)
Profit on sale of properties	(16.3)	-	-	-	-	(16.3)
Exceptional items	1.8	(0.7)	-	-	3.7	4.8
Realised FX (gain) / loss	(27.1)	(1.1)	1.8	-	2.3	(24.1)
Underlying EBITDA	277.9	14.0	(22.3)	6.3	30.2	306.1

Reconciliation of operating profit to underlying EBITDA for the 53 week period ended 30 April 2017:

	Sports Retail (£m)	European Sports Retail (£m)	Rest of World Retail (£m)	Premium Lifestyle (£m)	Wholesale & Licensing (£m)	Total (£m)
Operating profit / (loss)	151.1	(71.1)	1.9	2.1	76.1	160.1
Depreciation	95.0	40.2	1.0	2.2	2.2	140.6
Amortisation	2.5	1.1	-	-	3.7	7.3
Share of profit of associated undertakings	0.4	0.4	-	-	-	0.8
Reported EBITDA	249.0	(29.4)	2.9	4.3	82.0	308.8
Charges for the share scheme	2.8	-	-	-	-	2.8
Disposal of subsidiary	-	-	-	-	(79.9)	(79.9)
Exceptional items	3.0	4.5	-	0.1	9.7	17.3
Realised FX loss	6.2	2.9	-	-	14.6	23.7
Underlying EBITDA	261.0	(22.0)	2.9	4.4	26.4	272.7

5. OTHER OPERATING INCOME

	52 weeks ended 29 April 2018 (£m)	53 weeks ended 30 April 2017 (£m)
Rent receivable	17.9	12.3
Other	8.6	10.2
	26.5	22.5

Other operating income relates to lease surrender premiums, ad hoc income and sundry charges to third parties.

6. EXCEPTIONAL ITEMS

	52 weeks ended 29 April 2018 (£m)	53 weeks ended 30 April 2017 (£m)
Impairments	(4.8)	(17.3)

The impairment mainly relates to a review of the business and the valuation of own brands and goodwill that are no longer considered core brands, in line with the elevation of retail management strategy.

7. PROFIT ON SALE OF PROPERTIES

	52 weeks ended 29 April 2018 (£m)	53 weeks ended 30 April 2017 (£m)
Profit on sale of properties	16.3	-

8. OPERATING PROFIT

Operating profit for the period is stated after charging:

	52 weeks ended 29 April 2018 (£m)	53 weeks ended 30 April 2017 (£m)
Foreign exchange (losses) / gain	(24.1)	23.7
Depreciation of property, plant and equipment:		
- owned assets	134.6	140.6
Amortisation of intangible assets	4.8	7.3
Operating Lease Rentals		
- Land and buildings	163.2	194.7
- Other	0.7	0.9

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 29 April 2018

Continued

SERVICES PROVIDED BY THE GROUP'S AUDITOR

For the 52 weeks ended 29 April 2018 the remuneration of the auditors, Grant Thornton UK LLP and associated firms, was as detailed below:

	52 weeks ended 29 April 2018 (£m)	53 weeks ended 30 April 2017 (£m)
AUDIT SERVICES		
Audit of the Group and company	0.8	0.8
Audit of subsidiary companies	0.4	0.6
Audit related assurance services	0.1	0.1
NON-AUDIT SERVICES		
Taxation compliance services	0.1	0.3
All other taxation advisory services	-	2.5
Services relating to corporate finance	-	1.3

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 110.

9. PAYROLL COSTS

The average monthly number of employees, including Executive Directors, employed by the Group during the period was:

	52 weeks ended 29 April 2018 (£m)	53 weeks ended 30 April 2017 (£m)
Retail stores	13,730	13,620
Distribution, administration and other	3,829	3,725
	17,559	17,345

The aggregate payroll costs of the employees, including Executive Directors, were as follows:

	52 weeks ended 29 April 2018 (£m)	53 weeks ended 30 April 2017 (£m)
Wages and salaries	363.4	355.7
Social security costs	27.6	30.1
Pension costs	2.4	3.3
	393.4	389.1

A share-based payment charge of nil (FY17: £2.8m) was recognised in respect of share awards during the year. This is inclusive of the related charges for expected national insurance contributions.

Aggregate emoluments of the Directors of the Company are summarised below:

	52 weeks ended 29 April 2018 (£m)	53 weeks ended 30 April 2017 (£m)
Aggregate emoluments	0.5	0.6

Further details of Directors' remuneration are given in the Directors' Remuneration Report on pages 115 to 128.

Details of key management remuneration are given in note 37.

10. INVESTMENT INCOME

	52 weeks ended 29 April 2018 (£m)	53 weeks ended 30 April 2017 (£m)
Profit on disposal of available-for-sale financial assets and equity derivative financial instruments	6.9	156.5
Fair value gain on equity derivative financial instruments	8.4	5.5
Dividend income from investments	10.4	0.5
	25.7	162.5

The profit on disposal of available-for-sale financial assets and equity derivative financial instruments mainly relates to the sale of strategic investments. In FY17 this mainly related to the profit on disposal of JD Sports Fashion plc shares in the period.

11. INVESTMENT COSTS

	52 weeks ended 29 April 2018 (£m)	53 weeks ended 30 April 2017 (£m)
Loss on disposal of available-for-sale financial assets and equity derivative financial instruments	26.5	2.7
Fair value loss on equity derivative financial instruments	44.6	36.3
Fair value loss on available-for-sale financial assets reclassified from OCI	47.9	-
Impairment of available-for-sale financial assets	-	12.2
	119.0	51.2

The majority of the loss on disposal of available-for-sale financial assets and equity derivative financial instruments of £26.5m relates to the loss on disposal of Iconix Brand Group Inc and Goals Soccer plc.

The fair value loss on equity derivative financial instruments of £44.6m relates to Debenhams plc options and equity derivative instruments. The fair value loss of £47.9m on available-for-sale financial assets relates to the significant movement on the Debenhams plc strategic investment between the purchase of the physical shareholding and the end of the period.

The impairment of available-for-sale financial assets in FY17 mainly relates to House of Fraser Ltd.

12. FINANCE INCOME

	52 weeks ended 29 April 2018 (£m)	53 weeks ended 30 April 2017 (£m)
Bank interest receivable	3.3	0.2
Other interest receivable	0.1	0.4
Fair value adjustment to unhedged foreign currency contracts	-	18.2
	3.4	18.8

The fair value adjustment to forward and option 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.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 29 April 2018

Continued

13. FINANCE COSTS

	52 weeks ended 29 April 2018 (£m)	53 weeks ended 30 April 2017 (£m)
Interest on bank loans and overdrafts	9.5	2.5
Other interest and finance leases	13.5	6.6
Interest on retirement benefit obligations	0.2	0.3
Fair value adjustment to unhedged foreign currency contracts	17.7	-
	40.9	9.4

The fair value adjustment to forward and option foreign exchange contracts relates to differences between the fair value of forward foreign currency contracts and written options not designated for hedge accounting from one period end to the next.

14. TAXATION

	52 weeks ended 29 April 2018 (£m)	53 weeks ended 30 April 2017 (£m)
Current tax	46.8	61.4
Adjustment in respect of prior periods	3.3	(20.6)
	50.1	40.8
Deferred tax (see note 27)	(0.2)	9.1
	49.9	49.9
TAX RECONCILIATION		
Profit before taxation	77.5	281.6
Taxation at the standard rate of tax in the UK of 19% (2017: 20%)	14.7	56.3
Tax effects of:		
Non-taxable income	(4.4)	(37.1)
Expenses not deductible for tax purposes	33.1	18.8
Overseas tax losses	-	3.1
Other tax adjustments	2.9	7.0
Adjustments in respect of prior periods - Current tax	3.3	(20.6)
Change in deferred tax rate	-	1.1
Adjustments in respect of prior periods - Deferred tax	0.3	21.3
	49.9	49.9

Non-taxable income in FY17 includes the disposal of subsidiaries and investments that qualify for Substantial Shareholder Relief. Expenses not deductible for tax purposes include non-qualifying depreciation and goodwill impairments.

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, 527,793,623 (2017: 583,501,473), is adjusted to assume conversion of all dilutive potential ordinary shares under the Group's Share Schemes, being 3,132,795 (2017: 16,667,000), to give the diluted weighted average number of shares of 530,926,418 (2017: 600,168,473).

BASIC AND DILUTED EARNINGS PER SHARE

	52 weeks ended		53 weeks ended	
	29 April 2018 Basic (£m)	29 April 2018 Diluted (£m)	30 April 2017 Basic (£m)	30 April 2017 Diluted (£m)
Profit for the period	24.5	24.5	229.9	229.9
	Number in thousands		Number in thousands	
Weighted average number of shares	527,794	530,926	583,501	600,168
	Pence per share		Pence per share	
Earnings per share	4.6	4.6	39.4	38.3

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		53 weeks ended	
	29 April 2018 Basic (£m)	29 April 2018 Diluted (£m)	30 April 2017 Basic (£m)	30 April 2017 Diluted (£m)
Profit for the period	24.5	24.5	229.9	229.9
Post tax adjustments to profit for the period for the following non-trading items:				
Realised (profit) / loss on forward exchange contracts	(18.7)	(18.7)	18.5	18.5
Fair value adjustment to forward foreign exchange contracts	13.8	13.8	(14.3)	(14.3)
Fair value adjustment to derivative financial instruments and AFS investments	89.7	89.7	24.0	24.0
Loss / (profit) on disposal of listed investments	3.5	3.5	(141.5)	(141.5)
Profit on disposal of property	(12.9)	(12.9)	-	-
Profit on disposal of subsidiary	-	-	(79.9)	(79.9)
Impairment	5.0	5.0	17.3	17.3
Write off of deferred tax assets	-	-	12.5	12.5
Underlying profit for the period	104.9	104.9	66.5	66.5
	Number in thousands		Number in thousands	
Weighted average number of shares	527,794	530,926	583,501	600,168
	Pence per share		Pence per share	
Underlying earnings per share	19.9	19.8	11.4	11.1

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 29 April 2018

Continued

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings (£m)	Long-term Leasehold (£m)	Short-term leasehold improvements (£m)	Plant and equipment (£m)	Total (£m)
COST					
At 24 April 2016	433.6	33.4	141.5	557.2	1,165.7
Exchange differences	10.7	1.8	(0.5)	6.7	18.7
Transfers	(40.9)	-	-	-	(40.9)
Additions	284.0	36.8	5.3	87.4	413.5
Eliminated on disposals	(10.6)	-	(10.2)	(42.7)	(63.5)
At 30 April 2017	676.8	72.0	136.1	608.6	1,493.5
Exchange differences	4.6	-	-	-	4.6
Transfers	3.6	-	-	3.8	7.4
Acquisitions	-	-	-	6.5	6.5
Additions	136.4	-	6.4	61.4	204.2
Eliminated on disposals	(51.2)	(8.4)	(2.1)	(18.5)	(80.2)
At 29 April 2018	770.2	63.6	140.4	661.8	1,636.0
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 24 April 2016	(74.8)	(6.3)	(97.5)	(401.2)	(579.8)
Exchange differences	(2.8)	(0.1)	1.1	0.8	(1.0)
Transfers	22.8	-	-	-	22.8
Charge for the period	(40.9)	(7.3)	(11.5)	(79.9)	(139.6)
Eliminated on disposals	5.9	-	2.8	37.4	46.1
At 30 April 2017	(89.8)	(13.7)	(105.1)	(442.9)	(651.5)
Exchange differences	(0.7)	0.8	0.4	2.1	2.6
Transfers	(2.3)	-	-	(2.4)	(4.7)
Charge for the period	(39.8)	(4.3)	(9.6)	(77.9)	(131.6)
Eliminated on disposals	11.5	2.3	1.2	12.6	27.6
At 29 April 2018	(121.1)	(14.9)	(113.1)	(508.5)	(757.6)
NET BOOK VALUE					
At 29 April 2018	649.1	48.7	27.3	153.3	878.4
At 30 April 2017	587.0	58.3	31.0	165.7	842.0

Included within freehold land and buildings are UK properties with a net book value of £nil for which sales contracts have been exchanged but for which completion has not taken place at year end, carrying value is below fair value based on selling price

In FY17 the Group reviewed and revised the estimated useful economic lives of property, plant and equipment. The impact on the income statement for the period ended 30 April 2017 of this revision to accounting estimates was an additional depreciation charge of approximately £26.0m, the majority of which related to the European Sports Retail (formerly International Sports Retail) segment.

17. INVESTMENT PROPERTIES

	Freehold Land and Buildings (£m)
COST	
As at 24 April 2016	-
Transfers	40.9
Additions	6.0
As at 30 April 2017	46.9
Transfers	(7.4)
Acquisitions	1.3
Additions	5.0
At 29 April 2018	45.8
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
At 24 April 2016	-
Transfers	(22.8)
Charge for the period	(1.0)
At 30 April 2017	(23.8)
Transfers	4.7
Charge for the period	(3.0)
At 29 April 2018	(22.1)
NET BOOK VALUE	
At 29 April 2018	23.7
At 30 April 2017	23.1

The fair values of the Group's investment properties as at 29 April 2018 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.

