

# Annual Report & Accounts 2019



size?

FOOTPATROL:

'chausport ,

*Sprinter*

SPORT ZONE



Glue.  
STORE

*FINISH LINE*



TESSUTI

scotts

MAINLINE

⬆ Blacks

⬆ millets



<b>Overview</b>	
<hr/>	
Highlights	8
Who We Are	10
Where We Are	32
Executive Chairman's Statement	34
<b>Strategic Report</b>	
<hr/>	
Business Model	40
Our Strategy	41
Principal Risks	45
Business Review	58
Financial Review	60
Property and Stores Review	62
Corporate and Social Responsibility	64
<b>Governance</b>	
<hr/>	
The Board	86
Directors' Report	88
Corporate Governance Report	92
Audit Committee Report	98
Directors' Remuneration Report	100
<b>Financial Statements</b>	
<hr/>	
Statement of Directors' Responsibilities	114
Independent Auditor's Report	115
Consolidated Income Statement	124
Consolidated Statement of Comprehensive Income	124
Consolidated Statement of Financial Position	125
Consolidated Statement of Changes in Equity	126
Consolidated Statement of Cash Flows	127
Notes to the Consolidated Financial Statements	128
Company Balance Sheet	177
Company Statement of Changes in Equity	178
Notes to the Company Financial Statements	179
<b>Group Information</b>	
<hr/>	
Financial Calendar	192
Shareholder Information	193
Five Year Record	194
Glossary	195



# Overview





ONLY AT



**Revenue**

2019	£4,717.8m
2018	£3,161.4m
2017	£2,378.7m
2016	£1,821.7m
2015	£1,522.3m

**Total dividend payable per ordinary share**

2019	1.71p
2018	1.63p
2017	1.55p
2016	1.48p
2015	1.41p

**Profit before tax and exceptional items\***

2019	£355.2m
2018	£307.4m
2017	£244.8m
2016	£157.1m
2015	£100.0m

**Adjusted basic earnings per ordinary share\***

2019	28.44p
2018	25.15p
2017	19.04p
2016	12.27p
2015	7.78p

**Profit before tax**

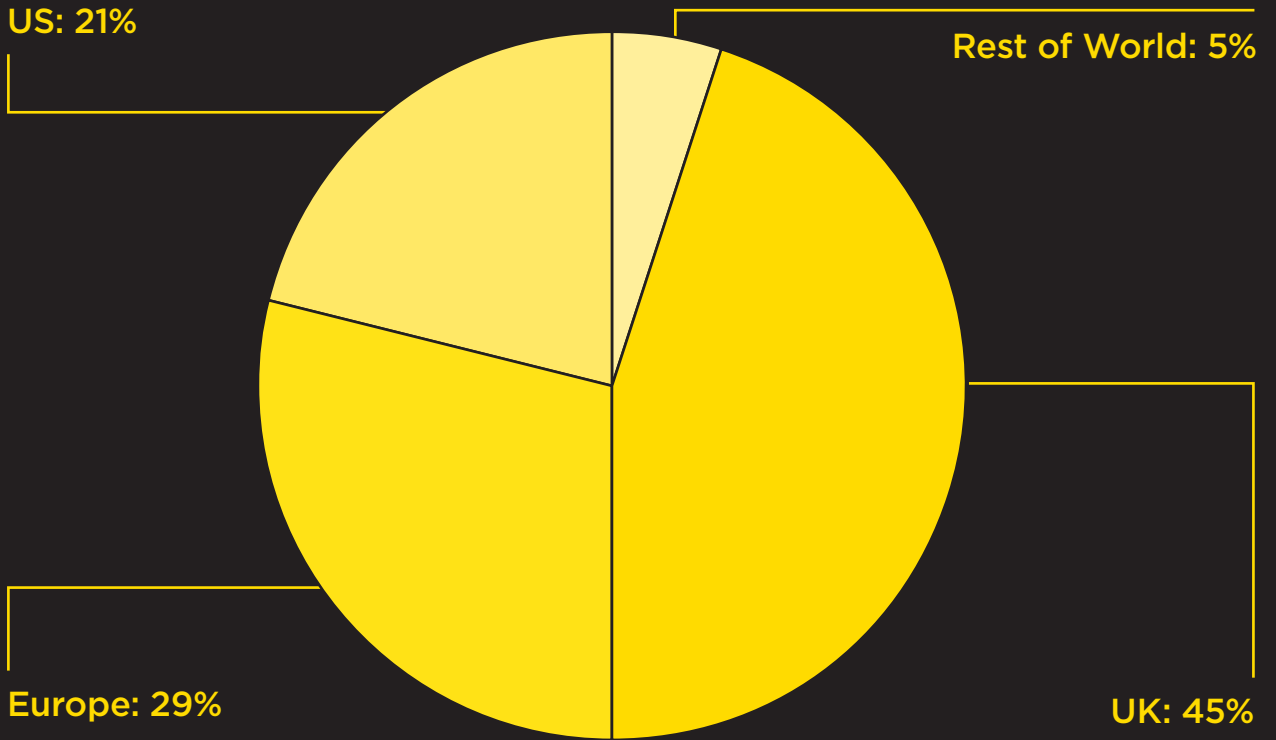
2019	£339.9m
2018	£294.5m
2017	£238.4m
2016	£131.6m
2015	£90.5m

**Net assets**

2019	£1,076.8m
2018	£834.3m
2017	£578.8m
2016	£400.8m
2015	£310.0m

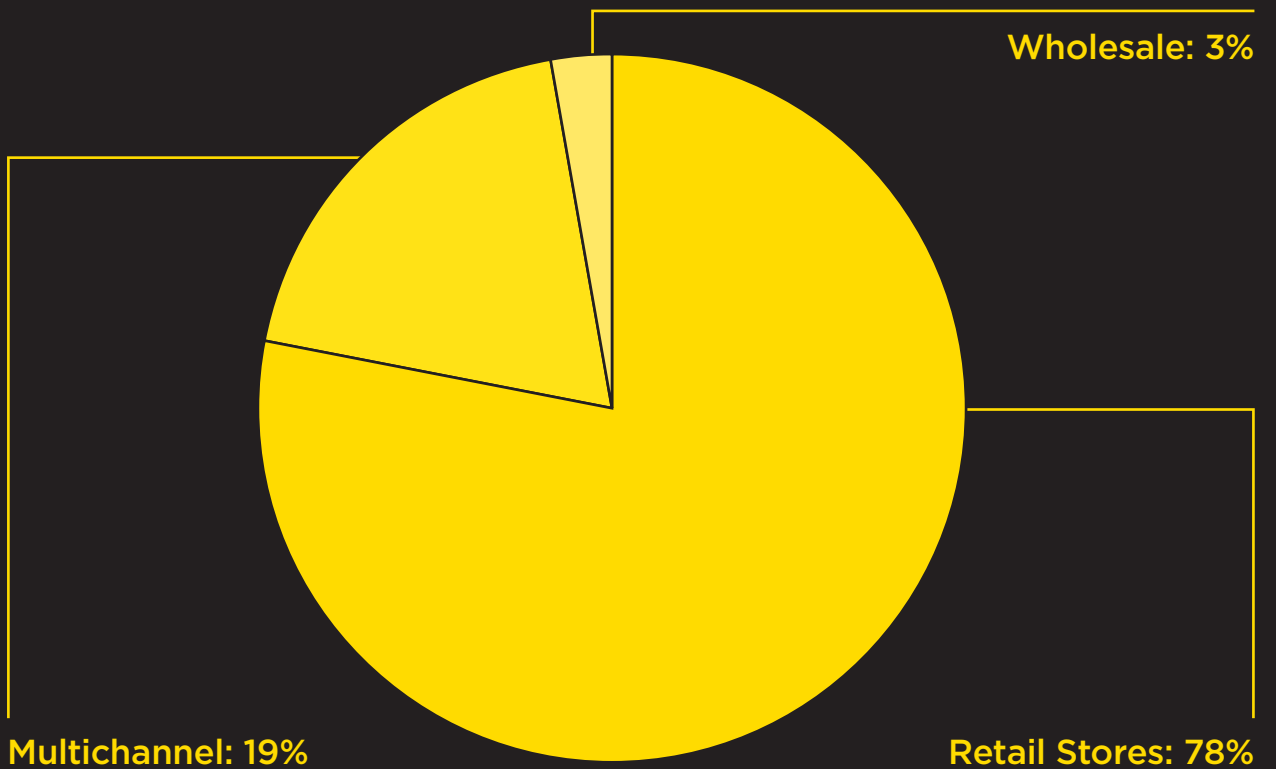
### Group Revenue by Geographical Market

---



### Group Revenue by Channel

---



## 1981

JD Sports began with its first store in Bury, Greater Manchester.

## 1989

JD Sports opened its first store in London, on Oxford Street.

## 2011

JD Group acquired Sprinter, a leading Spanish Sport Retailer in footwear, apparel and equipment; JD's first entry into Spain.

## 2010

JD Group opened its first European JD store in Lille, France.

## 2012

The Group expanded into the Outdoor market with the acquisition of Blacks and Millets.

**There are now over 2,400 stores in 18 countries, including 690 JD stores and the Group continues to expand!**

## 2018

The Group acquired Finish Line in the United States, a Sport Fashion Retailer with a store presence across 44 states. The Group opened its first five JD stores in the US: Chicago, Houston, Columbus, Washington and Indianapolis.

## 1996

JD Sports Fashion Plc was listed on the London Stock Exchange.

## 2005

57.5% of JD Sports Fashion Plc was bought by the Pentland Group.

## 2009

JD Group acquired Chausport, a French Sport Retailer; the Group's first international presence and entry into Europe.

## 2016

The Group launched its first JD store in Malaysia, JD's first entry into South East Asia. JD is now also present in Singapore & Thailand.

The Group opened its first gym as part of JD Gyms; an affordable yet stylish gym concept.

## 2017

The Group acquired Hot-T, a South Korean retailer of branded footwear.

The Group acquired Go Outdoors, the UK "destination" for everything Outdoors.

The Group launched its first JD store in Melbourne, Australia.



# Always The Leader



Established in 1981 with a single store in the North West of England, JD Sports Fashion Plc is a leading international multichannel retailer of sports, fashion and outdoor brands.





JD is a specialist multiple retailer of fashionable branded and own brand sports and casual wear combining globally recognised brands such as Nike, adidas, Puma and The North Face with strong own brand labels such as Pink Soda and Supply & Demand. JD is an industry leading retail business with the best of physical and digital retail combined to give a compelling proposition which enables its consumers to shop seamlessly across all channels.





# JD

RAINERS



JUNIORS





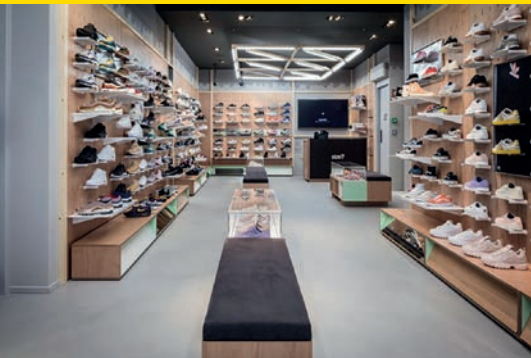


JD's acknowledged strength in its core UK and Republic of Ireland markets is increasingly being complemented internationally with further significant progress in Europe and the Asia Pacific region and the recent entry into the United States.



# size?

Established in 2000, size? specialises in supplying the finest products from the best brands in footwear, apparel and accessories. Initially set up to trial edgier product collections before introducing them to the mass market through the JD fascia, the size? offer has since grown to include its own roster of highly sought-after worldwide exclusive product releases. Outside of the UK and Republic of Ireland, size? has stores in Belgium, Denmark, France, Germany, Italy, the Netherlands and Spain.







## FOOTPATROL

Footpatrol is famous for supplying the sneaker fraternity with the most desirable footwear, apparel and accessories. Specialising in new and classic sneakers, limited editions, Japanese exclusives and rare deadstock, the original Footpatrol store is based in the heart of Soho on Berwick Street and this is now complemented with a second store on the fashionable Rue de Temple in Paris.







## CHAUSPORT<sup>r</sup>

Chausport operates throughout France, retailing leading international footwear brands such as adidas, Nike and Timberland to a more family focussed customer through a network of 76 stores and a trading website.







## ***Sprinter***

Sprinter is one of the leading sports retailers in Spain selling footwear, apparel, accessories and equipment for a wide range of sports as well as lifestyle casual wear and childrenswear. Their offer includes both international sports brands and successful own brands.







## SPORT ZONE

Sport Zone is a well-established and leading multi branded sports retailer offering a wide apparel, footwear, accessories and equipment range across multiple sports. The stores in Spain now trade under the Sprinter banner with Sport Zone now principally focussed in Portugal.







Sports Unlimited Retail operates in the Netherlands under the Perry Sport and Aktiesport fascias. Aktiesport is the largest sports retail business in the Netherlands with a sharp focus on selling football and lifestyle goods from various brands such as Nike, adidas, Under Armour and FILA. Perry Sport is a sports and adventure retailer with a focus on functional sports, sports lifestyle and adventure simultaneously.





# Glue. STORE

Next Athleisure operates in Australia under the Glue and Superglue retail fascias. Glue and Superglue stores offer cutting-edge streetwear and youth fashion from aspirational brands such as Nike, adidas, Stussy and Deus.







## **FINISH LINE**

Finish Line is one of the largest retailers of premium multibranded athletic footwear, apparel and accessories in the United States. Finish Line trades from 529 branded retail stores across 44 US states and Puerto Rico and is also the exclusive retailer of athletic shoes for Macy's, one of the US' premier retailers.







JD Gyms offers seriously stylish, seriously affordable, award winning facilities across 24 prime locations and plays host to a bespoke mix of industry leading fitness equipment and an exciting range of classes.



## TESSUTI

Tessuti has a vision to become the first choice retailer for branded premium menswear fashion in the UK. With a total of 42 stores and a trading website, Tessuti offers customers a strong mix of relevant fashion brands including Boss, Polo Ralph Lauren, Canada Goose and Stone Island.







## scotts

Scotts retails fashion and sport led brands with authority to older, more affluent male consumers largely beyond school age, stocking brands such as Lacoste, Fred Perry, Pretty Green and Paul & Shark.







## MAINLINE

Mainline Menswear is an online niche retailer of premium branded men's apparel and footwear, stocking brands such as Armani, Hugo Boss and Ralph Lauren.





## Blacks

Blacks is a long established retailer of specialist outdoor apparel, footwear and equipment. Blacks primarily stock more technical products from premium brands such as Berghaus and The North Face, helping Outdoor participants, from weekend family users to more avid explorers, reach their goals, no matter how high.







## millets

Millets supply a more casual outdoor customer who seeks value for money, providing for a wide range of recreational activities with an emphasis on exclusive brands, such as Peter Storm and Eurohike.





GO focuses on innovation and value, helping people to step into the outdoors whether it's to go walking, camping, cycling or fishing. From unique product areas to strong exclusive brands such as Hi-Gear, North Ridge and Freedom Trail, GO is constantly looking for fresh ideas to keep things fun.







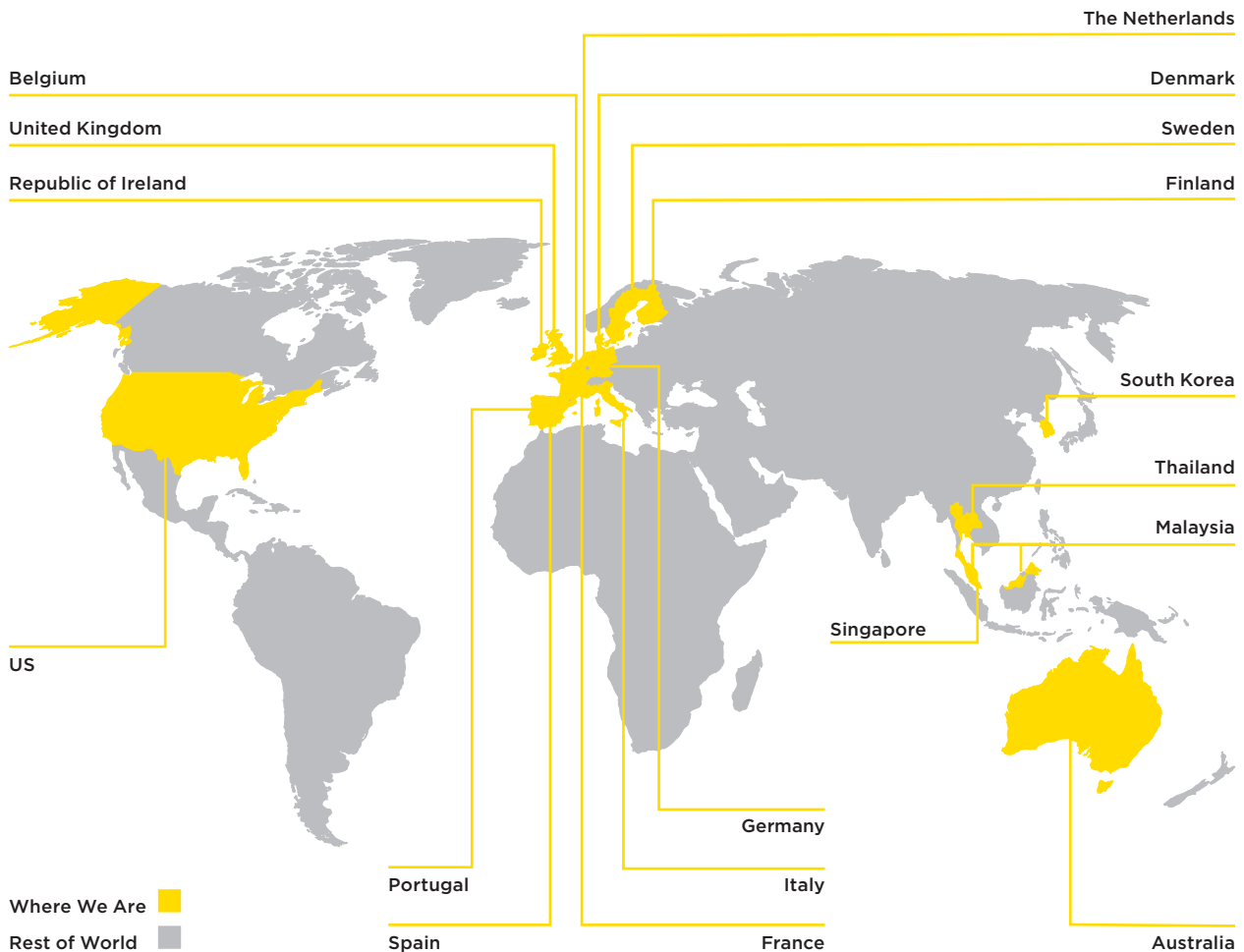
Tiso is Scotland's leading adventure sports retailer specialising in outdoor, mountain, skiing and cycling. Originally founded in 1962, their reputation for quality has been established over 57 years. The Tiso group is based in Scotland, but includes the iconic George Fisher store in the English Lake District.



# From the North West of England to the West Coast of the US

The Group has over 2,400 stores across a number of retail fascias and is proud of the fact that it always provides its customers with the latest products from the very best brands.

The Group embraces the latest online and in store digital technology providing it with a truly multichannel, international platform for future growth.





**Sports Fashion Fascias**

JD UK & ROI	Stores	000 SQ FT
2019	390	1,583
2018	385	1,525

JD Europe	Stores	000 SQ FT
2019	252	661
2018	213	541

JD Asia Pacific	Stores	000 SQ FT
2019	46	201
2018	12	56

JD US	Stores	000 SQ FT
2019	5	22
2018	-	-

Size	Stores	000 SQ FT
2019	41	59
2018	38	60

Sub-total JD and Size	Stores	000 SQ FT
2019	734	2,526
2018	648	2,182

Fashion UK	Stores	000 SQ FT
2019	84	250
2018	77	179

Other Europe (i)	Stores	000 SQ FT
2019	438	2,869
2018	445	2,953

Other Asia Pacific (ii)	Stores	000 SQ FT
2019	33	156
2018	67	284

Finish Line (own)	Stores	000 SQ FT
2019	529	1,797
2018	-	-

Finish Line (Macy's iii)	Stores	000 SQ FT
2019	349	311
2018	-	-

Total	Stores	000 SQ FT
2019	2,167	7,909
2018	1,237	5,598

**Outdoor Fascias**

Blacks	Stores	000 SQ FT
2019	56	198
2018	57	206

Millets	Stores	000 SQ FT
2019	99	209
2018	100	211

Ultimate Outdoors	Stores	000 SQ FT
2019	6	146
2018	7	162

Tiso	Stores	000 SQ FT
2019	14	96
2018	13	88

Go Outdoors	Stores	000 SQ FT
2019	64	1,904
2018	60	1,794

Go Outdoors Fishing	Stores	000 SQ FT
2019	14	79
2018	-	-

Total	Stores	000 SQ FT
2019	253	2,632
2018	237	2,461

(i) Chausport (France), Sprinter (Spain), Sport Zone (Portugal, Spain & Canary Islands) and Perry Sport/Aktiesport (Netherlands)

(ii) Glue (Australia) and Hot-T (South Korea)

(iii) Being Finish Line branded concessions within Macy's department stores only

In addition, there were 23 JD branded Gyms at the period end after ten openings in the year with one further gym opened to date in the current financial year.

**I am very pleased to report that the Group continues to make excellent progress with Group EBITDA (before exceptional items) increasing by a further 27%, being more than £100 million, to £488.4 million (2018: £385.2 million).**

The headline profit before tax and exceptional items increased by a further 16% to £355.2 million (2018: £307.4 million) and, after delivering a headline profit of £100 million for the first time in the year to January 2015, the headline profit has now increased by more than £250 million over the subsequent four years, a compound rise in excess of 37% per annum. The Group profit before tax increased by 15% to £339.9 million (2018: £294.5 million).

This new record result for our Group has been achieved with a relentless focus on ensuring that, at all times, we provide a compelling differentiated proposition to the consumer with an attention-grabbing theatre both in stores and online. Consumers expect our product and brand mix to be emotionally engaging, exclusive and continually evolving with high levels of social media penetration and an increasing pace of technology adoption across our core demographic ensuring that new styles and trends spread rapidly across a wide geography. Whilst very conscious of the continued uncertainty surrounding the timing and nature of the UK's exit from the European Union, we firmly believe that the elevated and dynamic multibrand multichannel proposition of the core JD fascia, which enjoys the ongoing support of the key international brands, has the necessary agility to continue to exceed consumer expectations and prosper in an increasing number of international markets.