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18. INTANGIBLE ASSETS

	Goodwill (£m)	Trademarks and licences (£m)	Brands (£m)	Total (£m)
COST				
At 24 April 2016	173.6	69.9	81.2	324.7
Acquisitions	-	7.4	-	7.4
Written off	-	(1.0)	-	(1.0)
Disposals	(20.0)	(1.0)	(2.0)	(23.0)
Exchange adjustment	7.7	0.2	9.4	17.3
At 30 April 2017	161.3	75.5	88.6	325.4
Acquisitions	-	10.5	-	10.5
Additions	-	4.1	-	4.1
Disposals	(6.5)	(0.5)	(0.1)	(7.1)
Exchange adjustment	(5.0)	0.1	(5.7)	(10.6)
At 29 April 2018	149.8	89.7	82.8	322.3
AMORTISATION AND IMPAIRMENT				
At 24 April 2016	(58.2)	(57.9)	-	(116.1)
Amortisation charge	-	(7.3)	-	(7.3)
Impairment	(14.1)	(3.2)	-	(17.3)
Written off	-	1.0	-	1.0
Disposals	-	1.3	-	1.3
Exchange adjustment	(1.1)	(0.2)	-	(1.3)
At 30 April 2017	(73.4)	(66.3)	-	(139.7)
Amortisation charge	-	(4.8)	-	(4.8)
Impairment	(3.2)	(1.6)	-	(4.8)
Disposals	6.5	0.5	-	7.0
Exchange adjustment	0.6	0.7	-	1.3
At 29 April 2018	(69.5)	(71.5)	-	(141.0)
NET BOOK VALUE				
At 29 April 2018	80.3	18.2	82.8	181.3
At 30 April 2017	87.9	9.2	88.6	185.7

Amortisation is charged to selling, distribution and administrative expenses in the consolidated income statement.

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:

	29 April 2018		30 April 2017	
	Goodwill (£m)	Brands (£m)	Goodwill (£m)	Brands (£m)
European Sports Retail	5.4	-	7.7	-
Wholesale & Licencing (excl. Everlast)	14.3	1.9	25.8	2.4
Everlast	60.6	80.9	54.4	86.2
	80.3	82.8	87.9	88.6

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 recoverable amount of CGUs was £367.6m. Impairments of £5.0m have been recognised in the period relating to brands that do not align with the elevation strategy.

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.

The key assumptions, which are equally applicable to each CGU, in the cash flow projections used to support the carrying amount of goodwill and intangibles with indefinite lives as at 29 April 2018 were as follows:

	UK Sports Retail	European Retail	Wholesale & Licensing (excl. Everlast)	Everlast
Terminal sales growth	2%	2%	0%	2%
Gross margin	30%-40%	30%-40%	30%-40%	20%-30%
Capital expenditure	£0m - £0.5m	£0m - £0.5m	£0m - £0.5m	£0m - £0.5m
Discount rates (Pre-tax)	6.2%	6.2%	6.2%	11.0%

The pre-tax Group Weighted Average Cost of Capital is used in Sports Retail, Premium Lifestyle and Wholesale & Licensing (excl. Everlast) as these CGU's are considered to have similar risk profiles. The pre-tax WACC is used as the discount rate.

The key assumptions are based on management's historical experience and future plans for each CGU.

A reasonably possible change in any key assumption would not cause the carrying value of any CGU to exceed its recoverable amount.

The intangible assets that have an indefinite life are brands and trading names and are considered to have an indefinite life on the grounds of the proven longevity of the brands and trading names and the Group's commitment to maintaining those brands.

All key assumptions are consistent with known external sources of information.

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19. INVESTMENTS IN ASSOCIATED UNDERTAKINGS

The Group uses the equity method of accounting for associates and joint ventures. The following table shows the aggregate movement in the Group's investment in associates and joint ventures:

	Associates (£m)
At 24 April 2016	16.6
Additions	9.0
Share of profit for the period	0.8
At 30 April 2017	26.4
Disposals	(10.4)
Dividends paid	(1.1)
Share of loss for the period	(8.7)
At 29 April 2018	6.2

The majority of the balance as at 29 April 2018 relates to the Group's 25% interest in Four (Holdings) Limited, a company incorporated in England and Wales. The Four (Holdings) Limited principal activity is that of fashion distributors and retailers. As at 29 April 2018 there were amounts due from Four (Holdings) Limited totalling £68.9m (2017: 32.9m) (note 37).

The addition in FY17 relates to the acquisition of a 49% ownership in Lovells Sports (Holdings) Ltd, during FY18, the remaining 51% was acquired meaning that Lovells Sports (Holdings) Ltd is now a subsidiary of the Group (see note 31). The Group also acquired the remaining 49% of Brasher Leisure Ltd, for £1.

The Group's share of associates' assets, liabilities and income statement, which is included in the consolidated Financial Statements, is as follows:

	29 April 2018 (£m)	30 April 2017 (£m)
Share of non-current assets	15.4	25.2
Share of current assets	22.7	13.1
Share of non-current liabilities	(17.1)	(1.5)
Share of current liabilities	(14.8)	(10.4)
	6.2	26.4

	52 weeks ended 29 April 2018 (£m)	53 weeks ended 30 April 2017 (£m)
Income	48.8	46.6
Expenses	(57.1)	(45.2)
(Loss) / profit before taxation	(8.3)	1.4
Taxation	(0.4)	(0.6)
(Loss) / profit for the period	(8.7)	0.8

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	29 April 2018 (£m)	30 April 2017 (£m)
Non-current assets		
Available-for-sale financial assets	249.8	63.9

The fair value of the available-for-sale investments 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:

	29 April 2018 (£m)	30 April 2017 (£m)
At beginning of period	63.9	193.4
Additions	234.7	24.7
Disposals	(22.7)	(36.4)
Impairment	-	(12.2)
Revaluation through other comprehensive income – recognised in the period	(26.1)	23.7
Revaluation through other comprehensive income – reclassified in the period	-	(129.3)
At end of period	249.8	63.9

At the period ended 29 April 2018, the Group held direct interests in the following:

- A 29.9% (2017: 29.9%) interest in Findel plc
- A 29.7% interest in Debenhams plc, which was acquired during the period
- A 27.0% (2017: 11.16%) interest in French Connection plc
- A 25.4% interest in Game Digital plc, which was acquired during the period
- An 18.9% interest in Goals Soccer Centres plc, which was acquired during the period
- An 8.8% interest in Finish Line, Inc, which was acquired during the period
- Various other interests, none of which represent more than 5.0% of the voting power of the investee

These holdings have been assessed under IAS 28 Investments in Associates and categorised as available-for-sale 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).

The Group continues to hold a 11.1% direct interest in House of Fraser Limited, which is held at management's estimate of the fair value of the enterprise based on recoverability.

These investments allow us to develop relationships and commercial partnerships with the relevant retailers and assist in building relationships with key suppliers & brands.

As at 29 April 2018 and 30 April 2017 the Group had no available-for-sale financial assets in excess of 29.9% of share capital.

Available-for-sale financial assets are denominated in the following currencies:

	29 April 2018 (£m)	30 April 2017 (£m)
Sterling	199.1	63.5
US Dollars	50.7	0.4
At end of period	249.8	63.9

21. INVENTORIES

	29 April 2018 (£m)	30 April 2017 Restated (£m)
Goods for resale	873.4	674.2

As reported in note 1, the prior period comparatives have been restated.

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The following inventory costs have been recognised in cost of sales:

	29 April 2018 (£m)	30 April 2017 (£m)
Cost of inventories recognised as an expense	2,024.4	1,914.7

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 29 April 2018. Overall provisions have increased from £98.4m in FY17 to £162.2m as at 29 April 2018, changes in the provision are recognised in cost of sales.

22. TRADE AND OTHER RECEIVABLES

	29 April 2018 (£m)	30 April 2017 Restated (£m)
Trade receivables	35.0	39.3
Deposits in respect of derivative financial instruments	57.1	148.0
Amounts owed by related parties (see note 37)	70.3	40.9
Other receivables	21.3	91.8
Prepayments	51.1	32.1
	234.8	352.1

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. As reported in note 1, the prior period has been restated.

In FY17, Other receivables includes amounts advanced for the acquisition of Bob's Stores and Eastern Mountain Sports from US Chapter 11 alongside working capital loans, which completed during FY18 (see note 31), this has been accounted for under IFRS 3 Business Combinations, including an assessment of the fair value of consideration, assets, liabilities and identified intangibles. 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.

Ageing of trade receivables:

	29 April 2018 (£m)	30 April 2017 (£m)
Current	28.3	26.0
0-30 days past due	3.3	7.3
30-60 days past due	1.2	2.0
60-90 days past due	2.2	1.8
Over 90 days past due	-	2.2
	35.0	39.3

The credit quality of assets neither past due nor impaired is considered to be good.

The movement in the bad debt provision relating to trade and other receivables can be analysed as follows:

	52 weeks ended 29 April 2018 (£m)	53 weeks ended 30 April 2017 (£m)
Opening position	19.5	12.0
Amounts charged to the income statement	7.5	10.1
Amounts written off as uncollectable	-	(1.1)
Amounts recovered during the period	-	(1.5)
Closing position	27.0	19.5

The Group has no significant concentration of credit risk, with exposure spread over a large number of customers. These bad debt provisions / charges have been determined by reference to past default experience and knowledge of the individual circumstances of certain receivables.

23. CASH AND CASH EQUIVALENTS

	29 April 2018 (£m)	30 April 2017 (£m)
Cash in bank and in hand - Sterling	112.0	53.5
Cash in bank and in hand - US Dollars	131.8	25.9
Cash in bank and in hand - Euros	109.4	122.4
Cash in bank and in hand - Other	6.8	2.9
	360.0	204.7
Bank overdraft (see note 26)	-	(69.5)
Cash and cash equivalents including overdrafts at period end	360.0	135.2

The bank overdraft is part of a Group cash pooling arrangement.

24. SHARE CAPITAL

	29 April 2018 (£m)	30 April 2017 (£m)
AUTHORISED		
999,500,010 ordinary shares of 10p each	100.0	100.0
ALLOTTED, CALLED UP AND FULLY PAID		
640,602,369 (2017: 640,602,369) ordinary shares of 10p each	64.1	64.1
SHARE CAPITAL		
At 30 April 2017 and 29 April 2018	64.1	64.1

The Group holds 103,633,049 shares in Treasury as at period end (FY17: 79,310,534) (see note 25).

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 115 to 128

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An award of 8,073,036 shares was granted on 10 September 2010 at a share price of 125.5 pence. 4m of these shares have since vested and 2m have since lapsed. These shares will only vest if all conditions are met. No consideration is payable in respect of these awards.

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 c.11.6m shares vested in September 2017 and c.4m shares vested in September 2015.

Between 8 September 2017 and 27 April 2018, 10,585,162 shares sold by participants following exercise of awards under the Company's 2011 Share Scheme were acquired by Esera 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 390 and 411 pence per share in off-market transactions

On 7 September 2015 3,772,383 shares sold by participants following exercise of awards under the Company's 2011 Share Scheme were acquired by Esera Trust (Jersey) Limited, formerly known as Appleby 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 a price of 781 pence per share in an off-market transaction.

A share-based payment charge of £nil (FY17: £2.9m) was recognised in respect of this cash settled award for the 52 weeks ended 29 April 2018, 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.

25. OTHER RESERVES

	Share capital (£m)	Share premium (£m)	Permanent contribution to capital (£m)	Capital redemption reserve (£m)	Reverse combination reserve (£m)	Hedging reserve (£m)	Total other Reserves (£m)
At 24 April 2016	64.1	874.3	0.1	8.0	(987.3)	8.0	(32.8)
Cash flow hedges							
- recognised in the period	-	-	-	-	-	(31.3)	(31.3)
- reclassified in the period and reported in sales	-	-	-	-	-	8.7	8.7
- reclassified and reported in cost of sales	-	-	-	-	-	(18.2)	(18.2)
- taxation	-	-	-	-	-	7.7	7.7
At 30 April 2017	64.1	874.3	0.1	8.0	(987.3)	(25.1)	(65.9)
Cash flow hedges							
- recognised in the period	-	-	-	-	-	(49.8)	(49.8)
- reclassified in the period and reported in sales	-	-	-	-	-	15.5	15.5
- reclassified and reported in cost of sales	-	-	-	-	-	0.6	0.6
- taxation	-	-	-	-	-	6.9	6.9
At 29 April 2018	64.1	874.3	0.1	8.0	(987.3)	(51.9)	(92.7)

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 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 Sports Direct International plc purchased in the market and held by Sports Direct Employee Benefit Trust to satisfy options under the Group's share options scheme, see note 24.