JD is not immune to the widely reported challenges to physical retail in the UK with lower footfall on many high streets, malls and retail parks combined with cost challenges from increasing minimum wage rates and rises in business rates. Therefore, it is very pleasing that the core UK and Ireland Sports Fashion fascias, the most mature part of our Group, have delivered a further increase in sales and profitability. This helps maintain our

belief that the store base at its current scale continues to provide a positive influence on our future development as it raises brand awareness, provides consumers with an opportunity to physically see and try the product, and enables us to provide multiple delivery points. The improved result was ultimately achieved through an uncompromising focus, intensive management and continuous analytical interpretation of a number of key principles:

- Nurturing the close consumer connection
- Satisfying a demanding aspirational consumer with sector-leading physical retail environments and leading-edge digital technologies which are both scalable across multiple territories and adaptable to dynamic consumer expectations
- Respecting the differentiated and often exclusive nature of the product assortment by avoiding unnecessary short-term reactive discounting
- Maintaining maximum flexibility in the leased property portfolio
- Delivering in-store initiatives to improve efficiency of store operations







The Group has also made further significant positive progress in its existing international markets in Europe and Asia Pacific:

- **Europe:** The JD fascia continues to gain momentum with a net increase of 39 stores in the period with new stores in all of our existing territories together with our first two JD stores in Finland. JD now has a presence in ten countries in mainland Europe with our first store in Austria at Mariahilfer Strasse in Vienna expected to open later in the first half

Our team in Iberia are progressing with an accelerated process to integrate the Sport Zone fascia into the Sprinter commercial operations, with works to expand the warehouse in Alicante to accommodate the Sport Zone stocks ongoing. We expect that this integration process will be substantially complete by the end of the first half

- **Asia Pacific:** At the period end there were 46 stores trading as JD across the region with additional stores in the existing territories of Malaysia and Australia together with our first stores in Singapore, Thailand and South Korea where, working with our local partner, Shoemaker Inc, we now have 16 JD stores which includes 14 conversions of the multibrand Hot-T fascia which was acquired in the previous year

#### **Finish Line and JD US**

We believe that our acquisition of the Finish Line business in the United States, the largest market for sport lifestyle footwear and apparel and the home to many of the global sportswear brands, will have positive consequences for our long-term brand engagement whilst significantly extending the Group's global reach. We maintain our belief that Finish Line is capable of delivering improved levels of profitability. Recognising the existing digital strengths, we intend to improve performance with a focus on four main pillars:

- Improving sales densities in stores with an enriched proposition that delivers the elevated standards of visual merchandising and retail theatre necessary to fully ignite the consumers' desire to purchase both footwear and apparel
- Improving product margins through buying disciplines and management of markdown
- Exiting stores where property costs are not appropriate for the level of footfall
- Appropriate scaling of central overheads

We opened our first five JD stores in the United States prior to the key holiday season which included the conversion of four existing Finish Line stores. It is too early to make any conclusions on the potential for JD in the United States as these stores do not currently contain a full representation of the JD product offer, particularly apparel. Given the lead times on ordering we do not expect this situation to change materially until the second half of the year. These stores have also not had the benefit of full digital support which we anticipate will commence later in the spring leveraging off the Finish Line digital expertise. That said, we are encouraged with the early results and we are using the learnings to further refine our proposition.

We are also pleased with the positive performance of Finish Line in the second half of the year. We will look to drive further improvements in the performance of Finish Line in malls whilst developing JD in new locations in the major metropolitan areas with this dual fascia approach maximising our reach across different demographics.

We have seconded a number of key management personnel from the core business to assist the Finish Line team in executing this plan. We firmly believe that these secondments will provide positive benefits to Finish Line in the short term and to the wider Group in the longer term as our team further develops the skills necessary to deliver success with an increasingly international emphasis.

#### **Outdoor**

The very hot weather through the summer and very mild weather through much of the autumn and winter made this an exceptionally challenging year for our Outdoor businesses. However, maintaining a double digit EBITDA profit in these adverse circumstances demonstrates that our proposition is becoming increasingly resilient to unfavourable weather events. Greater integration of the Outdoor businesses, with Blacks and Go Outdoors having access to one pool of stock with common merchandising systems and shared central warehousing, will add further resilience to the overall proposition once these projects are completed later in the year.

#### **Infrastructure**

The first phase of works to fit out the 352,000 sq ft extension at our primary Kingsway warehouse has now been completed, enabling a partial use of the additional space to receive inbound stocks. Works to install additional automation equipment in the extended space are ongoing with completion expected by the end of the first half. The transition to the enlarged site has inevitably caused some disruption and inefficiency to our operations with increased downtime from the existing automation equipment and frequent changes in the standard operating procedures. These issues have necessitated increased levels of manual process, a situation which we expect to continue for most of the first half. Elsewhere, the project to extend Sprinter's warehouse in Alicante to accommodate the additional stocks required for the future fulfilment of the Sport Zone stores in Portugal and the Canary Islands is ongoing. We expect this project to be completed during the summer.

#### **Dividends and Earnings per Share**

The Board proposes paying a final dividend of 1.44p (2018: 1.37p) bringing the total dividend payable for the year to 1.71p (2018: 1.63p) per ordinary share, an increase of 5%. Subject to shareholder approval at our AGM, the proposed final dividend will be paid on 5 August 2019 to all shareholders on the register at 28 June 2019. We continue to believe that it is in the longer term interests of all shareholders to keep dividend growth restrained so as to maximise the available funding for our ongoing development opportunities.

The adjusted earnings per ordinary share before exceptional items have increased by 13% to 28.44p (2018: 25.15p).

The basic earnings per ordinary share have increased by 13% to 26.90p (2018: 23.83p).



### Board Effectiveness

As Executive Chairman, I am responsible for the leadership of the Board and ensuring its effectiveness in all aspects of its role. The Board is then responsible for the Group's strategic development, review of performance against the business objectives, overseeing risk and maintaining effective corporate governance including health and safety, environmental, social and ethical matters.

### Offer for Footasylum Plc

On 18 March 2019, in conjunction with the board at Footasylum Plc, we announced the terms of an offer to be made for the whole of the issued and to be issued ordinary share capital of the Footasylum business. This offer document was posted to the Footasylum shareholders on 22 March 2019 and was subsequently declared unconditional in all respects on 12 April 2019. We believe the combination of these two complementary businesses will deliver significant operational and strategic benefits going forward.

### Pretty Green

On 4 April 2019, the Group acquired, via its 100% subsidiary PG2019 Limited, the business and certain assets of Pretty Green Limited (in administration), the boutique men's clothing brand, from its administrator. The acquisition included the business, brand and website as well as a flagship store in Manchester. Cash consideration of £1.5 million was paid on completion with the Group also assuming a further £1.8 million of debt.

### Impact of IFRS 16

The Group will adopt the requirements of IFRS 16 'Leases' for the first time in its results to 1 February 2020. As a result, we will recognise a balance sheet asset and corresponding obligation relating to our use of properties and other assets leased under multi-year agreements.

Under IFRS 16 the income statement expense comprises a straight-line depreciation charge on the right-of-use asset and a front-loaded interest charge on the lease liability, both over the term of the lease. For an individual lease, this provides an overall front-loaded expense profile compared with the straight-line rental charge recognised under IAS 17.

The discount rates applied have been based on the incremental borrowing rate where the implicit rate in the lease is not readily determinable. The lease term comprises the non-cancellable lease term, in addition to optional periods when the Group is reasonably certain to exercise an option to extend (or not to terminate) a lease.

The Group will adopt the modified approach to transition where the initial asset values will be equal to the present value of the future lease payments as at the date of transition. This will result in existing leases being capitalised over their remaining lives, as if they had just been entered into.

There is no cashflow impact from the transition to IFRS 16 and the adoption of this standard will have no impact on the way that we evaluate store investment opportunities.

The Group has assessed the impact that the application of IFRS 16 has on its income statement for the period ended 2 February 2019 and on its balance sheet as at that date (see Note 1 of the financial statements).

### People

The commitment of our employees is crucial to our success and I would like to thank everyone in our businesses for their support in delivering another set of excellent results. The increasingly global scale of our Group provides a variety of opportunities for our colleagues to develop their individual careers and we are committed to supporting them to achieve their ambitions and to give them the quality of employment that reflects the significant contribution that they make to the Group.

Brian Small retired as Chief Financial Officer during the year after almost 15 years in the role and I would like to thank him for his valuable contribution and support over this time.

### Current Trading and Outlook

While we recognise that there is uncertainty surrounding the nature and timing of the UK's exit from the European Union, we are cognisant of the potential consequences of a disorderly exit on supply chains, tariffs, exchange rates and consumer demand. Notwithstanding this uncertainty, the Board remains confident in the international potential of the JD proposition.

Given the significance of Easter trading to the overall result of the Group and the change in the timing relative to last year, any announcement of like for like sales performance in the year to date would lack precision. However, we are pleased with the continued underlying positive performance of the Group and are excited by the major developments ahead.

Our next scheduled update will take place upon the announcement of our Interim Results which is scheduled for 10 September 2019.

On behalf on the board.



**Peter Cowgill**  
Executive Chairman  
16 April 2019



A pair of blue and black sneakers is shown against a dark background. The sneakers have a textured blue upper and black accents, including the laces and the swoosh logo. The title 'Strategic Report' is written in a bold, yellow, sans-serif font, oriented vertically across the center of the image.

# Strategic Report





ONLY AT



MADORN



# Retail

18 Countries

2,420 Stores

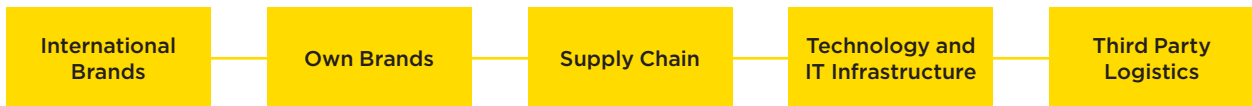
48,852 Colleagues

# Key Commercial Activities

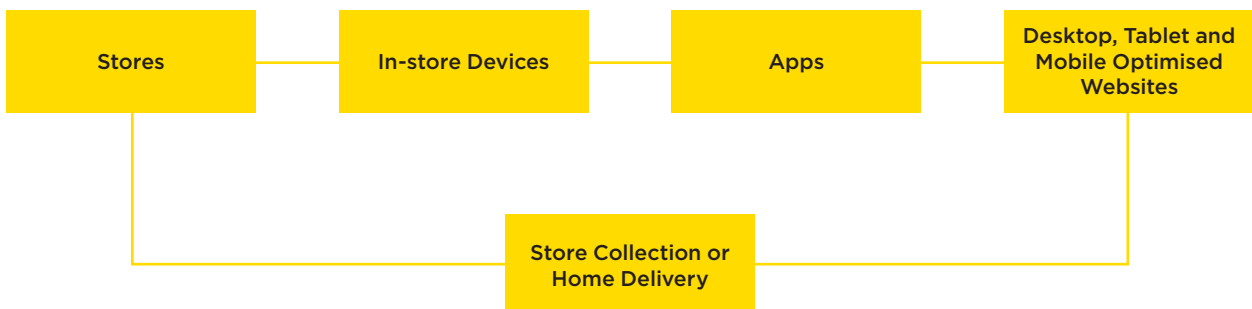


- Providing customers with exclusive ranges from the best brands in sports fashion and outdoor
- Market-leading online and in-store technology
- World-class standards

# Key Inputs



# Revenue Channels





# The Group's principal JD fascia is widely recognised as the leading retailer of branded and own brand sports fashion apparel and footwear in the UK and Ireland.

## Global Expansion

Increasingly, the JD fascia is attracting a similar reputation internationally with further significant expansion in both mainland Europe and Asia Pacific together with the first five stores in the United States following our acquisition of the Finish Line business.

Extending the global reach of our JD fascia provides a solid platform for further growth and helps foster the supplier relationships, both existing and new, through which we access new and often exclusive products, increasing the differentiation in our offer.

## Market Position

We will look to further elevate the market position of the JD fascia and enhance the experience for the customer through continued investment in our physical and digital retail portfolios, development and nurture of global branded supplier relationships, and the opening of new branded supplier accounts which we can develop and exploit to ensure our overall product range remains uniquely appealing and our stores remain highly differentiated destinations.

Our core business strength is branded sports fashion and outdoor retail presented in an omnichannel environment. Where we use own brands we will seek to present them as complementary to third party brands giving us additional options in ranging and price architecture. We seek to build very strong market positions and we maintain and defend them by constantly adding to our brand roster and endeavouring to be the partner of choice to as many brands as possible with as much exclusive product as possible. The Board considers that continuing supply from Nike and adidas, being the main suppliers of third party branded sporting products, to the Group's core sports fashion retail operation is essential to the business of the Group.