26. BORROWINGS

	29 April 2018 (£m)	30 April 2017 (£m)
NON-CURRENT:		
Bank and other loans	757.1	317.3
CURRENT:		
Bank overdrafts	-	69.5
Bank and other loans	-	-
	-	69.5
TOTAL BORROWINGS		
Bank overdrafts	-	69.5
Bank and other loans	757.1	317.3
	757.1	386.8

An analysis of the Group's total borrowings other than bank overdrafts is as follows:

	29 April 2018 (£m)	30 April 2017 (£m)
Borrowings — Sterling	750.0	310.0
Borrowings — Other	7.1	7.3
	757.1	317.3

Loans are currently at a rate of interest of 1.4% over the interbank rate of the country within which the borrowing entity resides.

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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)	Total (£m)
At 24 April 2016	333.1	0.8	333.9
Cash-flows:			
- Borrowings drawn down	328.0	-	328.0
- Borrowings repaid	(343.8)	(0.3)	(344.1)
Overdraft	-	69.0	69.0
At 30 April 2017	317.3	69.5	386.8
Cash-flows:			
- Borrowings drawn down	782.8	-	782.8
- Borrowings repaid	(343.0)	-	(343.0)
Overdraft repaid	-	(69.5)	(69.5)
At 29 April 2018	757.1	-	757.1

The Group's Working Capital Facility is at £913.5m (FY17: £788m). The facility is available until November 2021 (with a one year option extension) and is not secured against any of the Group's assets.

The Group continues to operate comfortably within its banking facilities and covenants.

The carrying amounts and fair value of the borrowings are not materially different.

Net debt at 29 April 2018 was £397.1m (30 April 2017: £182.1m).

27. DEFERRED TAX ASSET AND LIABILITIES

	Accounts depreciation exceeding tax depreciation (£m)	Tax losses recoverable (£m)	Pension plan liabilities (£m)	Bonus share scheme (£m)	Forward currency contracts (£m)	FV of Brands (£m)	Other temporary differences (£m)	Total (£m)
At 24 April 2016	14.7	14.0	2.6	9.3	(0.1)	(21.4)	3.2	22.3
Credited / (charged) to the income statement	3.6	(14.0)	-	0.6	2.4	3.2	(4.9)	(9.1)
Credited / (charged) to the statement of other comprehensive income	-	-	1.7	(1.3)	-	-	(0.2)	0.2
Credited to hedging reserve	-	-	-	-	5.9	-	-	5.9
Disposal	-	-	(4.3)	-	-	-	-	(4.3)
At 30 April 2017	18.3	-	-	8.6	8.2	(18.2)	(1.9)	15.0
Credited / (charged) to the income statement	(2.4)	4.1	-	1.7	(0.4)	-	(2.8)	0.2
Charged to reserves	-	-	-	(7.6)	-	-	-	(7.6)
Credited to hedging reserve	-	-	-	-	6.9	-	-	6.9
At 29 April 2018	15.9	4.1	-	2.7	14.7	(18.2)	(4.7)	14.5

	29 April 2018 (£m)	30 April 2017 (£m)
Deferred tax assets	24.9	33.7
Deferred tax liabilities	(10.4)	(18.7)
Net deferred tax balance	14.5	15.0

The tax rates used to measure the deferred tax assets and liabilities were either 17% or 19% depending on when the applicable asset / liability is expected to reverse, on the basis that these were the tax rates that were substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that realisation of the related tax benefit is probable on the basis of the Group's current expectations of future taxable profits

Included within other temporary differences is a deferred tax asset in relation to the Share Scheme and a deferred tax liability recognised on other intangible assets upon acquisition.

The deferred tax effects of the acquisitions made in the year were considered and it was determined that there was no material impact on the Group or the fair value of net assets acquired.

28. PROVISIONS

	Property related (£m)	Other (£m)	Total (£m)
At 30 April 2017	104.1	26.1	130.2
Amounts provided	37.9	11.4	49.3
Amounts utilised / reclassified	2.2	(11.5)	(9.3)
Amounts reversed	(13.3)	-	(13.3)
At 29 April 2018	130.9	26.0	156.9

The property related provision contains the best estimate of the present value of expenditure expected to be incurred by the Group in order to satisfy its obligations to restore its leasehold premises to the condition required under the lease agreements at the end of the lease discounted at 5% per annum. The provision also contains provision in respect of onerous lease contracts representing the net cost of fulfilling the Group's obligations over the terms of these contracts discounted at 5% per annum. The provision is expected to be utilised over the period to the end of each specific lease. The unwinding of the discount on provision over time passes through the income statement.

During the period, onerous lease provisions were recognised due to an ongoing management review of the UK and European store profile and strategy including current and anticipated freehold acquisitions, resulting in additional provisions being made of £26.7m in the period. The balance of the charge relates to dilapidation provisions in respect of UK stores.

Other provisions relate to provisions for restructuring and employment (non-retirement related) and management's best estimate of the potential impact of claims including legal, commercial and regulatory claims and ongoing non-UK tax enquiries.

Other provisions include amounts in relation to MM Prop Consultancy Ltd, a company owned and controlled by Michael Murray (domestic partner of Anna Ashley, daughter of Mike Ashley) - see note 37.

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29. 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 - 2018	Level 1 (£m)	Level 2 (£m)	Level 3 (£m)	Other (£m)	Total (£m)
Loans and receivables:					
Trade and other receivables*	57.1	-	-	126.6	183.7
Cash and cash equivalents	-	-	-	360.0	360.0
Available-for-sale financial assets	249.8	-	-	-	249.8
Derivative financial assets (Assets at fair value through the profit and loss)					
- Foreign forward purchase and sales contracts – Hedged	-	14.4	-	-	14.4
Derivative financial assets – contracts for difference	2.7	-	-	-	2.7
	2.7	14.4	-	-	17.1
FINANCIAL LIABILITIES - 2018					
Loans and payables:					
Non-current borrowings	-	-	-	(757.1)	(757.1)
Trade and other payables**	(40.0)	-	-	(508.1)	(548.1)
Derivative financial liabilities (Liabilities at fair value through the profit and loss)					
Foreign forward purchase and sales contracts – Hedged	-	(34.3)	-	-	(34.3)
Foreign forward and written options purchase and sales contracts – Unhedged	-	(53.2)	-	-	(53.2)
Derivative financial liabilities – contracts for difference	(4.3)	-	-	-	(4.3)
Derivative financial liabilities – equity derivatives	-	-	(1.3)	-	(1.3)
	(4.3)	(87.5)	(1.3)	-	(93.1)

*Prepayments of £51.1m are not included as a financial asset

**Other taxes including social security costs of £58.4m are not included as a financial liability

FINANCIAL ASSETS - 2017	Level 1 (£m)	Level 2 (£m)	Level 3 (£m)	Other (£m)	Total (£m)
Loans and receivables:					
Trade and other receivables*	148.0	-	-	172.0	320.0
Cash and cash equivalents	-	-	-	204.7	204.7
Available-for-sale financial assets	63.9	-	-	-	63.9
Derivative financial assets (Assets at fair value through the profit and loss)					
- Foreign forward purchase and sales contracts – Hedged	-	16.2	-	-	16.2
Foreign forward and written options purchase and sales contracts – Unhedged	-	17.9	-	-	17.9
Derivative financial assets – contracts for difference	8.9	-	-	-	8.9
Derivative financial assets – equity derivatives	-	-	-	-	-
	8.9	34.1	-	-	43.0

FINANCIAL LIABILITIES - 2017

Loans and payables:

Non-current borrowings	-	-	-	(317.3)	(317.3)
Trade and other payables**	(163.5)	-	-	(351.9)	(515.4)
Current-borrowings	-	-	-	(69.5)	(69.5)

Derivative financial liabilities (Liabilities at fair value through the profit and loss):

Foreign forward purchase and sales contracts – Hedged	-	(9.7)	-	-	(9.7)
Foreign forward and written options purchase and sales contracts – Unhedged	-	(46.1)	-	-	(46.1)
Derivative financial liabilities – contracts for difference	(3.8)	-	-	-	(3.8)
Derivative financial liabilities – equity derivatives	-	-	(15.4)	-	(15.4)
Other	-	-	(0.2)	-	(0.2)
	(3.8)	(55.8)	(15.6)	-	(75.2)

*Prepayments of £32.1m are not included as a financial asset

**Other taxes including social security costs of £69.5m are not included as a financial liability

There is no difference between fair value and carrying value of the above financial instruments (2017: £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 as the fair value is calculated using models based on inputs which are observable directly or indirectly at the period end (these inputs include but are not restricted to the following – maturity date, quoted forward/option prices).

Available-for-sale financial assets are classified as Level 1 as the fair value is calculated using quoted prices, except for House of Fraser (UK & Ireland) Ltd (previously Highland Group Holdings) which is classified as Level 3. House of Fraser Ltd is held at management's estimate of the fair value of the enterprise based on publicly and non-publicly available data, management's assessment is that the fair value is £nil (2017: £nil)

Other equity derivatives are calculated using a model with inputs which are directly observable and inputs which are not based on observable market data (this includes expected volatility from the shares historical prices). These are therefore classified as Level 3.

There have been no transfers between fair value hierarchy levels during the year.

The fair value of equity derivative agreements are included within the derivative financial assets balance of £1.9m and derivative financial liabilities balance of £5.6m. The derivative financial assets and derivative financial liabilities as at 29 April 2018 relate to strategic investments held of between 0.08% and 10.47% of investee share capital

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Trade receivables/payables, amounts owed by/to 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 29 April 2018 is the fair value of the derivative assets in the Balance Sheet.

(b) DERIVATIVES: FOREIGN CURRENCY FORWARD PURCHASE CONTRACTS

The most significant exposure to foreign exchange fluctuations relates to purchases made in foreign currencies, principally the US Dollar, and online sales in Euros and Australian dollars. 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.

The carrying values of the derivative financial instruments includes foreign currency purchase and sales contracts, written currency options and equity derivative contracts:

The sterling principal amounts of hedged forward foreign currency purchase contracts and contracted forward rates were as follows:

	29 April 2018 (£m)	30 April 2017 (£m)
US Dollar purchases	1,035.8	-
Contracted rates USD / GBP	1.3600 – 1.4301	-
US Dollar purchases	217.0	-
Contracted rates USD / EUR	1.110 – 1.320	-
Euro sales	(1,177.0)	(777.3)
Contracted rates EUR / GBP	1.069 – 1.190	1.069 – 1.240
AUD sales	(9.1)	(12.5)
Contracted rates AUD / GBP	1.6896 – 1.74	1.6896 – 1.79

The sterling principal amounts of unhedged forward foreign currency purchase contracts and contracted forward rates were as follows:

	29 April 2018 (£m)	30 April 2017 (£m)
Euro Sales*	-	(302.7)
Contracted rates	-	1.09-1.24

*FY18 Value excludes SWAPS of 102.7M Euros (FY17:260.9m) which are required for cash management purposes only.

The sterling principal amounts of unhedged written currency option contracts and contracted rates were as follows:

	29 April 2018 (£m)	30 April 2017 (£m)
US Dollar purchases	126.1	-
Contracted rates USD / EUR	1.110 – 1.210	-
- Euro sales	(1,452.2)	(1,080.0)
Contracted rates EUR / GBP	1.069 – 1.190	1.069 – 1.09
- AUD sales	(9.1)	(12.5)
Contracted rates AUD / GBP	1.6896 – 1.74	1.6896 – 1.79

At 29 April 2018 £1,186.1m of forward sales contracts and £1,252.8m of purchase contracts qualified for hedge accounting and the loss on fair valuation of these contracts of £61.2m has therefore been recognised in other comprehensive income.

The loss on fair value of the written options and unhedged forward contracts of £15.4m has been included within finance costs.

At 29 April 2018 £672.3m of hedged purchase contracts had a maturity at inception of greater than 12 months (FY17: £nil of purchase contracts) and £821.0m of hedged sales had a maturity at inception of greater than 12 months (FY17: £934.9m sales contracts).

At 29 April 2018 £nil of unhedged purchase contracts had a maturity at inception of greater than 12 months (2017: £nil of purchase contracts) and £821.0m of unhedged sales had a maturity at inception of greater than 12 months (2017: £1,395.2m sales contracts).

(c) 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	
	29 April 2018 (£m)	30 April 2017 (£m)	29 April 2018 (£m)	30 April 2017 (£m)
Sterling strengthens by 10%				
US Dollar	0.2	33.5	0.3	39.0
Euro	0.6	4.0	0.6	0.8
Sterling weakens by 10%				
US Dollar	(0.3)	(36.9)	0.3	(42.9)
Euro	(0.6)	(4.4)	0.6	(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:

- 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.