We look to protect profitability by continuing our rigorous approach to margin protection and, whilst we will promote product where appropriate, we aim to avoid short term reactive discounting unnecessarily when our proposition is well differentiated.

## Store Portfolio

We are engaged in omnichannel retail with the store base being essential to brand awareness, the customers' overall experience and our ability to provide multiple delivery points. We believe that the combination of a largely exclusive product offering, presented in a well fitted store with world class standards of retail theatre, are major drivers of footfall to our stores. Therefore, we expect physical retail to maintain its current level of importance.

Considerable time and financial resources are invested in expanding and refurbishing our retail property portfolio although we continue to work with landlords on ensuring that our portfolio of leases has the maximum flexibility and the lowest committed cost possible. The movements in store numbers and square footage at the start and end of the period are documented in the 'Where We Are' section on page 33.

## Multichannel

The continuing international growth in physical store space is complemented by ongoing investment in our international multichannel capability with a significantly expanded multicurrency website estate. We believe we are creating an industry leading retail business with the best of physical and digital retail combined to give a compelling proposition and enabling our consumers to shop seamlessly across all channels. We believe this multichannel capability is a key differentiator for our business. Overseas, JD has a local language and local currency multichannel offer in Australia, Belgium, Denmark, Ireland, Italy, Finland, France, Germany, Malaysia, the Netherlands, Singapore, South Korea, Spain





NEVER STOP EXPLORING  
NEVER STOP EXPLORING  
NEVER STOP EXPLORING  
NEVER STOP EXPLORING

NEVER STOP EXPLORING  
NEVER STOP EXPLORING  
NEVER STOP EXPLORING

NEVER STOP EXPLORING  
NEVER STOP EXPLORING  
NEVER STOP EXPLORING





THE NORTH FACE

THE NORTH FACE

THE NORTH FACE





and Sweden. This will shortly be complemented with new websites in Thailand and the United States.

Our digital and social media channels are important destinations for our customers with in store digital devices (kiosks, web tills and iPads) giving customers additional options to purchase in store as they enable access to the full product range on the website and the full inventory held in the warehouse.

In 2019 we will continue our focus on optimising our digital channels profitably, improving the customer experience, enhancing our multichannel proposition, exploiting group synergies and further rolling out our multichannel offer internationally.

Multichannel sales represented 17% (2018: 16%) of total fascia sales in the core JD fascia across the core markets of the UK and Republic of Ireland, excluding kiosk sales.

#### Brexit

At the time of publication the UK is due to leave the EU by 31 October 2019. The key direct and indirect risks associated with Brexit along with the mitigating activities that have been or will be implemented by the Group are detailed further in the Principal Risks section on page 52. Detailed analysis and stress testing has been undertaken to assess the potential impact of the key risks and the results of this testing are outlined further in the Viability Statement section on page 56.

#### Investment in New Businesses

Any new business which we invest in will have relevance to our core strength and all businesses in the Group need to be capable of enhanced profitability in the medium term. Our ultimate objective is to deliver long-term sustainable earnings growth to enhance total shareholder returns ('TSR') through share price performance and dividends, whilst retaining our financial capability to invest in the growth and the sustainability of our propositions. Recent TSR performance is shown in the graph within the Remuneration Report on page 108.

#### Infrastructure and Resources

Details of the significant investments we continue to make in logistics are included in the Executive Chairman's Statement on page 36 and the Working Capital and Cash section of the Financial Review on page 60.

	52 week period ended 2 February 2019	53 week period ended 3 February 2018
Number of items processed by Kingsway Distribution Centre	85.50m	79.62m

#### Corporate and Social Responsibility

In working towards our objectives we aim to always act in a responsible and ethical manner with all our stakeholders including suppliers, employees and of course, our customers.

The Corporate and Social Responsibility section on pages 64 to 83 provides information on the Group's strategy with regards to a number of topics including; Our People, Health and Safety, Energy and the Environment and Ethical Sourcing.

The risks faced by the Group and our mitigation plans are reported separately on pages 45 to 56.

Financial Key Performance Indicators	Note	2019 £m	2018 £m	% Change
Revenue	-	4,717.8	3,161.4	49.2%
Gross profit %	-	47.5%	48.4%	-
Operating profit	-	346.2	295.9	17.0%
Operating profit (before exceptional items)*	-	361.5	308.8	17.1%
Profit before tax and exceptional items	-	355.2	307.4	15.5%
Profit before tax	-	339.9	294.5	15.4%
Basic earnings per ordinary share	-	26.90p	23.83p	-
Adjusted earnings per ordinary share	10	28.44p	25.15p	-
Total dividend payable per ordinary share	-	1.71p	1.63p	-
Net cash at end of period	28	125.2	309.7	-

On behalf of the Board



Peter Cowgill  
Executive Chairman  
16 April 2019



### Assessment of Principal Risks and Uncertainties



The Directors confirm that they have carried out a robust assessment of the principal risks and uncertainties facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The principal risk areas remain the same as reported last year and are described below along with explanations of how they are managed/mitigated.



### Supply Chain Risks

As with other retailers and distributors into retail businesses, the Group's core retail business is highly seasonal and the most important trading period in terms of sales, profitability and cash flow in its Sports Fashion fascias continues to be the Christmas season. Lower than expected performance in this period may have an adverse impact on results for the full year and may result in excess inventories that are difficult to liquidate.


The Group seeks to manage this risk by monitoring the stock levels and managing the peaks in demand constantly with regular sales reforecasting. As the Group continues to grow and expand, the seasonal peak at Christmas becomes further exaggerated necessitating even greater flexibility in the Group's warehouse and distribution network. Consequently, the risk to store replenishment and multichannel fulfilment from both equipment and system failure, together with the inherent risk of having a large proportion of the stock in one location increases.

The supply chain risks and uncertainties that are specific to the Group and the markets in which its businesses operate are as follows:

Risk and Impact	Change in Risk Exposure 2018/2019 Before Mitigating Activities	Mitigating Activities	Link to Our Strategy
<p><b>Key Suppliers and Brands</b> The retail fascias offer a proposition that contains a mixture of third party and own brand product. The Group maintains and is dependent on long term supplier relationships.</p> <p>The retail fascias are heavily dependent on the products and the brands themselves being desirable to the customer if the revenue streams are to grow. Therefore, the Group needs all of its third party and own brands, including brands licensed exclusively to it, to maintain their design and marketing prominence to sustain that desirability.</p> <p>The Group is also subject to the distribution policies operated by some third party brands both in terms of the fascias which can sell the ranges and, more specifically, the individual towns or retail centres.</p>		<p>The Group seeks to ensure it is not overly reliant on a small number of athletic brands by constantly adding new brands to its offer and offering a stable of evolving own brands.</p> <p>Where possible, the Group's retail fascias also work in partnership with the third party brands in their business on the design of bespoke product which is then exclusive to the Group's fascias.</p> <p>Furthermore, the Group continues to actively seek additional brands which it can either own or license exclusively.</p>	<p>Market Position</p>
<p><b>Reliance on Non-UK Manufacturers</b> The majority of both third party branded product and the Group's own branded product is sourced outside of the UK. The Group is therefore exposed to the risks associated with international trade and transport as well as different legal systems and operating standards. Whilst the Group can manage the risk in the supply chain on its own and licensed products, it has little control over the supply chain within the third party brands. As such, the Group is exposed to events which may not be under its control.</p>		<p>The Group works with its suppliers to ensure that the products being sourced satisfy increasingly stringent laws and regulations governing issues of health and safety, packaging and labelling and other social and environmental factors. Furthermore, adequate levels of stock are maintained to cover short periods of supply delay.</p> <p>Compliance is monitored by the Group's Head of Quality and Ethics who has extensive experience in this area. The Group has established a cross functional</p>	<p>Corporate and Social Responsibility</p>

Supply Chain Risks (continued)	Change in Risk Exposure 2018/2019 Before Mitigating Activities	Mitigating Activities	Link to Our Strategy
<p><b>Risk and Impact</b></p>		<p>approach to compliance ensuring that the sourcing and design teams work collaboratively to ensure compliance is built into the design process.</p>	
<p><b>Intellectual Property</b> The Group's trademarks and other intellectual property rights are critical in maintaining the value of the Group's own brands. Ensuring that the Group's businesses can use these brands exclusively is critical in providing a point of differentiation to our customers and without this exclusivity we believe that footfall into the stores, visits to our websites and ultimately conversion of these visits into revenues would all be reduced.</p>		<p>The Group works with third party organisations to ensure that the Group's intellectual property is registered in all relevant territories. The Group also has a well-established Profit Protection team which actively works to prevent counterfeit product being passed off as legitimate.</p>	<p>Market Position</p>
<p><b>Warehouse Operations</b> A large proportion of the Group's stock is held in the Group's warehouse in Rochdale. Having the stock in one location with increased automation in the picking process has brought significant benefits in terms of capacity, universal product availability and quicker deliveries to our European stores. However, there is an increased risk to store replenishment and multichannel fulfilment from both equipment and system failure, together with the inherent risk of having a large proportion of the stock in one location.</p>		<p>The Group has previously worked with its insurers on a conceptual Business Continuity Plan which came into effect when the warehouse became operational.</p> <p>In addition, there is a full support contract with our automation equipment providers which includes a 24/7 presence from qualified engineers thereby enabling immediate attention to any equipment issues. The Group also pays for enhanced 'hypercare' support over the seasonal peak period from Black Friday in November to after Christmas.</p> <p>The construction of an extension to the facility at Kingsway has now been completed. The works to install additional automation equipment continues with completion scheduled for mid-2019. The completion of this project will enable fulfillment for stores and online to be processed independently in different locations providing greater flexibility and resilience. Whilst it is an extension rather than a separate building, there will be a two hour fire resistance wall between the two operations. The Group's insurers have been involved at every stage of the project.</p> <p>Two other projects are also now underway to further expand our warehousing capabilities and to reduce the pressure on the Kingsway site:</p> <ol style="list-style-type: none"> <li>1. We are part way through a project to fit out a separate dedicated facility for the Group's Outdoor businesses (excl. Tiso which will maintain its facility</li> </ol>	<p>Infrastructure and Resources</p>




Supply Chain Risks (continued)	Change in Risk Exposure 2018/2019 Before Mitigating Activities		Link to Our Strategy
Risk and Impact		Mitigating Activities	
		<p>in Edinburgh). This facility, based in Middlewich, has a footprint of 353,000 sq ft and will become operational, initially for the Go Outdoors business in late Spring 2019 with the Blacks and Millets fascias transferring into this facility in Autumn 2019. The removal of Outdoor product which is often not of a size, shape and weight compatible with automation equipment will, in due course, enable a simplification of operations at Kingsway.</p> <p>2.If the JD business continues to open in Mainland Europe at the current rate then there will be more stores in Mainland Europe than the UK within two years. Consequently, we are approaching a scale where a separate facility in Europe would benefit our fulfilment to stores and customers. We have engaged a third party consultant to look at options for a separate facility using third party logistics providers and we are targeting this facility being operational by the end of 2020.</p>	
Property Risks	Change in Risk Exposure 2018/2019 Before Mitigating Activities	Mitigating Activities	Link to Our Strategy
Risk and Impact			
<p><b>Retail Property Factors</b> The retail landscape has seen significant changes over the past year with a high volume of retail units becoming vacant consequent to a number of retail insolvencies.</p> <p>The Group can be financially exposed where it has committed itself to a long lease in a location which, as a result of external factors, now has high vacancy rates making it less attractive to the customer which can drive further reductions in footfall and potentially lower future sales volumes.</p> <p>Additionally, there could be a further shift of revenue from bricks and mortar stores to ecommerce as consumer preferences change over time.</p>		<p>Wherever possible, the Group will seek a number of protections when agreeing to new property leases:</p> <ul style="list-style-type: none"> <li>• New leases taken out for a maximum period of ten years</li> <li>• Break option no later than halfway through the lease</li> <li>• Capped rent reviews</li> <li>• Rents which flex with turnover in the store</li> </ul> <p>When the Group determines that the current store performance is unsatisfactory then an assessment is made on whether the Group wants to continue trading in that location. If it does then the landlord is approached to see whether we can reach an agreement on a reduction in the rent or a change to a turnover based rent.</p> <p>If it is considered that the best solution is to exit the store completely then the landlord</p>	<p>Store Portfolio</p>

Principal Risks

Property Risks (continued)	Change in Risk Exposure 2018/2019 Before Mitigating Activities	Mitigating Activities	Link to Our Strategy
<p><b>Risk and Impact</b></p>		<p>is approached with a view to a complete surrender of the lease. If this is not possible then the Group would alternatively seek to assign the lease or sublet it to another retailer. The Group is mindful of general economic factors and the already wide availability of retail units consequent to the bankruptcy or other restructuring processes of other retail businesses.</p> <p>Assigning the lease or finding a sub-tenant is not without risk because if the incoming retailer fails then the liability to pay the rent usually reverts to the head lessee. The Group monitors the financial condition of the assignees closely for evidence that the possibility of a store returning is more than remote and makes a provision for the return of stores if this risk looks probable. The Board reviews the list of assigned leases regularly and is comfortable that appropriate provisions have been made where there is a probable risk of the store returning to the Group under privity of contract and, other than as disclosed in Note 21, they are not aware of any other stores where there is a possible risk of these stores returning.</p> <p>The Group continues to invest in store refurbishment, visual merchandising, retail theatre, customer service and digital integration to enhance the consumers' in store retail experience.</p>	

**Technological Risks**

The Group continues to enhance its multichannel proposition and the threat of cyber crime is constantly evolving resulting in an increased risk exposure before mitigating activities.