Positive figures represent an increase in profit or equity:

	Income statement		Equity	
	29 April 2018 (£m)	30 April 2017 (£m)	29 April 2018 (£m)	30 April 2017 (£m)
Interest rate increase of 0.5%	(3.8)	(1.9)	(3.8)	(1.9)
Interest rate decrease of 0.5%	3.8	1.9	3.8	1.9

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(d) 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 (£m)	1 to 2 years (£m)	2 to 5 years (£m)	Over 5 years (£m)	Total (£m)
2018					
Non derivative financial liabilities					
Bank loans and overdrafts	-	-	750.0	-	750.0
Obligations under finance leases	-	7.1	-	-	7.1
Trade and other payables	324.8	-	-	-	324.8
Share buyback	40.0	-	-	-	40.0
Derivative financial instruments*					
Cash inflows	(1,743.4)	(1,638.4)	(755.1)	-	(4,136.9)
Cash outflows	1,702.7	1,614.6	747.2	-	4,064.5
	329.1	(16.7)	742.1	-	1,054.5
2017					
Non derivative financial liabilities					
Bank loans and overdrafts	69.5	310.0	-	-	379.5
Obligations under finance leases	-	7.3	-	-	7.3
Trade and other payables	211.5	-	-	-	211.5
Share buyback	165.3	-	-	-	165.3
Derivative financial instruments*					
Cash inflows	(148.5)	(343.4)	(598.1)	-	(1,090.0)
Cash outflows	163.4	337.9	610.4	-	1,111.7
	461.2	311.8	12.3	-	785.3

*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, 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 underlying EBITDA, the working capital requirements and forecasted cash flows however no minimum or maximum ratios are set. The ratio for net debt to Reported EBITDA, excluding charges for the Share Schemes, is 1.1 (2017: 0.6). The objective is to keep this figure below 3.0 (FY17: 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.

30. TRADE AND OTHER PAYABLES

	29 April 2018 (£m)	30 April 2017 (£m)
Trade payables	228.6	133.3
Amounts owed to related undertakings	0.7	0.4
Other taxes including social security costs	58.4	69.5
Other payables	96.0	50.6
Fair value of share buy back	40.0	163.5
Accruals	182.8	167.6
	606.5	584.9

The Directors consider that the carrying amount of trade and other payables approximates to their fair value. Included in Other payables are amounts relating to stock in transit totalling £45.0m (FY17: £8.8m) due to the timing of the period end.

Fair value of share buyback relates to the post year acquisition of own shares – see note 40.

31. ACQUISITIONS

On 18 May 2017 the Group took ownership of certain trade and assets of the businesses that traded as Bob's Stores and Eastern Mountain Sports from Eastern Outfitters LLC which had filed for Chapter 11 in the US. Cash consideration was paid in tranches over the initial Chapter 11 phase during the period to 30 April 2017, but control was not obtained until US court approval was given for the trade and assets purchase, and Group management and processes began to be implemented on 18 May 2017. The following table summarises the fair values of consideration paid for the trade and assets of Bob's Stores and Eastern Mountain Sports, assets acquired, and the liabilities assumed.

	Book value (£m)	Fair value adjustments (£m)	Fair value of net assets acquired (£m)
Property, plant and equipment	9.7	(3.9)	5.8
Inventories	55.6	19.0	74.6
Trade and other receivables	10.2	1.0	11.2
Cash and cash equivalents	9.9	-	9.9
Trade and other payables	(18.8)	(1.5)	(20.3)
	66.6	14.6	81.2
Cash consideration			81.2
Cash acquired			(9.9)
Net cash outflow			71.3

Included in Group underlying EBITDA for the 52 week period to 29 April 2018 for the Bob's Stores and Eastern Mountain Sports businesses is £9.2m of trading losses and £17.5m of losses arising as a result of the impact of fair value adjustments.

On 17 August 2017, the Group acquired the remaining minority interest in The Flannels Group Ltd for £11.3m. This has been accounted for as a minority acquisition, with the difference between brought forward minority interests and the acquisition price flowing through Equity.

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For the 52 weeks ended 29 April 2018

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The other principal acquisitions for the 52 weeks ended 29 April 2018 were:

- i. On 6 Nov 2017, the Group acquired the remaining 51% of Brasher Leisure Ltd, which trades as Sweatshop, for £1
- ii. On 16 March 2018, the Group acquired the remaining 51% of Lovells Sports (Holdings) Ltd, for £2.0m
- iii. On 2 February 2018, the Group acquired the remaining 60% of Rhapsody Investments, which owns 100% of NDS EHF, which has a Sports Direct fascia store in Iceland, for £2.5m.
- iv. On 30 August 2017, the Group acquired assets to create Tri Yeovil UK Ltd, a triathlon specialist for £2.1m.

	Acquisitions (£m)
Cash consideration	6.6
Fair value of assets acquired	(6.6)
Goodwill	-

The asset and liability values at acquisition are detailed below. We have reviewed the fair value of the assets and liabilities acquired, adjustments have been made to recognise the fair value of intangible assets

	Fair value of net assets acquired (£m)
Property, plant and equipment	2.0
Intangible assets	10.5
Stock	5.1
Cash & cash equivalents	4.8
Trade and other receivables	2.1
Trade and other payables	(6.9)
Minority interests	(11.0)
	6.6
	Acquisitions (£m)
Cash consideration	6.6
Cash acquired	(4.8)
Net cash outflow in the cash flow statement	1.8

Since the date of control, the following balances have been included within the Group's Financial Statements for the period.

	Acquisitions (£m)
Revenue	181.6
Operating loss	33.1
Loss before tax	33.1

Had the acquisitions been included from the start of the period, £3,376.0m of revenue, £215.7m of operating profit and £72.9m of profit before tax would have been shown in the Group's Financial Statements.

There were no contingent liabilities acquired as a result of the above transaction.

32. DISPOSALS

On 26 December 2016, the Group entered into a sale agreement for the Dunlop Brand and related wholesale and licensing companies, which were part of the Wholesale & Licensing (formerly Brands Division). The disposal was completed on 3 April 2017.

	Disposal (£m)
Property, plant & equipment NBV	2.1
Investments	0.9
Intangible assets	20.4
Inventories	14.0
Trade receivables	13.4
Bank & cash	6.1
Retirement benefit obligations	(10.2)
Trade payables	(11.0)
	35.7
Gain on disposal	79.9
Total consideration	115.6

	Disposal (£m)
Net cash inflow arising on disposal	115.6
Less cash disposed of	(6.1)
	109.5

The divestment of the Dunlop Business is in line with Sports Direct's elevation strategy.

33. CASH INFLOW FROM OPERATING ACTIVITIES

	52 weeks ended 29 April 2018 (£m)	53 weeks ended 30 April 2017 Restated (£m)
Profit before taxation	77.5	281.6
Net finance costs / (income)	37.5	(9.4)
Investment costs / (income)	93.3	(111.3)
Share of losses / (profits) of associated undertakings	8.7	(0.8)
Operating profit	217.0	160.1
Depreciation	134.6	140.6
Amortisation	4.8	7.3
Impairment	5.0	17.3
Profit on disposal of property, plant & equipment	16.3	6.8
Profit on disposal of subsidiary	-	(79.9)
Defined benefit pension plan employer contributions	-	(2.4)
Share-based payments	(6.0)	2.8
Operating cash inflow before changes in working capital	371.7	252.6
Increase in receivables ⁽¹⁾	49.8	8.2
(Increase) / decrease in inventories	(119.6)	15.0
Increase in payables	69.4	56.9
Cash inflows from operating activities	371.3	332.7

(1) The funds used for the Bob's and Eastern Mountain Sports acquisition were transferred to escrow during FY17 were reported in Receivables in the prior year. The acquisition completed on 18 May 2017 and the prior year has therefore been restated to recognise the transfer on the face of the Cash Flow, meaning that movement in Receivables has been restated. As reported in note 1, the prior year has been restated.

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34. OPERATING LEASE ARRANGEMENTS

As at 29 April 2018 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	29 April 2018 (£m)	30 April 2017 (£m)
LAND AND BUILDINGS		
Within one year	147.2	123.2
In the second to fifth years inclusive	398.2	357.0
After five years	294.5	305.7
	839.9	785.9

The leases have varying terms, escalation clauses and renewal rights. There are no clauses in relation to restrictions concerning dividends, additional debt and further leasing within our portfolio. Contingent rents are payable on certain store leases based on store revenue. For those leases that are turnover-related leases, the annual net lease commitment is calculated using the estimated lease liability and any changes in the rental charge are accounted for when known. Amounts of £5.7m (FY17: £6.6m) were charged to the income statement in relation to contingent rent.

The Group sub-lets certain stand-alone retail stores which are no longer operated by the Group. The property rental income earned during the 52 weeks ended 29 April 2018 was £18.1m (FY17: £12.3m).

As at 29 April 2018, the Group had contracts with sub-tenants for the following future minimum lease rentals:

	29 April 2018 (£m)	30 April 2017 (£m)
LAND AND BUILDINGS		
Within one year	13.8	12.3
In the second to fifth years inclusive	30.2	33.5
After five years	11.5	13.5
	55.5	59.3

35. CAPITAL COMMITMENTS

The Group had capital commitments of £19.3m as at 29 April 2018 (30 April 2017: £13.9m) mainly relating to warehouse development and property acquisitions. See note 37 relating to facilities available to Game Digital plc.

36. CONTINGENT ASSETS AND LIABILITIES

There were no material contingent assets or liabilities at the balance sheet date.

37. 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 29 April 2018:

	Relationship	Sales (£m)	Purchases (£m)	Trade and other receivables (£m)	Trade and other payables (£m)
RELATED PARTY					
Brasher Leisure Limited	Subsidiary (acq. In year)	5.3	0.2	-	-
Four (Holdings) Limited ⁽¹⁾	Associate	1.6	16.8	68.9	0.5
Lovells Sports Ltd	Subsidiary (acq. In year)	0.6	0.2	-	-
Mike Ashley ⁽²⁾⁽³⁾	Director	2.1	-	-	-
Mash Holdings Limited	Parent company	-	-	0.5	-
NDS EHF	Associate	1.5	-	-	-
Rangers Retail Limited	Associate	0.3	0.2	0.8	0.2
Newcastle United Football Club & St James Holdings Limited	Connected persons	1.2	0.5	0.1	-

53 weeks ended 30 April 2017:

	Relationship	Sales (£m)	Purchases (£m)	Trade and other receivables (£m)	Trade and other payables (£m)
RELATED PARTY					
Brasher Leisure Limited	Associate	15.6	0.8	6.4	0.1
Four (Holdings) Limited ⁽¹⁾	Associate	0.2	11.9	32.9	-
Mike Ashley ⁽²⁾⁽³⁾	Director	0.7	-	0.3	-
Mash Holdings Limited	Parent company	-	-	0.1	-
NDS EHF	Associate	2.5	-	-	-
Rangers Retail Limited	Associate	1.8	1.5	0.2	0.1
Newcastle United Football Club & St James Holdings Limited	Connected persons	1.1	0.4	1.0	0.3

(1) The outstanding balance with Four Holdings reflects the funding related to Agent Provocateur. The purchases (2017 restated) in the period relate to inventory. Management consider that the underlying results of Four Holdings supports the recoverability of the receivables balance. The results of Four (Holdings) Limited do not meet the thresholds requiring more detailed disclosures under IFRS 12.

(2) Use of the company jet and helicopter are charged at commercial rates.

(3) The Group had a £6.0m liability as at 30 April 2017 in respect of a disputed historic claim. This was settled by the Group during the period and the Group was subsequently reimbursed by Mike Ashley. As at the prior year end the Group anticipated settling this liability, and as such no related party disclosure was given in the 2017 financial statements. Subsequent clarification of the matter resulted in agreement that the liability rested with Mike Ashley and therefore it was settled personally. The release of the prior year provision has been included within current year administrative expenses. Interest accrued related to the claim of £3.0m was settled by the Group.

The Group has agreements with Rangers Retail Limited and Newcastle United Football Club, amongst other football clubs, whereby the Group provides procurement and warehousing services on behalf of the club. Store sales are received directly by the entities, for web sales a service fee is charged by the entities to the Group and Sales disclosed above relate solely to goods bought from the Group. The agreement with Rangers Retail Limited ceased on 20 June 2017.

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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 licences the Group the exclusive rights to the cosmetic brand SPORT FX. No royalties or other fees are payable to Double Take for these rights until September 2019 at the earliest, when this fee arrangement will be reviewed on a going forwards basis, no provision is required in the financial statements. It should be noted that the Group (rather than Double Take) owns the rights to SPORT FX for clothing, footwear and sports equipment.

The Group holds greater than 20% of the voting rights of Findel plc, Debenhams plc, French Connection Group plc and GAME Digital plc. Findel plc, French Connection Group plc and GAME Digital plc have disclosed transactions with SDI as a related party within their most recent Financial Statements. Transactions between Findel plc and the Group related to normal commercial trading arrangements and are not considered material to the results of the Group. The collaboration agreement and working capital facility provided to GAME Digital plc has been discussed on page 73 of the annual report, the directors do not consider that this represents a material transaction.

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.

All related party transactions were undertaken on an arms-length basis.

KEY MANAGEMENT, EXECUTIVE AND NON-EXECUTIVE DIRECTOR COMPENSATION

	29 April 2018 (£m)	30 April 2017 (£m)
Salaries and short-term benefits	1.1	1.4
Share-based payments	-	0.7
Total	1.1	2.1

MM Prop Consultancy Ltd, a company owned and controlled by Michael Murray (domestic partner of Anna Ashley, daughter of Mike Ashley), continues to provide property consultancy services to the Group. MM Prop Consultancy Ltd 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.

MM Prop Consultancy Ltd fees are linked directly to value creation which is determined by the Company's non-executive directors who independently review performance bi-annually with a view to determining, at their absolute and sole discretion, the quantum of the percentage payable. Under the terms of the agreement with MM Prop Consultancy Ltd no fees are payable until the earliest of 30 September 2018 so that the Company's independent non-executive directors have a sufficient amount of time to assess performance.

During the period, independent valuations were collated as an initial stage in confirming the value created (through disposals and properties still held) by MM Prop Consultancy Limited. The Group's non-executive directors agreed 25% of the final agreed value created would be paid to MM Prop Consultancy Ltd based on these independent valuations of selected sites subject to the agreement. The value created had not been determined and approved by the non-executive directors as at period end or at the date of signing this Annual Report and accounts.

The freehold acquisition program is a cornerstone of the elevation strategy and has proven to be extraordinarily successful. With a strong ongoing pipeline, and with original expectations exceeded, Michael Murray has waived a portion of his fee and settled on 20% of the final agreed value created.

Based on IAS 37 Provisions, Contingent Liabilities and Contingent Assets we have provided for the most reliable estimate of the amount expected to be paid to MM Prop Consultancy Ltd being £5.0m to the end of FY18.

Michael Murray is now considered to be a related party in the context of IAS 24 Related Party Disclosures. This is due to the increased scope of his role within the Group in the second half of the financial period, as he became Head of Elevation in April 2018, defining him as key management personnel.

38. COMMERCIAL ARRANGEMENTS

The Group has commercial arrangements in place with IBSL Consultancy Ltd. Management has considered whether a related party relationship exists and concluded that Justin Barnes, a director of IBSL Consultancy Ltd, and/or IBSL Consultancy Ltd are acting in an advisory capacity only and are not performing key management functions that would indicate a related party relationship. Management decisions are made solely by the management of the Group. Justin Barnes is a director of a number of companies in the Mash Group. No payments made to Justin Barnes or IBSL Consultancy Ltd in relation to services provided to subsidiaries of Mash relate to services provided by IBSL Consultancy Ltd or Justin Barnes to the Group.

During FY17, the Company had arrangements in place with Barlin Delivery Limited, a company owned by John Ashley (the brother of Mike Ashley). This arrangement ceased as at 30 April 2017. There were no commercial transactions between the Group and Barlin in the period ended 29 April 2018.

In December 2017, there was a vote by independent shareholders against a retrospective payment of £11m to John Ashley for executive bonuses forgone.

39. 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 (56.52% of the issued ordinary share capital of the Company) and 26,492,540 (4.93% of the issued ordinary share capital of the Company) ordinary shares respectively at the period end.

40. POST BALANCE SHEET EVENTS

Subsequent to the year end, JD Sports plc completed their takeover of The Finish Line Inc. and Sports Direct disposed of their remaining economic interest and received net proceeds from the sale of the physical shares of £45.2m.

The Company announced on 27 April 2018 that it has instructed Liberum Capital Limited in relation to an irrevocable non-discretionary share buyback programme to purchase the Company's shares during the closed period commencing on 30 April 2018 and ending on 19 July 2018. In line with IAS 32 Financial Instruments: Presentation the Company recognised the full redemption amount of £40.0m which is considered to be immaterially different to the present value at year end. If the contract expires without full delivery, the amount of the financial liability attributable to the undelivered shares is reclassified to equity reversing the original recognition. As at 18 July 2018, nil shares have been repurchased under the closed period share buyback programme.

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41. SUBSIDIARY UNDERTAKINGS

The subsidiary undertakings of the Company at 29 April 2018 were as follows:

NAME	COUNTRY OF INCORPORATION	COMPANY NUMBER	PERCENTAGE OF ISSUED SHARE CAPITAL HELD
5 Pointz Limited	England & Wales	6950214	51
Acre 653 Limited	England & Wales	4579745	100
Activator Brands Limited	England & Wales	5344658	100
Activator Products Limited	England & Wales	4204611	100
Active Apparel New Corp	United States	3270168	100
AP Brands Holdings Ltd	Malaysia	4921-A	100
Beauty Brand Management Limited	England & Wales	5258421	100
Bellatrix Associates Limited	Isle of Man	111671C	100
Bellatrix Overseas Limited	Isle of Man	128827C	100
Bellatrix Unlimited	Isle of Man	111670C	100
Bob's Stores USA LLC	United States	639085	100
Brands & Fashion NV	Belgium	0477-995-412	100
Brands 001 Limited	England & Wales	5347540	100
Brands Africa Limited	England & Wales	6836765	100
Brands Holdings Limited*	England & Wales	4087435	100
Brands Holdings Sponsorship Limited	England & Wales	10375418	100
Brands Inc Limited	England & Wales	3585719	100
Brasher Leisure Limited	England & Wales	999421	100
BSL International Limited	England & Wales	2800425	100
Cafico - Comercio de Artigos de Desportos S.A.	Portugal	503751804	100
Campri Limited	England & Wales	5398677	100
Carlton Shuttlecocks Limited	England & Wales	480582	100
Carlton Sports Company Limited	England & Wales	467686	100
CDS IP SA	Belgium	406461077	100
Climber & Rambler Limited	England & Wales	3938618	100
Community Bug Limited	England & Wales	6260240	100
Cruise Clothing Limited	Scotland	SC382991	100
David Geoffrey & Associates (UK) Limited	England & Wales	670530	100
Design Source Supply Limited	England & Wales	9636568	100
Dink Digital Holdings Limited	England & Wales	11143016	100
Dink Digital Limited	England & Wales	11072685	80
Direct Fishing Limited	England & Wales	8203469	100
Direct Golf IP Limited	England & Wales	9911086	100
Direct Golf Retail Limited	England & Wales	9825889	100
Donnay International N.V.	Belgium	435392220	100
SC(ESOP) Limited	England & Wales	3408468	100
SC (Subco 2016) Ltd	England & Wales	2030941	100
SC Sports (SG) PTE LTD	Singapore	198203096N	100
SC (TrustCo 2016) Ltd	England & Wales	3151573	100
SDI Sports (SC 2016) Ltd	England & Wales	429750	100
SDI Sports Group Americas Inc	United States	2047393	100

Eastchance Limited	Hong Kong	174348	100
Epoch Properties Limited	Jersey	74753	100
Etail Services Limited	England & Wales	5146997	100
European Branded Clearance Company Limited	England & Wales	4359910	100
Everlast Australia Limited	England & Wales	8103912	100
Everlast Sports International Inc Corp	United States	13-2811380	100
Everlast Sports Mfg. Corp	United States	13-1804772	100
Everlast World Boxing Headquarters Corporation	United States	13-1804773	100
Everlast Worldwide Acquisitions Inc. United States	United States	4379232	100
Everlast Worldwide Inc United States	United States	13-3672716	100
Exsports Limited	England & Wales	2779040	100
Feniger And Blackburn Limited	England & Wales	639594	100
Field & Trek (UK) Ltd	England & Wales	5622577	100
Field & Trek.Com Limited	England & Wales	3943377	100
Firetrap Limited	England & Wales	6836684	100
Forever Media Limited	England & Wales	8249185	100
Forever Models Limited	England & Wales	9666349	100
Forever Sports Limited	England & Wales	9489811	100
Freeshield Limited	England & Wales	6330786	100
Gaelic Boots Limited	ROI	520868	100
Gelert IP Limited	England & Wales	8576185	100
Gelert Limited	England & Wales	8576204	100
Global Apparel (HK) Limited	Hong Kong	1330162	100
Golddigga Brands Limited	England & Wales	6636173	100
Goudie Squash International Limited	England & Wales	980461	100
Gradidges Limited	England & Wales	278122	100
Graduate Clothing Limited	England & Wales	2511038	91
Gul IP Limited	England & Wales	8612478	100
Gul Watersports Limited	England & Wales	7589716	100
Heatons	Ireland	11229	100
Heatons (N.I.) Limited	Northern Ireland	NI035599	100
Heatons Logistics Limited	Northern Ireland	NI603177	100
Heatons Stores Limited	ROI	509525	100
Heatons Sports Limited	ROI	555623	100
Heaven or Hell Limited	England & Wales	5899282	100
HK Sports & Golf Aktiebolag	Sweden	556510-8189	100
Hot Tuna IP Limited	England & Wales	6836792	100
Hsports Limited	Northern Ireland	NI628585	100
International Brand Management Limited*	England & Wales	5142123	100
James Lillywhites Limited	England & Wales	118840	100
Kangol Holdings Limited	England & Wales	3317738	100
Kangol Limited	England & Wales	3343793	100
Kangol Trustees Limited	England & Wales	3505512	100
Karrimor Limited	England & Wales	5215974	100
Karrimor Japan Inc	Japan	0100-01-012128	91.5
Keith Bishop Public Relations Limited	England & Wales	7895641	51
Kensington Health Clubs Limited	England & Wales	6021489	100

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For the 52 weeks ended 29 April 2018

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La Jolla (UK) Limited	England & Wales	5737550	100
Laneshift Limited	England & Wales	6146743	100
Lillywhites Limited	England & Wales	290939	100
Litesome Sportswear Limited	England & Wales	207867	100
Lonsdale Australia Limited	England & Wales	7665885	100
Lonsdale Boxing Limited	England & Wales	3912303	100
Lonsdale Sports Limited	England & Wales	4430781	100
Lovell Sports Limited	England & Wales	4184358	100
Lovell Sports (Holdings) Limited	England & Wales	9608995	100
MA Online Limited	China (PRC)	91440300597787503D	100
Masters Holders Limited	England & Wales	8787718	100
Megavalue.com Limited	England & Wales	9544685	100
Megavaluedirect.com Limited	England & Wales	9545879	100
Megavalue Retail Limited	ROI	559110	100
Midtown Ltd	England & Wales	9467997	100
Mississippi Manufacturing LLC	United States	3470413	100
Mountain Sports LLC	United States	6386224	100
Sports Direct MST Sdn Bhd	Malaysia	925116-M	51
Muddyfox Limited	England & Wales	4187350	100
Muddyfox IP Limited	England & Wales	10246764	100
NDS ehf	Iceland	6301121760	100
Nevica IP Limited	England & Wales	6836778	100
Newco GT Limited	England & Wales	10532537	100
No Fear Brand Limited	England & Wales	5568043	100
No Fear International Limited	England & Wales	5532482	100
No Fear USA Limited	England & Wales	7712470	100
Oldco 10 Limited	England & Wales	5541144	100
Olympus Ventures Limited	England & Wales	3945752	100
OU Sportsdirect.com	Estonia	12845837	100
Outdoor Sports Direct Limited	England & Wales	2780756	100
P W P Sportbase Limited	England & Wales	1933891	100
Paddle Sport Limited	England & Wales	6836690	100
POD Collection Services Limited	England & Wales	9918495	100
Propeller (U.K.) Limited	England & Wales	2770207	100
Puffa IP Limited	England & Wales	10910124	100
Queensberry Boxing IP Limited	England & Wales	7929363	100
Queensberry Rules Limited	England & Wales	6723660	100
Quickreply Limited	England & Wales	5904737	100
RR Rights Limited	England & Wales	9210817	100
Republic IP Limited	England & Wales	5635015	100
Republic.com Retail Limited	England & Wales	8248997	100
Rhapsody Investments (Europe) SA	Luxembourg	B21.60X	100
Robinsons Country Leisure Limited	England & Wales	1204722	100
S&B Brands Limited	England & Wales	5635585	100
SD Equestrian Limited	England & Wales	8692780	100
SD Outdoor IP Limited	England & Wales	8560252	100
SD Outdoor Limited	England & Wales	8560260	100