Risk and Impact	Change in Risk Exposure 2018/2019 Before Mitigating Activities	Mitigating Activities	Link to Our Strategy
<p><b>IT Systems</b> The Group relies on its IT systems and networks and those of the banks and the credit card companies to service its retail customers all year round.</p> <p>The principal enterprise system continues to be ideally suited to the operations of the business but it has historically been reliant on a limited number of key development staff.</p>		<p>The IT team continues to be strengthened. Further, a bespoke training scheme is in place to train already highly skilled IT operatives in the operating system behind the core ERP system.</p> <p>Any long term interruption in the availability of the core enterprise system would have a significant impact on the retail businesses. The Group manages this risk by housing the principal IT servers in a third party location which</p>	<p>Store Portfolio and Multichannel</p>



<b>Technological Risks (continued)</b>			
<b>Risk and Impact</b>	<b>Change in Risk Exposure 2018/2019 Before Mitigating Activities</b>	<b>Mitigating Activities</b>	<b>Link to Our Strategy</b>
		<p>has a mirror back up available should the primary servers or links fail.</p> <p>Outside of the core ERP system, one of our smaller UK subsidiaries (Tiso Group Limited) has successfully implemented the Eurostop ERP system whilst our Chausport business in France is nearing completion of a project to install the Infor ERP system. The core IT team have been involved in these development projects and it is hoped that other Group companies can benefit from the learnings leading to longer term consistency on ERP system developments across the Group.</p>	
<p><b>Cyber Security</b> Cyber crime is becoming more sophisticated and is a risk in all of our markets. A cyber attack or a breach of information security may result in the short term loss of revenue and diverted resources and there is the risk of a longer term negative impact on customer confidence and the Group's reputation.</p>	↑	<p>The Group continues to invest in protecting our sites and customer data from exposure to cyber attacks. There have also been improvements made in how we handle data across the Group with an emphasis on training and awareness for staff and improved policies, procedures and strategies in place to monitor our systems. There has been focus on encryption, network security, access controls, perimeter defence, data protection and a review of information handling by all parties.</p>	Multichannel
<b>Personnel Risks</b>			
<b>Risk and Impact</b>	<b>Change in Risk Exposure 2018/2019 Before Mitigating Activities</b>	<b>Mitigating Activities</b>	<b>Link to Our Strategy</b>
<p><b>Personnel</b> The success of the Group is dependent upon the continued service of its key management personnel and upon its ability to attract, motivate and retain suitably qualified employees.</p>	↔	<p>To help achieve this continued service, the Group has competitive reward packages for all staff.</p> <p>More specifically for the retail businesses, the Group also has a long established and substantial training function which seeks to develop training for all levels of retail employees and thereby increase morale and improve staff retention. This ensures that knowledge of the Group's differentiated product offering is not lost, thereby enhancing customer service.</p> <p>The Board regularly considers the actions required to ensure there is succession planning for all key roles.</p>	Corporate and Social Responsibility



NIKE

PINK SODA  
— SPORT —






### Economic and Financial Risks

As with other retailers and distributors into retail businesses, the demand for the Group's products is influenced by a number of economic factors, notably interest rates, the availability of consumer credit, employment levels and ultimately, disposable income. The Group seeks to manage this risk by offering a highly desirable and competitively priced product range, which is highly differentiated from that of the Group's competitors. As the Group continues to expand in Europe and further afield into new territories, the risk of exposure to fluctuations in foreign exchange rates increases. The economic and financial risks and uncertainties that are specific to the Group and the markets in which its businesses operate are as follows:


Risk and Impact	Change in Risk Exposure 2018/2019 Before Mitigating Activities	Mitigating Activities	Link to Our Strategy
<p><b>Brexit</b> There are a number of indirect and direct risks associated with Brexit that the Group would be exposed to:</p> <p><b>Tariffs and Duties</b> The Group operates with a highly integrated stock management infrastructure for its stores across Europe where the stock requirement for the JD stores outside of the UK is aggregated with that of the UK stores with one consolidated order then sent to the supplier. All stocks are then delivered to the Group's primary Kingsway warehouse with different import processes for third party brands and the Group's owned and licensed brands:</p> <p>Third Party Brands: These orders are largely placed on a landed cost basis with the suppliers dealing with the import process and the accounting for any duty. Some of these goods are delivered direct to the Group from the original factory whilst some are routed through the Brand's own warehouses with these located both in the UK and mainland Europe. The Group also often only receives stocks for launches just before the launch date.</p> <p>Owned and Licensed Brands: These orders are largely placed on a 'Free on Board' basis with the Group then processing the necessary import documentation and accounting for the duties.</p> <p>The majority of the Group's retail stores across Europe are currently supplied with stock by the Group's principal warehouse at Kingsway, Rochdale.</p> <p>If the UK exits the EU without an agreement as to the future trading relationship then, based on the duty rates which the UK Government has published recently, there may be a small saving on duties relating to the import of Owned and Licensed Brands. However, there would be additional duties to pay principally for the export of stock</p>	↑	<p>The Group has selected colleagues from each area of the business who collectively work with external advisors to assess the impact and manage the changes required as a result of Brexit.</p> <p><b>Tariffs and Duties</b> The short term cost impact of increased tariffs has been modelled by the Group and is discussed further in the Viability Statement on page 56.</p> <p>The Group has three principal elements to mitigate any additional costs:</p> <ol style="list-style-type: none"> <li>1. Immediate: Stock deliveries into mainland Europe will be accelerated, utilising space which the Group has secured with a third party warehouse provider to hold 2,500 pallets of additional stock.</li> <li>2. Short Term: The Group is in discussions with its principal international suppliers about the potential direct delivery of some products direct from their warehouses in mainland Europe to the stores on the continent.</li> <li>3. Long Term: The Group always expected that a European warehouse would be required sometime after 2021 with the risks associated with Brexit bringing this decision forward. During 2018 the Group appointed third party advisors to model the optimum location for a warehouse in mainland Europe. These advisors have now reported back and we are ready to move to the next phase of this project. However, we expect that it will take at least 18 months before a new warehouse is available largely because there is a significant dependency relating to a requirement to split the current 'one Europe' consolidated order process into two different consolidations on our core stock management systems i.e. (i) UK and Republic of Ireland and (ii) Mainland Europe. This work is ongoing and we</li> </ol>	Brexit





Economic and Financial Risks (continued)	Change in Risk Exposure 2018/2019 Before Mitigating Activities	Mitigating Activities	Link to Our Strategy
<p><b>Risk and Impact</b></p> <p>into the European Union. In the case of stock of third party brands then these duties would have to be recognised on the full UK landed cost as we do not have the original factory invoice from those third party suppliers and we would not expect to be able to obtain that invoice as it is commercially sensitive.</p> <p><b>Disruption to the Supply Chain</b> Withdrawal from the EU without a free trade agreement may result in additional customs requirements and therefore potential delays to the supply chain.</p> <p><b>Foreign Exchange</b> Brexit increases the Group's exposure to exchange rate volatility which could impact the rate at which the Group can source goods priced or sourced in US Dollars or Euros.</p> <p><b>Regulatory and Compliance</b> Laws and regulations could diverge between the UK and EU leading to increased operational complexity and a greater risk of non-compliance.</p>		<p>are urgently looking to accelerate this process, recognising at all times though that the integrity of our core IT systems is vital to our ongoing performance and so a balanced risk based approach must be adopted on this project.</p> <p><b>Disruption to the Supply Chain</b> In the short term, the Group has been accelerating the intake of goods and increasing the stock holding in each European store where practicable. Other short term solutions have been offered by our third party logistics company to reduce the impact of any potential delays.</p> <p>In the longer term, the Group will be considering the logistics options such as the European warehouse as noted above.</p> <p><b>Foreign Exchange</b> The Group's mitigating activities are discussed further in the Treasury and Financial risks section below.</p> <p><b>Regulatory and Compliance</b> The Group will continue to work with external advisors to ensure that procedures are in place to monitor legal and regulatory changes. The Group will implement appropriate measures to ensure continued compliance with laws and regulations. The Group's mitigating activities are discussed further in the GDPR and Regulatory and Compliance sections below.</p>	
<p><b>Treasury and Financial</b> The Group is exposed to fluctuations in foreign exchange rates.</p> <p>Branded product for the JD fascia throughout Europe is purchased by JD Sports Fashion Plc which is the main UK trading business. This business then sells to the international businesses in their local currencies. Given the current geographical location of the Group's stores this results in an increasingly significant Sterling/Euro exposure in the UK trading business for the Euros which are remitted back for stock purchases.</p> <p>There is also exposure in relation to Sterling/US Dollar consequent to the sourcing of own brand merchandise, where suppliers are located principally</p>		<p>The Group encourages its own brand suppliers to quote in Euros where possible thus creating a natural hedge against the Euros remitted from the international businesses. The surplus Euros are also used to fund the international store developments thus alleviating the need for local third party financing. Any surplus Euros are converted back to sterling with hedging now put in place for approximately 81% of the anticipated surplus for the year to 1 February 2020. This leaves some Euros available should the Group need to move quickly to take advantage of an acquisition or other investment opportunity. It is also our intention to move to Euro pricing on stocks delivered to the proposed new warehouse in mainland Europe creating a natural hedge.</p>	<p>Global Expansion, Market Position and Brexit</p>

Principal Risks

Economic and Financial Risks (continued)	Change in Risk Exposure 2018/2019 Before Mitigating Activities	Mitigating Activities	Link to Our Strategy
<p><b>Risk and Impact</b></p> <p>in the Far East or Indian subcontinent Strengthening of the US Dollar relative to Sterling makes product sourced in this currency more expensive thus reducing profitability.</p>		<p>The Group sets a buying rate for the purchase of own brand goods in US dollars at the start of the buying season (typically six to nine months before the product actually starts to appear in the stores) and then enters into a number of local currency/US dollar contracts, using a variety of instruments, whereby the minimum exchange rate on the purchase of dollars is guaranteed. Hedging has now been put in place for approximately 93% of the anticipated requirement for the year to 1 February 2020.</p>	

Regulatory Risks	Change in Risk Exposure 2018/2019 Before Mitigating Activities	Mitigating Activities	Link to Our Strategy
<p><b>Health and Safety</b> The health and safety of our customers and employees is of the utmost importance. Policies are implemented in conjunction with training programmes to protect our employees and customers. Personal injuries, distress and fatalities could result from a failure to establish and maintain safe environments.</p>		<p>There is a comprehensive induction and training programme for all staff covering Health and Safety issues.</p> <p>The Group Health and Safety Committee meets on a quarterly basis, is chaired by the Group Health and Safety Manager and includes as its attendees the Group Company Secretary and Group Property Director. The Group Health and Safety Manager appraises the Board of material issues and incidents on a periodic basis. Targets are set by the Board to enable measurement of performance.</p> <p>Performance against targets, incidents, and legal claims that arise are reported to the Board.</p> <p>The Group also works closely with its principal insurers who undertake regular risk reviews both in the store portfolio and in the main central warehouse. The Kingsway distribution centre maintained the British Safety Council 'Five Star' accreditation for the second successive year for safety management.</p>	<p>Corporate and Social Responsibility</p>



Regulatory Risks (continued)	Change in Risk Exposure 2018/2019 Before Mitigating Activities	Mitigating Activities	Link to Our Strategy
<p><b>General Data Protection Regulation (GDPR)</b> The introduction of new data protection legislation - namely the General Data Protection Regulation (GDPR) - in May 2018 has significantly increased the extent of the Group's risk exposure in the event of non-compliance.</p> <p>GDPR has introduced substantial fees for non-compliance and given the heightened awareness of the data protection legislation therefore the risk of reputational damage has also increased.</p> <p>GDPR affords enhanced rights to data subjects regarding their access to and control of their personal data.</p> <p>The Group is also obliged to have a comprehensive programme of measures and safeguards in place to protect the security of personal data across the business.</p>		<p>During the year under review, the Group appointed a Group Data Protection Officer (DPO) who has ultimate responsibility for data protection compliance matters across the Group.</p> <p>This role is supported by 'data protection champions' who have been appointed in each key area to ensure that there is a comprehensive understanding and ongoing monitoring of all personal data which is controlled and processed throughout the business.</p> <p>The DPO, along with the Group's Information Security Team, led a 'GDPR readiness project' to ensure that the Group had a programme in place to ensure compliance with the new legislation in all key areas. This included a detailed data mapping exercise along with the implementation of new policies and delivering training throughout the business.</p> <p>There is now an ongoing programme in place which provides for regular audits and training to ensure compliance with the new data protection policies which have been introduced. This audit programme will extend to the Group's supplier base, as appropriate.</p>	<p>Corporate and Social Responsibility</p>
<p><b>Regulatory and Compliance</b> The Group operates in an environment regulated by legislation, codes and standards including, but not limited to, listing rules, trading standards, advertising, product quality, carbon emission reporting, bribery and corruption.</p> <p>The requirement to comply with new regulations during the financial year such as Supplier Payment Reporting has increased the risk exposure of non-compliance. The Group recognises that failure to comply with these may result in financial or reputational damage to the business.</p>		<p>The Group actively monitors adherence to its existing regulatory requirements and has a number of internal policies and standards to ensure compliance where appropriate.</p> <p>The Group provides training where required and operates a confidential whistleblowing hotline for colleagues to raise concerns in confidence.</p> <p>The Group expects all suppliers to comply with its Conditions of Supply which clearly sets out its expectations of its suppliers and includes a Code of Conduct which all suppliers must adhere to.</p>	<p>Corporate and Social Responsibility</p>

### **Assessment of the Group's Prospects**

The Board regularly reviews the current financial position and performance and assesses the future prospects of the Group. As part of this assessment the Board reviews the Group's income and expenditure projections, cash flows and other key financial ratios along with the potential impact of, and challenges presented by, the principal risks outlined on page 45 to 55. The Group's strategy along with the factors likely to affect the development, performance and position of the businesses are detailed throughout the Strategic Report on pages 40 to 83.

### **Viability Reporting**

In accordance with the requirements of the UK Corporate Governance Code, the Board has assessed the viability of the Group for a period of three years to 28 January 2022.

A period of three years has been selected as the Board considered this to be an appropriate period to assess performance and the potential impact of key risks in a fast paced retail environment. The three year period also strikes a balance between the time horizons across the different aspects of the Group, such as short term detailed financial budgets and forecasts, medium term financing considerations and retail space planning.

For the purposes of Viability Reporting, the Board has focussed on the operational risks included in the supply chain section of the principal risks outlined on page 45 to 47. The Board has evaluated the impact of these risks actually occurring based on severe but plausible scenarios. The evaluation included performing sensitivity analysis by flexing the main assumptions in each scenario individually.

Furthermore, the Group has performed additional analysis to assess the potential impact of Brexit. For the purposes of Viability Reporting, the Group has assumed that the UK exits without an agreement as to the future trading relationship and would incur additional duties to pay for the export of stock into the European Union. A decline in consumer demand as a result of the political uncertainty has also been factored into the analysis.

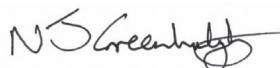
### **Viability Statement**

Based on the results of the analysis detailed above, the Board has confirmed that the Group can maintain profitability in each scenario and would not exceed the funding facility that is available to the Group. The Board therefore has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period of the assessment.

### **Going Concern**

After making enquiries and completing the assessment outlined in the Viability Reporting, the Directors have a reasonable expectation that the Company, and the Group as a whole, has adequate resources to continue in operational existence for the foreseeable future.

For this reason, the financial statements have been prepared on a going concern basis.



**Neil Greenhalgh**  
Chief Financial Officer  
16 April 2019





### **Sports Fashion**

Sports Fashion has had another exceptional year with operating profits (before exceptional items) increasing by 22% to £365.8 million (2018: £300.0 million). This includes a contribution of £26.6 million from the combined Finish Line and JD business in the United States in the 33-week period post acquisition. After recognising exceptional items of £13.7 million (2018: £9.6 million), the operating profit was £352.1 million (2018: £290.4 million).

After a strong second half, the total like for like sales across our global Sports Fashion fascias, including online, grew by 6% with double digit growth in both Europe and Asia Pacific. Given the highly competitive environment with multiple points of distribution, including direct to consumer from the international brands themselves, this is an excellent performance and helps cement our positive view of the potential for further growth for JD in international markets.

We are also pleased with the robustness in the margin in our like for like businesses which increased slightly. The overall margin though fell to 48.0% a result of the dilution from the newly acquired businesses, principally Finish Line and Sport Zone, where we believe there will be opportunities to reduce levels of markdown and raise gross margins in future years. We will continue to respect the premium nature of the product and the retail experience by avoiding what we believe is unnecessary short-term reactive discounting when others, including the international brands themselves, may take a different approach. The margin also benefited from favourable movements in foreign exchange contracts.

Globally, we have opened a net 83 new JD stores with 78 of these stores in international markets reflecting our increasingly global vision.

### **Europe**

We are pleased with the progression of the JD fascia in its European markets with a net increase of 39 stores in the year and we would anticipate opening a similar number of stores in the new financial year. The positive consumer reaction to our proposition has given us the confidence to progress new store opportunities with a larger footprint in key markets.

### **Asia Pacific**

Further afield, we are also pleased with our progression in the Asia Pacific region with 34 stores either opened or converted to JD in the period. This includes ten new stores in Australia with a flagship store on Pitt Street in the centre of Sydney and our first stores in both Brisbane and Perth.

During the period we increased our shareholding in the joint venture in South Korea to 50% and, whilst linguistic differences increase the challenges of operating in this country, we continue to make a number of learnings which will assist our wider future international development. We now have 16 stores trading as JD in the country.

Elsewhere, we have also opened our first stores in both Singapore and Thailand. It is too early to comment on the performance in these newer territories although we are pleased with their positive progress to date.

### **United States**

There were five JD stores trading at the end of the year with conversions of existing Finish Line stores in Chicago,

Indianapolis and Columbus; the conversion and extension of an existing store in Washington D.C.; and a new store in a premium mall in Houston. The conversion of the Finish Line store at the Mall of America in Bloomington, Minnesota, is ongoing with this store due to open shortly.

It is too early to draw any conclusions from this limited trial over a wide geography without the back up of the trading website which will be launched later in the spring. We are encouraged by the performance of the new categories that we have introduced and we will garner further insight into the longer term potential of JD in the United States following the introduction of additional product later in the year which is more representative of the global JD offer. We are excited to move on to the next phase of our development including the establishment of JD in major metropolitan areas.

Away from JD, we continue to make progress in our other Sports Fashion businesses:

### **Premium Branded Fashion (UK)**

We are pleased with the progress made by our principal premium brand Fashion businesses with Mainline Menswear in particular continuing to grow strongly. We believe that these businesses are an important part of our Group, further elevating our overall proposition. We continue to make selective complementary acquisitions in this area where they expand our geographical presence or brand touch.

### **Sprinter, Sport Zone, Sports Unlimited Retail and Chausport (Europe)**

Our overall results in Iberia have, as anticipated, been impacted by a significant initial loss of £18.2 million in the Sport Zone business where we have had to clear excess legacy stocks aggressively. We expect a further small operating loss in the first half of the new financial year as we complete this process. The process to integrate the Sport Zone stores in Portugal and the Canary Islands into the Sprinter infrastructure is ongoing.

Elsewhere, Perry Sport and Aktiesport in Sports Unlimited Retail in the Netherlands have delivered a profit over the full year for the first time with previous actions to reduce the excessive store footprint and sell through the legacy fragmented stocks having positive results.

We are pleased with developments at Chausport in France which has delivered an improved result and has developed a new store format which we believe is capable of delivering further growth.

### **Finish Line (United States)**

Whilst we are committed to establishing JD in the United States, we are equally focussed on working with the local management team on driving improvements in the Finish Line performance. We intend to complement Finish Line's strengths (particularly digital, where online already contributes more than 20% of sales) with JD's strengths on buying and merchandising processes and its ability to create an innovative and exciting retail theatre. A number of initiatives are now under way to improve the visual merchandising standards across the Finish Line portfolio with new fixtures planned for approximately 70 stores ahead of the Back to School period to help drive additional apparel sales.

Sam Sato, the CEO of Finish Line at acquisition, retired at the end of the year. Following a managed transition, a joint



leadership team is now in place comprising the Finish Line CFO and JD's Global Retail Director. Working together, this combination will help ensure that development of the proposition is supported by increased rigour to the financial analysis. We have also seconded a number of key commercial managers from the core business to assist the Finish Line team.

On an unaudited proforma basis over the full 12 month period that ended on 2 February 2019, the US business (including JD) delivered an EBITDA (before exceptional items) of \$125.4 million on net sales of \$1,917.3 million with total like for like sales in the core Finish Line business (excluding Macy's concessions) growing by 7%. This growth was driven by a strong performance online with growth in excess of 20% although it is pleasing that like for like sales in stores were also positive in this 12 month period. The product margin for this 12 month period improved slightly to 42.2% (2018: 41.5%) and, whilst this is encouraging, we are mindful that disciplines on clearing fragmented and dated stock can be improved further.

#### **JD Gyms (UK)**

We are pleased with the continued development of our gyms business which comprised 23 gyms at the end of the period and a membership base in excess of 100,000 members. The ten gyms opened in the period included four gyms where the site was acquired from an existing operator. This is an effective way of adding further scale more rapidly with an established membership but it is an approach we will only adopt if the locations are well-located, appropriately costed and pass our usual rigorous assessment criteria. One further gym has opened subsequently.

#### **Outdoor**

This has been a particularly weather-challenged year for our Outdoor businesses. Whilst the late winter weather was a positive for our Outdoor businesses in the early part of the year, this was then followed by a very hot and dry summer, which negatively impacted demand for jackets and other waterproof apparel. This situation did not improve in the autumn and early winter which were both unseasonably mild.