SDB 2 S A	Belgium	0848 964 388	100
SDI (5P Holdings) Limited	England & Wales	10682050	100
SDI (Aberystwyth) Limited	England & Wales	2789996	100
SDI (Acqco 2) Limited	England & Wales	10161656	100
SDI (Acqco 5) Limited	England & Wales	10162904	100
SDI (Acqco 13) Limited	England & Wales	10890849	100
SDI (Aintree) Limited	England & Wales	3352462	100
SDI (Ashford) Limited	England & Wales	7848460	100
SDI (Ashington) Limited	England & Wales	7849231	100
SDI (Ayr) Limited	England & Wales	5528267	100
SDI (Bangor) Limited	England & Wales	5529705	100
SDI (Barrow in Furness) Limited	England & Wales	7851574	100
SDI (Aberdeen) Limited	England & Wales	8512592	100
SDI (Beddgelert) Limited	England & Wales	8577551	100
SDI (Belfast) Limited	England & Wales	9872471	100
SDI (Berwick) Limited	England & Wales	2739957	100
SDI (Betws-y-Coed) Limited	England & Wales	6836673	100
SDI (Bexleyheath) Limited	England & Wales	9788372	100
SDI (Birkenhead) Limited	England & Wales	7849198	100
SDI (Bishop Auckland) Limited	England & Wales	3004246	100
SDI (Bridgwater) Limited	England & Wales	7852061	100
SDI (Brook EU) Limited	England & Wales	9336830	100
SDI (Brook ROW) Limited	England & Wales	9336806	100
SDI (Brook UK) Limited	England & Wales	9340379	100
SDI (Burton) Limited	England & Wales	8495632	100
SDI (Cardiff Flannels) Limited	England & Wales	10177359	100
SDI (Carlisle) Limited	England & Wales	7851959	100
SDI (Enfield) Limited	England & Wales	10086209	100
SDI (Chatham) Limited	England & Wales	6836679	100
SDI (China Online) Limited	England & Wales	10246762	100
SDI (Clacton) Limited	England & Wales	7852078	100
SDI (Clapham) Limited	England & Wales	10885672	100
SDI (Dundee) Limited	England & Wales	9702004	100
SDI (Colchester) Limited	England & Wales	5632790	100
SDI (Cork) Limited	England & Wales	11228017	100
SDI (Coventry) Limited	England & Wales	9680128	100
SDI (Romford) Limited	England & Wales	10071547	100
SDI (Darlington) Limited	England & Wales	10915193	100
SDI (Derry) Limited	England & Wales	9127160	100
SDI (Doncaster) Limited	England & Wales	9888670	100
SDI (Dunfermline) Limited	England & Wales	8483679	100
SDI (East Ham) Limited	England & Wales	9810378	100
SDI (East Kilbride) Limited	England & Wales	6656368	100
SDI (Doncaster Wheatley) Limited	England & Wales	6372181	100
SDI (Watford) Limited	England & Wales	6328505	100
SDI (Fulham) Limited	England & Wales	7852037	100
SDI (Gainsborough) Limited	England & Wales	6338907	100

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 29 April 2018

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SDI (Galashiels) Limited	England & Wales	7852091	100
SDI (Glasgow Fort) Limited	England & Wales	9861504	100
SDI (Glasgow Ingram Street) Limited	England & Wales	9925519	100
SDI (Gloucester) Limited	England & Wales	7852067	100
SDI (Cardiff) Limited	England & Wales	8972499	100
SDI (Hastings) Limited	England & Wales	8625893	100
SDI (Hereford) Limited	England & Wales	9888642	100
SDI (Hofco) Limited	England & Wales	8319960	100
SDI (HoH Holdings) Limited	England & Wales	10161592	100
SDI (Hull) Limited	England & Wales	9638564	100
SDI (Ipswich) Limited	England & Wales	9788411	100
SDI (Isle of Man) Limited	England & Wales	9901745	100
SDI (Jersey Holding) Limited	England & Wales	10177028	100
SDI (Kingston) Limited	England & Wales	10915209	100
SDI (Derry) Limited	England & Wales	9127160	100
SDI (Uxbridge 2) Limited	England & Wales	9127316	100
SDI (Leicester) Limited	England & Wales	9127170	100
SDI (Plymouth Flannels) Limited	England & Wales	9127387	100
SDI (Manchester Denton) Limited	England & Wales	9127295	100
SDI (Bradford) Limited	England & Wales	9127266	100
SDI (Newcastle) Limited	England & Wales	9127286	100
SDI (Brixton) Limited	England & Wales	9127300	100
SDI (Keighley) Limited	England & Wales	6260239	100
SDI (Kendal) Limited	England & Wales	6338918	100
SDI (Kentish Town) Limited	England & Wales	9901702	100
SDI (Kidderminster) Limited	England & Wales	9203731	100
SDI (Kilmarnock) Limited	England & Wales	7853433	100
SDI (Kirkcaldy) Limited	England & Wales	7852097	100
SDI (Leeds) Limited	England & Wales	9293515	100
SDI (Lincoln) Limited	England & Wales	9625631	100
SDI (Liverpool) Limited	England & Wales	9888734	100
SDI (Livingston) Limited	England & Wales	11227937	100
SDI (Lowestoft) Limited	England & Wales	7852265	100
SDI (LSL Holdings) Limited	England & Wales	10161824	100
SDI (Luton) Limited	England & Wales	9680625	100
SDI (Manchester) Limited	England & Wales	9888635	100
SDI (Manchester Cheetham Hill) Limited	England & Wales	10100969	100
SDI (Market Road) Limited	England & Wales	10799247	100
SDI (Nassau Street) Limited	England & Wales	11227964	100
SDI (Neath) Limited	England & Wales	7853548	100
SDI (New Cavendish Street) Limited	England & Wales	6306917	100
SDI (Newark) Limited	England & Wales	7853470	100
SDI (Newport) Limited	England & Wales	8679118	100
SDI (Newton Abbot) Limited	England & Wales	6836666	100
SDI (NFSK) Limited	England & Wales	10919102	100
SDI (Northampton) Limited	England & Wales	7852272	100
SDI (Nuneaton) Limited	England & Wales	7852249	100

SDI (Oswestry) Limited	England & Wales	7852363	100
SDI (Paisley) Limited	England & Wales	2933408	100
SDI (Penzance) Limited	England & Wales	7852297	100
SDI (Peterlee) Limited	England & Wales	7852401	100
SDI (Plymouth) Limited	England & Wales	9470468	100
SDI (Northwich) Limited	England & Wales	5656295	100
SDI (Preston) Limited	England & Wales	10915199	100
SDI (Propco 34) Limited	England & Wales	11331391	100
SDI (K Lynn) Limited	England & Wales	10073076	100
SDI (Oxford Street) Limited	England & Wales	10046080	100
SDI (Nottingham) Limited	England & Wales	10100609	100
SDI (Edinburgh) Limited	England & Wales	10100990	100
SDI (Newquay) Limited	England & Wales	10089800	100
SDI (Sunderland High Street) Limited	England & Wales	10107775	100
SDI (Salisbury) Limited	England & Wales	10107572	100
SDI (Ramsgate) Limited	England & Wales	7852250	100
SDI (Reading) Limited	England & Wales	10422164	100
SDI (Redcar) Limited	England & Wales	2731452	100
SDI (Rolle St) Limited	England & Wales	7852669	100
SDI (Rotherham) Limited	England & Wales	11227321	100
SDI (Scarborough) Limited	England & Wales	6328463	100
SDI (Hounslow) Limited	England & Wales	10086218	100
SDI (Scunthorpe) Limited	England & Wales	7852055	100
SDI (Slough) Limited	England & Wales	7852417	100
SDI (Widnes) Limited	England & Wales	8576472	100
SDI (Solihull) Limited	England & Wales	8612647	100
SDI (Southampton 2) Limited	England & Wales	9665889	100
SDI (Southampton) Limited	England & Wales	8512480	100
SDI (Southport) Limited	England & Wales	9888806	100
SDI (St Austell) Limited	England & Wales	7852284	100
SDI (St Helens) Limited	England & Wales	7852281	100
SDI (Stafford) Limited	England & Wales	8568681	100
SDI (Stoke Longton) Limited	England & Wales	7853877	100
SDI (Stoke Newington) Limited	England & Wales	7852207	100
SDI (Strabane) Limited	England & Wales	9890243	100
SDI (Streatham) Limited	England & Wales	10066335	100
SDI (Strood) Limited	England & Wales	7852251	100
SDI (Sunderland) Limited	England & Wales	8755347	100
SDI (Sutton) Limited	England & Wales	11228011	100
SDI (Swindon) Limited	England & Wales	9888662	100
SDI (Middlesbrough) Limited	England & Wales	10081909	100
SDI (Tallaght) Limited	England & Wales	10915203	100
SDI (Taunton) Limited	England & Wales	7852191	100
SDI (The Lion Hotel) Limited	England & Wales	6836880	100
SDI (Thurrock) Limited	England & Wales	10089743	100
Tri Yeovil UK Limited	England & Wales	10680690	100
SDI (Uxbridge) Limited	England & Wales	10177276	100

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 29 April 2018

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SDI (Wakefield) Limited	England & Wales	8483711	100
SDI (Walsall) Limited	England & Wales	7852289	100
SDI (West Ealing) Limited	England & Wales	9798784	100
SDI (Weymouth) Limited	England & Wales	6716652	100
SDI (Wigan) IP Limited	England & Wales	6835407	100
SDI (Wigan) Retail Limited	England & Wales	8208933	100
SDI (Wishaw) Limited	England & Wales	6656365	100
SDI (Wolverhampton) Limited	England & Wales	9788373	100
SDI (Derby) Limited	England & Wales	9310031	100
SDI (Wrexham) Limited	England & Wales	10915200	100
SDI (Wythenshawe) Limited	England & Wales	9659156	100
SDI Aviation Limited*	England & Wales	9633152	100
SDI Fitness (Armagh) Limited	England & Wales	9038768	100
SDI Fitness (Atlas) Limited	England & Wales	9749030	100
SDI Fitness (Bedford) Limited	England & Wales	9038839	100
SDI Fitness (Belfast) Limited	England & Wales	9038724	100
SDI Fitness (Birmingham) Limited	England & Wales	9038982	100
SDI Fitness (Bury St Edmunds) Limited	England & Wales	9038949	100
SDI Fitness (Cambridge) Limited	England & Wales	9038881	100
SDI Fitness (Cheltenham) Limited	England & Wales	9039840	100
SDI Fitness (Chester) Limited	England & Wales	9038943	100
SDI Fitness (Colchester) Limited	England & Wales	9039011	100
SDI Fitness (Croydon) Limited	England & Wales	9039243	100
SDI Fitness (Dartry) Limited	England & Wales	9039023	100
SDI Fitness (Epsom) Limited	England & Wales	9039043	100
SDI Fitness (Fareham) Limited	England & Wales	9039057	100
SDI Fitness (Formby) Limited	England & Wales	9039895	100
SDI Fitness (Glasgow) Limited	England & Wales	9038811	100
SDI Fitness (Guildford) Limited	England & Wales	9039269	100
SDI Fitness (Hove) Limited	England & Wales	9039030	100
SDI Fitness (Huntingdon) Limited	England & Wales	9039881	100
SDI Fitness (Ivy) Limited	England & Wales	9753389	100
SDI Fitness (K Heath) Limited	England & Wales	9039717	100
SDI Fitness (K Lynn) Limited	England & Wales	9039847	100
SDI Fitness (Kettering) Limited	England & Wales	9039852	100
SDI Fitness (Lincoln City) Limited	England & Wales	9039331	100
SDI Fitness (Lincoln South West) Limited	England & Wales	9039319	100
SDI Fitness (Liverpool) Limited	England & Wales	9039347	100
SDI Fitness (Maidstone) Limited	England & Wales	9039343	100
SDI Fitness (Manchester) Limited	England & Wales	9039339	100
SDI Fitness (Milngavie) Limited	England & Wales	9039510	100
SDI Fitness (Newark) Limited	England & Wales	9039640	100
SDI Fitness (Northfield) Limited	England & Wales	9039412	100
SDI Fitness (Poole) Limited	England & Wales	9039481	100
SDI Fitness (Rugby) Limited	England & Wales	9039408	100
SDI Fitness (Sale) Limited	England & Wales	9039405	100
SDI Fitness (Salisbury) Limited	England & Wales	9039429	100

SDI Four Limited	England & Wales	9719779	100
SDI Gift Card LLC	United States	56773735	100
SDI Golf Limited	England & Wales	9083512	100
SDI Holdings USA inc	United States	6651201	100
SDI Lifestyle Limited	England & Wales	8293614	100
SDI Newco N 10 Limited	England & Wales	8578776	100
SDI Newco No.2 Limited	England & Wales	8158699	100
SDI Newco No 5 Limited	England & Wales	9062747	100
SDI Newco Shire Limited	England & Wales	8177495	100
SDI Properties (USA) Inc.	United States	535872	100
SDI Properties (Wigan) Limited	England & Wales	6836522	100
SDI Property Limited*	England & Wales	2767493	100
SDI Property (Europe) B V	Netherlands	69042594	100
SDI Property US Limited	England & Wales	11323420	100
SDI Retail Services Limited	England & Wales	8143303	100
SDI Retailing Limited	England & Wales	9283231	100
SDI Shirebrook DC Limited	England & Wales	2963189	100
SDI Shirebrook Limited	England & Wales	3016549	100
SDI Shirebrook Shop Limited	England & Wales	3018210	100
SDI Sport London Limited	England & Wales	9848767	100
SDI Sports (East Ham) Limited	England & Wales	10259103	100
SDI Sports (Stoke) Limited	England & Wales	10163722	100
SDI Stores LLC	United States	1240332	100
SDI com Fitness Parent Limited*	England & Wales	9082454	100
SDIL S.A	Belgium	810 198 636	100
SDI USA LLC	United States	6385155	100
Serverange Limited	England & Wales	2997208	100
Seven Strong Limited	England & Wales	07756386	100
Shelfco A1 Limited	England & Wales	10686681	100
Shelfco A2 Limited	England & Wales	10687367	100
Shelfco A3 Limited	England & Wales	10687408	100
SIA Sportland	Latvia	40003530961	60
SIA Sportsdirect.com	Latvia	40103932873	51
Ski and Outdoor Warehouse Limited	England & Wales	2917223	100
Slazengers Australia Limited	England & Wales	9217319	100
Slazenger Carlton (Holdings) Limited	England & Wales	10463051	100
Slazengers Limited	England & Wales	116000	100
Smart Protein Limited	England & Wales	8907509	100
Smith & Brooks (Germany) Limited	England & Wales	5427463	100
Smith & Brooks (India) Limited	England & Wales	2964528	100
Smith & Brooks Limited	England & Wales	2073720	100
Smith And Brooks Group Limited	England & Wales	4079331	100
Smith And Brooks Holdings Limited	England & Wales	4983573	100
SNO Sport Vertriebs GmbH	Austria	272671 m	100
Sondico IP Limited	England & Wales	6546121	100
Spinsort Limited	England & Wales	6029888	100
Sport Eybl & Sports Experts Logistikbetriebs GmbH	Austria	96024 m	100