We are encouraged, therefore, that in this difficult period the total like for like sales, including online, across our combined fascias has remained marginally positive. This reflects the hard work from our teams over a number of years to develop flexible propositions which have increased resilience to adverse weather events. There was some margin sacrifice to achieve this, particularly in the second half of the year, with the overall margin for the year reducing by 1.0% to 42.5% (2018: 43.5%).

Our Outdoor businesses were still significantly cash generative though with a positive EBITDA (before exceptional items) in the period of £10.0 million (2018: £23.0 million). After depreciation and a further charge for the non-trading amortisation of fascia and various brand names, there was an operating loss (before exceptional items) of £4.3 million (2018: profit £8.8 million).

The project to transfer Go Outdoors onto the Group's primary ERP system is ongoing with completion scheduled for later in the first half. Elsewhere, the project to fit out a new 350,000 sq ft dedicated warehouse facility for the Outdoor businesses in Middlewich is also nearing completion with stock already being received at this new

site. Fulfillment for the Go Outdoors stores and website will commence shortly with the stocks for the Blacks and Millets businesses expected to transfer into this facility in the second half of the year. We expect these developments to bring long term financial and operational benefits.



**Peter Cowgill**  
Executive Chairman  
16 April 2019

### Revenue, Gross Margin and Overheads

Total revenue increased by nearly 50% in the year to £4,717.8 million (2018: £3,161.4 million). This includes £1,237.5 million from businesses which were not like for like for the year, principally Finish Line (£956.6 million) for the 33 weeks post acquisition and Sport Zone (£183.9 million), which was a member of the Group for the full year following completion of the acquisition on 31 January 2018. Like for like store sales for the 52 week period across all Group fascias, including those in Europe and Asia Pacific, increased by 1% with the overall like for like growth including online increasing by more than 5%.

Total gross margin in the year of 47.5% was slightly behind the prior year (2018: 48.4%) as a consequence of the lower margins in the acquired Finish Line and Sport Zone businesses.

### Operating Profits and Results

Operating profit (before exceptional items) increased substantially by 17% to £361.5 million (2018: £308.8 million) following a further excellent performance in our Sports Fashion fascias. The result includes a profit of £26.6 million in Finish Line for the part period after acquisition which is offset by an initial loss of £18.2 million from Sport Zone.

There were exceptional items in the year of £15.3 million (2018: £12.9 million) primarily from the non-cash impairment of certain intangible assets.

The exceptional items comprised:

	2019 £m	2018 £m
Non-cash impairment of intangible assets (1)	8.1	11.6
Movement in fair value of put and call options (2)	5.6	1.3
Integration and consolidation of Outdoor fascias (3)	1.6	-
<b>Total exceptional charge</b>	<b>15.3</b>	<b>12.9</b>

1. The impairment in the current period relates to the impairment of the goodwill arising in prior years on the acquisition of Source Lab Limited, JD Sports Fashion South Korea and the goodwill allocated to three Champion stores. The impairment in the previous period related to the impairment of the fascia name arising on the acquisition of Next Athleisure Pty Limited and JD Sports Fashion SDN BHD and the goodwill arising in prior years on the acquisition of Tiso Group Limited.

2. Movement in the fair value of the liabilities in respect of the put and call options.

3. Costs arising from the integration and consolidation of the principal IT systems, warehousing and other infrastructure in Go Outdoors and Blacks.

Group profit before tax in the year ultimately increased by 15.4% to £339.9 million (2018: £294.5 million).

### Working Capital and Cash

During the year, the Group agreed a new syndicated committed £400 million bank facility which has a term of five years expiring on 29 May 2023. The new facility, together with the ongoing strong cash generation in our core retail fascias, has been used to fund the significant

investments that we have made in the period on both acquisitions, principally Finish Line with a consideration of £400.5 million before net cash acquired of £50.9 million, and capital expenditure with the gross spend in the period (excluding disposal costs) increasing slightly to £191.0 million (2018: £186.6 million). Consequent to these significant investments, we maintained a net cash position at the end of the period of £125.2 million (2018: £309.7 million) although the year end represents one of the highest points for cash in the working capital cycle.

The primary focus of our capital expenditure remains our retail fascias with the spend in the year on property fit outs increasing significantly to £106.9 million (2018: £79.7 million). Within this, the spend on the international businesses increased to £59.2 million (2018: £38.6 million). Elsewhere, the programme of works to fit out the 352,000 sq ft extension to our Kingsway warehouse facility is now nearing completion with total spend in the year at the site of £36.1 million (2018: £24.5 million). We would anticipate further costs of around £4 million in the new financial year to complete this project.

Net stocks of £763.8 million have increased substantially relative to the prior year (2018: £478.0 million) principally as a result of stocks in Finish Line of £210.7 million following the acquisition of this business earlier in the year. There has also been increased investment in stocks consistent with the ongoing development of the existing international businesses. We maintain a robust approach to stock management with continuous intense monitoring of very detailed metrics.

### Taxation

We are committed to paying our fair share of tax to build a successful and sustainable business. Our approach to responsible tax management is to pay the correct amount of tax in the right jurisdictions and on time. The tax we pay reflects the underlying commercial transactions across our business and given the focus of our activities in the UK, it is only right that this is where the majority of our tax is paid. The total amount paid in the UK across the various taxes (including local authority business rates) in the year to 2 February 2019 was £202.0 million (2018: £211.4 million). The decrease in 2019 relates to VAT and is a direct result of the increase in zero rated exports to the Group's overseas subsidiaries.

The effective rate of tax on profit from continuing operations has increased from 19.8% to 22.3% due to the level of overseas profits subject to higher rates of corporation tax than the UK and a prior year credit being recognised in 2018. Excluding both exceptional items and prior year adjustments from the tax charge, the effective core rate\* from continuing activities has increased from 19.4% to 21.5%. This core effective rate continues to be above the standard rate due to depreciation of non-current assets which do not qualify for tax relief and the effect of overseas tax rates.

### Earnings per Share

The basic earnings per share has increased by 13% from 23.83p to 26.90p. However, the Directors consider the adjusted earnings per share to be a more appropriate measure of the Group's underlying earnings performance since it excludes the post-tax effect of exceptional items (other than the loss on disposal of non-current assets). The strong trading performance in the year is reflected in



the fact that the adjusted earnings per share has increased by 13% from 25.15p to 28.44p.

#### Dividends

The Board reviews the level of distributable reserves bi-annually, to align with the proposed interim and final dividend payment dates. In determining the level of dividend in any year the Board considers the following factors:

- The availability of cash resources and future cash commitments
- The strategic plan to ensure the retention of sufficient financial facilities and resource to facilitate ongoing developments which will drive success for the Group and increased benefits to shareholders, over the longer term
- The principal risks and uncertainties as identified on pages 45 to 55 which could affect the future results of the Group
- The level of retained distributable reserves of JD Sports Fashion Plc, the Company. The Company has £974.1 million of distributable reserves at 2 February 2019 to support the dividend policy

A final cash dividend of 1.44p per share is proposed, which if approved, would represent an increase of 5.1% on the final dividend from the prior year. Added to the interim dividend of 0.27p per share, this takes the full year dividend to 1.71p, which is an increase of 4.9% on the prior year. We believe that this level of dividend strikes a fair balance for shareholders with appropriate capital retained to facilitate ongoing developments, particularly investment in the international Sports Fashion fascias, which will drive success for the Group, and increased benefits to shareholders, over the longer term.

#### Treasury Facilities

Interest rate hedging has not been put in place on the current facility. The Directors continue to be mindful of the potential for rises in UK base rates as the general economic situation improves but, at present, given the highly seasonal nature of the Group's core cashflows, they do not believe that a long term interest hedge is appropriate. This position continues to be reviewed regularly.

Working capital remains well controlled with suppliers continuing to be paid to agreed terms and settlement discounts taken whenever due.

#### Foreign Exchange Exposures

The Group has two principal foreign exchange exposures:

1. The sourcing of own brand merchandise from either the Far East or Indian subcontinent which usually has to be paid for in US Dollars. A buying rate is set at the start of the buying season (typically six to nine months before product is delivered to stores). At this point, the Group aims to protect the anticipated US Dollar requirement at rates at, or above, the buying rate through appropriate foreign exchange instruments. The Group's forecast requirement for US Dollars in the period to January 2020 is now \$250 million. Cover is in place for \$232.3 million meaning that the Group is currently exposed on exchange rate movements for \$17.7 million of the current year's estimated requirement.

2. The Group is also exposed to the movement in the rate of the Euro from the sale of its UK sourced stocks to its subsidiaries in Europe. However, the Group has an element of a natural hedge on this exposure as the Euros received for that stock are then reinvested back in those European subsidiaries to fund the development of both new stores and refurbishments. The anticipated surplus over and above the planned investment levels in the period to January 2020, pre any potential acquisition activity to be funded in Euros, is €500 million. Hedging contracts are in place to sell €403.2 million meaning that the Group is currently exposed on exchange rate movements for €96.8 million of the current year's estimated surplus.



Neil Greenhalgh  
Chief Financial Officer  
16 April 2019

## Sports Fashion

### JD

The retail property strategy for the core JD fascia is consistent across all of our territories. JD is a world class retail fascia and by continually investing in our multichannel proposition we will ensure that we provide a compelling differentiated proposition to the consumer with an attention grabbing retail theatre.

International expansion of the JD fascia remains a clear strategic focus and we are confident that our increasing international reach and the consistency of our premium proposition across our territories is recognised by the major international landlords and property agents. The major property developments in each area were:

- UK and Republic of Ireland – 28 new stores were opened in the period with 22 stores closed and one store in Leeds converted to Scotts. Ensuring that we remain in positions with the highest footfall and have sufficient space to present our full offer in major markets remains a key strategy. In previous years we enhanced our proposition in key markets such as London, Manchester, Liverpool and Glasgow. These have now been complemented by the opening of new larger stores in the year in Leeds and Jervis Centre, Dublin together with extensions in Birmingham, Leicester and Bluewater
- Europe – JD continues to gain momentum with a net increase of 39 stores with new stores in all of our existing territories together with our first stores in Finland. JD now has a presence in ten countries in mainland Europe with our first store in Austria at Mariahilfer Strasse in Vienna expected to open in summer 2019. The net increase of 39 stores in the year consisted of 38 new stores, two stores transferred from other Group fascias and one closure with the openings including nine stores in Spain, five stores in France, five stores in Italy and our first two stores in Finland. The openings included larger footprint stores in key markets like Nice, Lyon and Utrecht. We would anticipate opening a similar number of stores across Europe in the new financial year
- Asia Pacific – At the period end there were 46 stores trading as JD across the region with 34 stores either opened or converted to JD in the period. This includes ten new stores in Australia including a flagship store on Pitt Street in the centre of Sydney and our first stores in both Brisbane and Perth. Four additional JD stores have opened in Malaysia in the year although we have now disposed of the remaining 12 legacy acquisition stores in the country as they held no long term strategic value for the development of the JD fascia. We now have 16 stores trading as JD in South Korea which includes the conversion of 14 stores previously trading as Hot-T. We have also opened our first stores in both Singapore and Thailand
- United States – There were five JD stores trading at the end of the year including conversions of existing Finish Line stores in Chicago, Indianapolis, Columbus and Washington, which is not like for like on space as the previous Finish Line store has been extended into a neighbouring unit. There is also one new store in a premium mall in Houston

### Size? and Footpatrol

Two Size? stores were opened in the year at York and

Antwerp. We also opened our second Foot Patrol destination sneaker store with the new store on Rue de Temple, Paris complementing the existing store on Berwick Street, London.

### Finish Line

On acquisition, Finish Line had 556 of its own stores and 375 branded concessions within Macy's department stores. Virtually all of Finish Line's own stores were located in malls with a number of these malls having suffered significant reductions in footfall consequent to the bankruptcy of department store anchors. Whilst we believe that we can improve the performance through changes to the proposition and improved commercial disciplines, there remains a significant number of retail locations where, even with these positive influences, we do not believe the stores can deliver a meaningful contribution. We have already exited 23 of the poorest performing own stores and 26 of the poorest performing Macy's concessions and we would anticipate further closures in the new financial year as we continue to right size the retail estate.