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For the 52 weeks ended 29 April 2018

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Sport Eybl Holding GmbH	Austria	180095 x	100
Sportland Eestie A S	Estonia	10677712	60
Sportland International Group A.S.	Estonia	10993195	60
Sports Commission Limited	England & Wales	4824491	100
Sports Direct Brands Limited*	England & Wales	6026039	100
Sports Direct Holdings Limited*	England & Wales	6464317	100
Sportsdirect.com (Asia) Ltd	Hong Kong	1216339	100
Sports Direct International Holdings Limited*	England & Wales	6027131	100
Sports Direct Retail Limited*	England & Wales	6026013	100
Sports Essentials Limited	England & Wales	4409470	100
Sports World International Limited	England & Wales	6531266	100
Sports World The Netherlands B.V.	Netherlands	34056291	100
Sportsdirect.com Austria GmbH	Austria	309738 y	100
Sportsdirect.com Belgium S.A.	Belgium	416.268.471	100
Sportsdirect.com Cyprus Limited	Cyprus	HE 230340	100
Sportsdirect.com Czech Republic s r o.	Czech Republic	24268933	100
Sportsdirect.com Fitness Limited	England & Wales	9028577	100
Sportsdirect.com France	France	FR27379062813	100
Sportsdirect.com Hungary Kft	Hungary	01-09-986824	100
Sportsdirect.com Immobilien GmbH	Austria	104151 p	100
Sportsdirect.com Luxembourg	Luxembourg	2700 3200 297	100
Sportsdirect.com Media Limited	England & Wales	9127526	100
Sportsdirect.com Pty Ltd Australia	Australia	603 187 319	100
Sportsdirect.com Poland S P.Z.oo	Poland	452610	100
Sportsdirect.com Retail (Europe) S.A.*	Belgium	458883046	100
Sportsdirect.com Retail Limited*	England & Wales	3406347	100
Sportsdirect.com S L.U. Spain	Spain	B-86567880	100
Sportsdirect.com Slovakia s.r.o.	Slovakia	47 240 458	100
Sportsdirect.com SLVN d o.o.	Slovenia	1198157000	100
Sportsdirect.com Switzerland A.G. Switzerland CHE-	Switzerland	331.683.991	100
SSG Sport GmbH (SSD)	Germany	HRB 7134	100
Sterling Resources (Holdings) Limited	England & Wales	4651701	100
Sterling Resources Limited	England & Wales	1413254	100
Stirlings (Argyle Street) Limited	Scotland	SC088108	100
Straub Corporation Limited	England & Wales	3003584	100
Summercombe 167 Limited	England & Wales	6217909	100
SWImmo Eupen SA	Belgium	878673906	100
Table Tennis Pro Europe Ltd	England & Wales	5003853	100
Talisway Limited	Hong Kong	323181	100
The Antigua Group Inc	United States	0734679-4	100
The Cycling Bug Limited	England & Wales	7163983	100
The Running Bug Limited	England & Wales	7164014	100
The Flannels Group Limited	England & Wales	2318510	100
The Trademark Licensing Company Limited	England & Wales	4477829	100
Total Estates Limited	England & Wales	4958214	100
UAB Sportland LT	Lithuania	135039836	51
UAB Sportsdirect.com	Lithuania	304155613	51

Universal Cycles Limited	England & Wales	1339667	100
UP Brands Limited	England & Wales	6521633	100
USA Pro IP Limited	England & Wales	6497914	100
USC IP Limited	England & Wales	6836808	100
USC co uk Retail Limited	England & Wales	8617068	100
Used Tackle Limited	England & Wales	7989154	100
Van Mildert (Lifestyle) Limited	England & Wales	8319959	100
Visionfigure Limited	England & Wales	2951233	100
Vinecomb Investments Holdings Limited	England & Wales	10161816	100
Vinecomb Investments Limited	England & Wales	02206022	100
Voodoo Dolls Brand Limited	England & Wales	05323305	100
Wareshop1 Limited	England & Wales	9870849	100
Wareshop2 Limited	England & Wales	9870840	100
Wareshop3 Limited	England & Wales	9870808	100
Warrnambool *	ROI	387014	100
Waterline Angling Products Limited	England & Wales	2696374	100
West Coast Capital (HOFCO) Limited	Scotland	SC437614	100
Westminster Manufacturing LLC	United States	44358	100
Wildlaw Limited	England & Wales	4571678	100
William Sykes Limited	England & Wales	123229	100
World of Service International Limited	England & Wales	1202465	100
World of Service Limited	England & Wales	6020729	100
Worthyfund Limited	England & Wales	2955978	100
Y U V Limited	England & Wales	9350127	100
Yeomans Outdoors Limited	England & Wales	8058714	100

*Direct shareholdings held by SDI plc

Sports Direct International plc will provide a parental guarantee for the following United Kingdom incorporated subsidiaries thus entitling them to exemption from statutory audit under section 479A of the Companies Act 2006.

COMPANY NAME	COMPANY NUMBER	COMPANY NAME	COMPANY NUMBER
Direct Fishing Limited	08203469	SDI (Nuneaton) Limited	07852249
Hot Tuna IP Limited	06836792	SDI (Oswestry) Limited	07852363
SD Equestrian Limited	08692780	SDI (Oxford Street) Limited	10046080
SD Outdoor Limited	08560260	SDI (Paisley) Limited	02933408
SDI (Aberdeen) Limited	08512592	SDI (Penzance) Limited	07852297
SDI (Aberystwyth) Limited	02789996	SDI (Peterlee) Limited	07852401
SDI (Aintree) Limited	03352462	SDI (Plymouth Flannels) Limited	09127387
SDI (Ashford) Limited	07848460	SDI (Plymouth) Limited	09470468
SDI (Ashington) Limited	07849231	SDI (Ramsgate) Limited	07852250
SDI (Ayr) Limited	05528267	SDI (Reading) Limited	10422164
SDI (Bangor) Limited	05529705	SDI (Redcar) Limited	02731452
SDI (Barrow In Furness) Limited	07851574	SDI (Rolle St) Limited	07852669
SDI (Beddgelert) Limited	08577551	SDI (Romford) Limited	10071547
SDI (Belfast) Limited	09872471	SDI (Salisbury) Ltd	10107572
SDI (Berwick) Limited	02739957	SDI (Scarborough) Limited	06328463

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 29 April 2018

Continued

SDI (Betws-Y-Coed) Limited	06836673	SDI (Scunthorpe) Limited	07852055
SDI (Bexleyheath) Limited	09788372	SDI (Slough) Limited	07852417
SDI (Birkenhead) Limited	07849198	SDI (Solihull) Limited	08612647
SDI (Bishop Auckland) Limited	03004246	SDI (Southampton 2) Limited	09665889
SDI (Bridgwater) Limited	07852061	SDI (Southampton) Limited	08512480
SDI (Brixton) Limited	09127300	SDI (Southport) Limited	09888806
SDI (Burton) Limited	08495632	SDI (St Austell) Limited	07852284
SDI (Cardiff Flannels) Limited	10177359	SDI (St Helens) Limited	07852281
SDI (Carlisle) Limited	07851959	SDI (Stafford) Limited	08568681
SDI (Chatham) Limited	06836679	SDI (Stoke Longton) Limited	07853877
SDI (Clacton) Limited	07852078	SDI (Stoke Newington) Limited	07852207
SDI (Colchester) Limited	05632790	SDI (Strabane) Limited	09890243
SDI (Darlington) Limited	10915193	SDI (Streatham) Limited	10066335
SDI (Doncaster) Limited	09888670	SDI (Strood) Limited	07852251
SDI (Dundee) Limited	09702004	SDI (Sunderland High Street) Limited	10107775
SDI (Dunfermline) Limited	08483679	SDI (Sunderland) Limited	08755347
SDI (East Ham) Limited	09810378	SDI (Swindon) Limited	09888662
SDI (East Kilbride) Limited	06656368	SDI (Tallaght) Limited	10915203
SDI (Edinburgh) Limited	10100990	SDI (Taunton) Limited	07852191
SDI (Enfield) Limited	10086209	SDI (Thurrock) Limited	10089743
SDI (Fulham) Limited	07852037	SDI (Uxbridge 2) Limited	09127316
SDI (Gainsborough) Limited	06338907	SDI (Uxbridge) Limited	10177276
SDI (Galashiels) Limited	07852091	SDI (Wakefield) Limited	08483711
SDI (Glasgow Fort) Limited	09861504	SDI (Walsall) Limited	07852289
SDI (Glasgow Ingram Street) Limited	09925519	SDI (Watford) Limited	06328505
SDI (Gloucester) Limited	07852067	SDI (Weymouth) Limited	06716652
SDI (Hastings) Limited	08625893	SDI (Wishaw) Limited	06656365
SDI (Hereford) Limited	09888642	SDI (Wolverhampton) Limited	09788373
SDI (Hofco) Limited	08319960	SDI (Wythenshawe) Limited	09659156
SDI (Hoh Holdings) Limited	10161592	SDI Fitness (Bury St Edmunds) Limited	09038949
SDI (Hounslow) Limited	10086218	SDI Fitness (Cheltenham) Limited	09039840
SDI (Hull) Limited	09638564	SDI Fitness (Colchester) Limited	09039011
SDI (Isle Of Man) Limited	09901745	SDI Fitness (Croydon) Limited	09039243
SDI (K Lynn) Limited	10073076	SDI Fitness (Epsom) Limited	09039043
SDI (Keighley) Limited	06260239	SDI Fitness (Glasgow) Limited	09038811
SDI (Kendal) Limited	06338918	SDI Fitness (Guildford) Limited	09039269
SDI (Kentish Town) Limited	09901702	SDI Fitness (Hove) Limited	09039030
SDI (Kidderminster) Limited	09203731	SDI Fitness (K Heath) Limited	09039717
SDI (Kilmarnock) Limited	07853433	SDI Fitness (K Lynn) Limited	09039847
SDI (Kingston) Limited	10915209	SDI Fitness (Lincoln City) Limited	09039331
SDI (Kirkcaldy) Limited	07852097	SDI Fitness (Lincoln South West) Limited	09039319
SDI (Leeds) Limited	09293515	SDI Fitness (Liverpool) Limited	09039347
SDI (Leicester) Limited	09127170	SDI Fitness (Manchester) Limited	09039339
SDI (Liverpool) Limited	09888734	SDI Fitness (Milngavie) Limited	09039510
SDI (Lowestoft) Limited	07852265	SDI Fitness (Newark) Limited	09039640
SDI (Lsl Holdings) Limited	10161824	SDI Fitness (Northfield) Limited	09039412
SDI (Luton) Limited	09680625	SDI Fitness (Rugby) Limited	09039408

SDI (Manchester Cheetham Hill) Limited	10100969	SDI Fitness (Sale) Limited	09039405
SDI (Manchester Denton) Limited	09127295	SDI Fitness (Salisbury) Limited	09039429
SDI (Market Road) Limited	10799247	SDI Four Limited	09719779
SDI (Middlesbrough) Limited	10081909	SDI Golf Limited	09083512
SDI (Nassau Street) Limited	11227964	SDI Properties (Wigan) Limited	06836522
SDI (Neath) Limited	07853548	SDI Property Limited	02767493
SDI (New Cavendish Street) Limited	06306917	SDI Sport London Limited	09848767
SDI (Newark) Limited	07853470	SDI Sports (East Ham) Limited	10259103
SDI (Newcastle) Limited	09127286	SDI Sports (Stoke) Limited	10163722
SDI (Newport) Limited	08679118	Stirlings (Argyle Street) Limited	SC088108
SDI (Newquay) Limited	10089800	Vinecomb Investments Holdings Limited	10161816
SDI (Newton Abbot) Limited	06836666	Wareshop1 Limited	09870849
SDI (Northampton) Limited	07852272	Wareshop3 Limited	09870808
SDI (Nottingham) Limited	10100609		

SPORTS DIRECT INTERNATIONAL PLC

COMPANY BALANCE SHEET

at 29 April 2018

	Notes	As at 29 April 2018 (£m)	As at 30 April 2017 (£m)
FIXED ASSETS			
Investments	2	1,370.1	1,179.9
CURRENT ASSETS			
Receivables	3	67.4	155.2
Cash at bank and in hand		40.7	0.2
		108.1	155.4
Creditors, amounts falling due within one year	4	(487.8)	(571.4)
Net current liabilities		(379.7)	(416.0)
NET ASSETS		990.4	763.9
CAPITAL AND RESERVES			
Called up share capital	6	64.1	64.1
Share premium		874.3	874.3
Treasury shares reserve		(290.0)	(329.5)
Permanent contribution to capital		0.1	0.1
Capital redemption reserve		8.0	8.0
Own share reserve		(69.0)	(33.8)
Profit and loss account		402.9	180.7
Shareholders' funds		990.4	763.9

Sports Direct International plc reported a profit after taxation for the 52 weeks ended 29 April 2018 of £235.7m (FY17: £12.2m). This included a £335m dividend received from Sportsdirect.com Retail Ltd.

The accompanying accounting policies and notes form part of these Financial Statements.

The Financial Statements were approved by the Board on 18 July 2018 and were signed on its behalf by:

Jon Kempster
Chief Financial Officer
 Company number: 06035106

COMPANY STATEMENT OF CHANGES IN EQUITY

For the 52 weeks ended 29 April 2018

	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 24 April 2016	64.1	874.3	(56.2)	0.1	8.0	(33.7)	196.3	1,052.9
Profit for the financial period	-	-	-	-	-	-	12.2	12.2
Share-based payments	-	-	-	-	-	(0.1)	1.4	1.3
Share purchase	-	-	(109.8)	-	-	-	(29.2)	(139.0)
Fair valuation of share buyback contractual obligation	-	-	(163.5)	-	-	-	-	(163.5)
As at 30 April 2017	64.1	874.3	(329.5)	0.1	8.0	(33.8)	180.7	763.9
Profit for the financial period	-	-	-	-	-	-	235.7	235.7
Fair valuation of available-for-sale financial assets	-	-	-	-	-	-	(25.2)	(25.2)
Fair valuation of available-for-sale financial assets – reclassified	-	-	-	-	-	-	47.9	47.9
Share-based payments	-	-	-	-	-	57.3	(57.3)	-
Shares transferred	-	-	29.9	-	-	(51.0)	21.1	-
Share purchase	-	-	(113.9)	-	-	(41.5)	-	(155.4)
Reversal of prior year fair valuation of share buyback contractual obligation	-	-	163.5	-	-	-	-	163.5
Fair valuation of share buyback contractual obligation	-	-	(40.0)	-	-	-	-	(40.0)
As at 29 April 2018	64.1	874.3	(290.0)	0.1	8.0	(69.0)	402.9	990.4

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 Sports Direct International plc purchased in the market and held by Sports Direct International plc Employee Benefit Trust to satisfy options under the Group's share scheme.

On 23 August 2017 the Company transferred 12,782,512 shares from Treasury Shares to the Own Share reserve in order to satisfy the vesting of the Bonus Share Scheme. The shares were transferred into the Own share reserve at market value on the day.

On 28 April 2017 the Company announced an irrevocable non-discretionary share buyback programme. In line with IAS32 the Company recognised the full redemption amount of £163.5m in the FY17 accounts. In FY18 this fair value was reversed and replaced with the actual value purchased under the programme of £113.9m

The Company announced on 27 April 2018 that it has instructed Liberum Capital Limited in relation to an irrevocable non-discretionary share buyback programme to purchase the Company's shares during the closed period commencing on 30 April 2018 and ending on 19 July 2018. In line with FRS 102 the Company recognised the full redemption amount of £40.0m which is considered to be immaterially different to the present value at year end. If the contract expires without full delivery, the amount of the financial liability attributable to the undelivered shares is reclassified to equity reversing the original recognition. As at 18 July 2018, nil shares have been repurchased under the closed period share buyback programme.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the 52 weeks ended 29 April 2018

1. ACCOUNTING POLICIES

ACCOUNTING POLICIES

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 £m.

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 29 April 2018 are prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

As permitted by Section 408 of the Companies Act 2006, a profit and loss account of the Company is not presented. The Company's profit after taxation for the 52 week period ended 29 April 2018 was £235.7m (2017: £12.2m).

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 Sports Direct International plc.

INVESTMENTS

Fixed asset investments in subsidiaries, associates and joint ventures are shown at cost less provision for impairment.

The company has elected to designate listed investments as 'available-for-sale' financial assets as at the date of transition. Under previous UK GAAP listed investments were held at cost less impairment. The company has elected to follow the requirements of IAS 39, as permitted by FRS 102 Section 12, and the fair value from one period to another being shown within the statement of other comprehensive income.

Available-for-sale investments are initially recognised at fair value. Where fair value is different to cost, this is recognised in the income statement on initial recognition. Subsequent gains and losses arising from changes in fair value are recognised in the statement of other comprehensive income. When the security is disposed of, de-recognised or is determined to be impaired the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the profit and loss account as a reclassification adjustment within other income. Equity investments are impaired when there is objective evidence of impairment which includes a significant or prolonged decline in value.

LOANS AND RECEIVABLES

Loans and receivables are recognised initially at fair value plus transaction costs less provision for 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.

TRADE AND OTHER PAYABLES

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

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. No timing differences are recognised in respect of gains on sale of assets where those gains have been rolled over into replacement assets. 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 Section 612 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.

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.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the 52 weeks ended 29 April 2018

Continued

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. A share-based payment charge of £nil was recognised for the 52 weeks ended 29 April 2018 based on the Directors' best estimate of the number of shares that will vest.

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.

CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY CALCULATION OF SHARE SCHEME CHARGE

A share based payment charge is recognised in respect of share awards based on the Directors' best estimate of the number of shares that will vest. The charge is calculated based on the fair value at the grant date, which is deemed to be the date on which the entity and counterparty reached a shared understanding of the scheme.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are impaired when there is objective evidence of impairment which includes a significant or prolonged decline in value. Judgement is exercised in determining whether either or both of these factors are present.

ASSUMPTIONS RELATING TO TAX

Management estimation is required to determine the amount of deferred tax assets or liabilities that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

2. INVESTMENTS

	29 April 2018 (£m)	30 April 2017 (£m)
Investments in subsidiaries	1,124.2	1,124.2
Available-for-sale financial assets	245.9	55.7

The fair value of the available-for-sale investments is based on bid quoted market prices at the balance sheet date or where market prices are not available, at management's best estimate.

Available-for-sale investments include various holdings including a 29.9% stake in Findel plc, a 29.7% stake in Debenhams plc, a 27.04% stake in French Connection Group plc, a 25.44% stake in GAME Digital plc and an 18.92% stake in Goals Soccer Centres plc.

The Company is the principal holding company of the Group. The principal subsidiary undertakings of the Company are set out in note 41 of the Group Financial Statements.

3. RECEIVABLES

	29 April 2018 (£m)	30 April 2017 (£m)
Amounts owed by Group undertakings	0.7	4.4
Derivative financial assets	1.9	-
Deposits in respect of derivative financial instruments	57.1	148.1
Prepayments	4.4	1.0
Deferred tax assets	3.3	1.7
	67.4	155.2

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.

4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	29 April 2018 (£m)	30 April 2017 (£m)
Overdrafts	-	69.5
Trade creditors	0.5	0.3
Amounts owed to Group undertakings	440.8	331.3
Derivative financial liabilities	5.6	6.5
Corporation tax	0.3	-
Fair value of share buyback	40.0	163.5
Other creditors	0.6	0.3
	487.8	571.4

For further details on the fair value of the share buyback instruction, see Statement of Changes in Equity.

5. DEFERRED TAX ASSETS

	Other temporary differences
At 24 April 2016	(3.7)
Charged to the profit & loss account	5.4
At 30 April 2017	1.7
Credited to the profit & loss account	1.6
At 29 April 2018	3.3

The tax rate used to measure the deferred tax assets and liabilities was 17.0% (2017: 17%-19%) 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.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the 52 weeks ended 29 April 2018

Continued

6. CALLED UP SHARE CAPITAL

	29 April 2018 (£m)	30 April 2017 (£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 (2016: 640,602,369) ORDINARY SHARES OF 10p EACH	64.1	64.1
SHARE CAPITAL		
At 30 April 2017 and 29 April 2018	64.1	64.1

The company holds 103,633,049 ordinary shares in treasury as at the period end date (FY17: 79,310,534).

7. POST BALANCE SHEET EVENTS

The Company announced on 27 April 2018 that it has instructed Liberum Capital Limited in relation to an irrevocable non-discretionary share buyback programme to purchase the Company's shares during the closed period commencing on 30 April 2018 and ending on 19 July 2018. In line with FRS102 the Company recognised the full redemption amount of £40.0m which is considered to be immaterially different to the present value at year end. If the contract expires without full delivery, the amount of the financial liability attributable to the undelivered shares is reclassified to equity reversing the original recognition. As at 19 July 2018, nil shares have been repurchased under the closed period share buyback programme.

Subsequent to the year end, JD Sports Fashion plc completed their takeover of The Finish Line Inc and Sports Direct International plc disposed of their remaining economic interest and received net proceeds from the sale of the physical shares of £45.2m.

CONSOLIDATED FIVE YEAR RECORD

Unaudited income statement

	52 weeks ended 29 April 2018 (£m)	53 weeks ended 30 April 2017 (£m)	52 weeks ended 24 April 2016 (£m)	52 weeks ended 26 April 2015 (£m)	52 weeks ended 27 April 2014 (£m)
CONTINUING OPERATIONS.					
Revenue	3,359.5	3,245.3	2,904.3	2,832.6	2,706.0
Cost of sales	(2,024.4)	(1,914.7)	(1,619.7)	(1,591.8)	(1,551.1)
Gross profit	1,335.1	1,330.6	1,284.6	1,240.8	1,154.9
Selling, distribution and administrative expenses	(1,156.1)	(1,255.6)	(1,021.8)	(950.5)	(908.8)
Other operating income	26.5	22.5	11.1	8.3	8.6
Impairment and accelerated depreciation	(4.8)	(17.3)	(58.5)	(13.3)	(5.6)
Profit on disposal of property	16.3	-	13.5	10.3	-
Profit on disposal of subsidiary	-	79.9	-	-	-
Provision against receivable & other	-	-	(5.7)	-	-
Exceptional items	11.5	62.6	(50.7)	(3.0)	(5.6)
Operating profit	217.0	160.1	223.2	295.6	249.1
Investment (costs) / income	(93.3)	111.3	148.1	14.0	7.1
Finance income	3.4	18.8	3.4	8.3	0.9
Finance costs	(40.9)	(9.4)	(15.3)	(7.5)	(19.9)
Share of (loss) / profit of associated undertakings and joint ventures	(8.7)	0.8	2.4	3.0	2.3
Profit before taxation	77.5	281.6	361.8	313.4	239.5
Taxation	(49.9)	(49.9)	(82.8)	(72.0)	(59.9)
Profit for the period	27.6	231.7	279.0	241.4	179.6
Equity holders of the Group	24.5	229.9	277.4	240.4	180.2
Non-controlling interests	3.1	1.8	1.6	1.0	(0.6)
Profit for the period	27.6	231.7	279.0	241.4	179.6

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 29 April 2018, as set out in note 1, basis of preparation, of the Consolidated Financial Statements.

COMPANY DIRECTORY

REGISTRAR AND TRANSFER OFFICE

Computershare Investor Services plc

The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Telephone 0370 707 4030

COMPANY SECRETARY AND REGISTERED OFFICE

Sports Direct International plc
Unit A, Brook Park East
Shirebrook
NG20 8RY
Telephone 0344 245 9200
Sports Direct International plc is registered in England and Wales (No. 6035106)

SOLICITORS

Freshfields Bruckhaus Deringer
65 Fleet Street
London
EC4Y 1HS

BROKERS

Liberum Capital Limited
Ropemaker Place, Level 12
25 Ropemaker Street
London
EC2Y 9LY

PRINCIPAL BANKERS

Barclays Bank plc
5 The North Colonnade
Canary Wharf
London
E14 4BB

HSBC Bank plc
8 Canada Square
London
E14 5HQ

AUDITORS

Grant Thornton UK LLP
30, Finsbury Square
London
EC2A 1AG

SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at 11am on Wednesday 12 September 2018 at Academy House, 36 Poland St, London, W1F 7LU. 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 28 April 2019:

- Half year results announced: 13 December 2018
- Preliminary announcement of full year results: 18 July 2019
- Annual Report circulated July / August 2019

SHAREHOLDER HELPLINE

The Sports Direct 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 Sports Direct 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 Sports Direct website at www.sportsdirectplc.com 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:

The Mailing Preference Service

DMA House

70 Margaret Street

London

W1W 8SS

Telephone: 020 7291 3310

Fax: 020 7323 4226

Email: mps@dma.org.uk or register online at www.mpsonline.org.uk

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