### Chausport

Two stores were closed in the year with one store converted to JD. During the year Chausport opened a new style store in Noyelles-Godault with encouraging results and we believe this new style could provide an excellent foundation for future growth.

### Sprinter

There was a net increase of 26 stores in the period with seven new stores and 19 stores transferred from Sport Zone following our acquisition of the business in January 2018. The average retail footprint of the stores opened in the year was 6,200 sq ft which is consistent with the smaller spaced openings in recent years and represents the most effective trading space for the Sprinter core offer. The Sport Zone conversion stores, which were located nationally across Spain, have an average footprint of 10,700 sq ft.

### Sport Zone

- Spain – Sport Zone had 26 stores in Spain on acquisition. Six stores have been closed with 19 stores converted to Sprinter and one converted to JD
- Portugal – Sport Zone had 91 stores in Portugal on acquisition with one store at Braga subsequently closed. We will transfer operational responsibility for the stores in Portugal to the Sprinter management team in 2019 although we expect to keep the Sport Zone banner on the stores in this country as it has significant resonance with the customers
- Canary Islands – Sport Zone had 21 stores in the Canary Islands on acquisition with two stores closed subsequently. As with Portugal, we will transfer operational responsibility for the stores to the Sprinter management team in 2019 although we do intend to convert the banner to Sprinter leveraging from Sprinter's strength in mainland Spain

### Perry Sport and Aktiesport

The necessary surgery to reduce the Perry Sport and Aktiesport estates to a more appropriate size was largely complete last year. However, we will continue to take action on the estate where it is necessary with four stores



closed in the year. We are more encouraged with the prospects for the business though and are committed to making limited investments where they enhance our proposition with the closures offset by three new openings.

#### **Glue and Superglue**

As anticipated, there have been a number of closures in the year as we have looked to reduce the number of loss making stores in the estate. Five stores were closed in the year with a further three stores converted to JD although we did open a replacement store in Penrith which historically has been one of Glue's strongest locations.

#### **Hot-T**

After converting 14 stores to JD in the year, ten stores continue to trade as Hot-T. It remains our longer term intention to convert all these stores to JD.

#### **Fashion Fascias**

Our Premium Fashion businesses further elevate our overall offer. After making a number of selective complementary acquisitions in this area during the year, the principal elements of our proposition are:

- **Scotts and Tessuti** – These businesses were merged operationally and legally in the previous financial year. On a combined basis, Scotts and Tessuti still has 66 stores which is the same as at January 2018. However, there has been considerable activity in the year with 11 openings and 11 closures. Whilst the overall number of stores hasn't changed, the space has increased by over 27,000 sq ft reflecting our focus on delivering larger space stores in premium centres where we can showcase the full range of the premium fashion offer. Whilst the openings were mainly as Tessuti, in both Manchester and Glasgow Fort, we opened new stores under both banners
- **Choice** – Choice was acquired in the year and is a retailer of premium men's, women's and children's apparel and footwear with six stores in the London area
- **Base Childrenswear** – Base was acquired in the year and is a specialist retailer of children's premium apparel and footwear with five stores in the London area

#### **Outdoor**

##### **Blacks, Millets and Ultimate Outdoors**

Our approach continues to be to keep leases flexible with break clauses wherever possible so we can react quickly if market conditions change.

Our policy of flexibility means that the store portfolio, particularly with regards to Blacks and Millets, continues to evolve:

- **Blacks** – One new store opened in the period with two stores also closed
- **Millets** – The Millets store portfolio has seen further change during the year with four new stores opened and five stores closed
- **Ultimate Outdoors** – The Ultimate Outdoors store in Preston was transferred to Go Outdoors in the year

#### **Go Outdoors**

In addition to the conversion at Preston, Go Outdoors opened three new stores during the year at Reading, Chesterfield and Bristol. Whilst the Go Outdoors store portfolio continues to operate under its separate management, the approach to decision making on properties is now consistent with that of other Group fascias including rigorous financial analysis pre-commitment. We have two further stores committed for 2019, at Sunderland and Cambridge.

#### **Tiso**

Tiso have opened a new 8,000 sq ft flagship store in the key market of Aviemore complementing its existing portfolio of Outdoor Experience stores.

For a complete table of store numbers see page 33.



**Peter Cowgill**  
Executive Chairman  
16 April 2019

# In working towards our objectives we aim to act always in a responsible and ethical manner with all our stakeholders including suppliers, employees and of course, our customers.

## **Our People**

Our people are integral to our success and are the heartbeat of our business. They deliver on a daily basis to enable JD Sports Fashion Plc to meet and exceed expectations.

At the end of the financial year there were more than 50,000 people in our business. Our aim is to attract, develop and engage committed and talented people so that they choose to grow with the Group throughout their careers.

## **Attracting Our People**

We are proud of our people whose opportunity for personal growth continues to increase as we develop our business. Our strategy is to continue to recruit the very best talent via all available channels and retain them with challenging and rewarding careers.

## *Careers Website and Applicant Tracking System*

The Group's careers website and applicant tracking system provide us with cutting edge digital tools for recruitment across UK and International Retail, Head Office and the Distribution Centre. These platforms continue to evolve to help us to attract the very best talent in every area of the business.

## *Internships and Placements*

A range of paid internships and placement opportunities are available for both under and post graduates. These opportunities are across our Head Office and Distribution areas and we currently partner with a number of local universities to recruit for these roles. During an internship or placement, we conduct regular reviews to ensure our interns receive a great experience whilst with us.

## *Graduate Schemes*

Our bespoke Graduate Schemes in IT and Multichannel continue to be successful. These schemes are advertised with our partnered universities with a duration of between one to two years. Students working with us on Graduate Schemes gain experience across different business areas, receiving specialised internal and external training in a range of areas with a view to finding their vocation within the business at the end of the scheme. We aim to increase the options for graduates in 2019 to complement the success of the existing programmes.

## **Developing Our People**

The business is eager to empower its employees to be the very best at what they do. Integral to this approach is a Learning and Development structure providing for every part of the business. Identifying talent and investing in our peoples' future will continue to be an area of focus

in 2019. Our expanding global retail network will provide further opportunities for career progression, which is a key element of our continued success.

## *E-learning*

E-learning is an invaluable asset to the Group, ensuring that thousands of employees across the globe have access to the tools required to excel at all levels within the business. There are over 200 e-learning modules available for our employees to improve and refresh their knowledge base.

## *Face-to-face Training*

JD Sports Fashion Plc recognises the value of face-to-face training. Over 7,000 hours of training of this nature has been delivered across the Group in the last calendar year across our Academies, leadership programmes, management courses, junior management development sessions and bespoke workshops. 2018 saw the construction of new additional training facilities at Kingsway, Rochdale and at our new Indianapolis office in the United States.

## *Academies*

It is crucial to our future to ensure that talent is both recognised and nurtured. Our established Retail Academy produced 106 graduates in 2018 (including 21 from our international territories). Our Management Development Programme has also supported 74 individuals employed at our Head Office to obtain the knowledge required to take their careers to the next level. We have also now started to roll out our Academy programme into the United States.

## *Senior Leadership Programme*

In addition to our Academies, the business works with training provider partners to deliver a bespoke nine month leadership programme to develop leadership skills for our current and future leaders. The programme comprises of taught, classroom-based workshops and one-to-one coaching sessions.

## *Future Leaders Programme*

20 talented individuals have been selected and funded by the business to study over a longer period of time. Two pathways of study are available on this programme; a four-year BA Hons in Retail Management or an 18-month ILM Level 5 Diploma in Leadership.

## *Apprenticeships*

The Apprenticeship Levy was introduced in April 2017, providing employer control of apprenticeship training funds. We currently have 70 apprentices across the Group studying towards accredited qualifications on subjects ranging from Data Analysis to Engineering.



These apprenticeships are linked to bespoke personal development plans for individuals within the Group. We intend to significantly grow the number of apprentices and expand our Apprenticeship Programmes in 2019.

#### *Masters Degrees and MBAs*

Within our Multichannel department we currently offer a Masters Degree in Multichannel Retailing via Manchester Metropolitan University. The degree is a course which has been adapted specifically for JD from courses currently offered within the university. This is a two or three year qualification with a dissertation linked to current JD departmental objectives. We currently have 20 team members studying for this qualification. We also offer an Apprenticeship MBA programme, partnering with Bolton University.

#### **Engaging Our People**

The Group champions employee engagement. A key aspect of this is to ensure that our teams feel listened to, involved and supported. We aim to ensure that our colleagues are engaged through a number of approaches and initiatives.

#### *Communication*

It is important that our employees know what is going on in the business and also feel able to provide feedback and contribute to our success.

To ensure that all of our employees have a broad awareness of the Group's activities, our quarterly magazine, People 1st, is sent to all stores, Head Offices and the Distribution Centre. This contains articles regarding new acquisitions, profiles of our departments, stores and territories and coverage of key business campaigns as well as updates on people and their role in the success of the business.

There are also a number of activities across different areas of the business to supplement this publication to ensure that communication flows both ways. These activities include open door sessions, employee forums and working parties, weekly newsletters and updates to our Intranet as well as Yammer and Facebook Workplace business social networks.

#### *Technology*

We are currently implementing Core HR, which is a leading human capital management system, across the UK and Ireland to replace our legacy payroll systems. All people related information is now available on one single, integrated platform, allowing our managers and employees to access real-time information. We intend to roll this out into our European territories in the medium term.

#### **Equality and Diversity**

The Group is committed to promoting policies which are designed to ensure that employees and those who seek to work for the Group are treated equally regardless of gender, marital status, sexual orientation, age, race, religion, ethnic or social origin or disability.

The Group gives full and fair consideration to applications for employment by people who are disabled, to continue whenever possible the development of staff who become disabled and to provide equal opportunities for the career development of disabled employees. It is also Group policy to provide opportunities for the large number of people seeking flexible or part time hours.

A breakdown by gender of the number of employees who were Directors of the Company, Senior Managers and other employees as at 2 February 2019, is set out below:

	Male	Female	Total	% Male	% Female
Plc Board	5	1	6	83%	17%
Senior Managers*	291	116	407	71%	29%
Other employees	25,978	23,971	49,949	52%	48%

The breakdown for the comparative period, as at 3 February 2018, is set out below:

	Male	Female	Total	% Male	% Female
Plc Board	5	1	6	83%	17%
Senior Managers*	195	63	258	76%	24%
Other employees	16,839	15,286	32,125	52%	48%

\*Senior Managers are defined as:

- 1) Persons responsible for planning, directing or controlling the activities of the Company, or a strategically significant part of the Company, other than Company Directors
- 2) Any other Directors of subsidiary undertakings

#### **Health and Safety**

We are fully committed to continuous health and safety improvement across all areas of the Group and understand that it is the way we work and behave that protects our colleagues, customers and other stakeholders.

Occupational Health provision provides health checks and support for employees and also enables the business to promote healthier lifestyles. The Retail Trust is also a key component of our wellbeing strategy, providing a free, confidential support service that aids the emotional and financial wellbeing of our people, their families and direct dependants in times of need.

Our organisational structure defines individual safety responsibilities and duties to ensure that we provide and maintain safe and healthy working conditions, equipment and systems of work for all our colleagues.

We demonstrate this commitment through active leadership, promoting best practice and by setting specific and measurable targets each year. Our performance against these targets is reviewed and reported upon regularly and we will ensure that adequate resource is provided to enable their achievement and ensure the effective management of risk within the Group.

The widely dispersed nature of the Group store base increases the risk of breaches of health and safety standards and regulations and consequently we have increased the resource in this area. If breaches do occur we take appropriate action and use the experience to ensure even greater focus on health and safety improvement for the benefit of the public, our customers and our employees.

During the year:

- We maintained the British Safety Council 'Five Star' accreditation for the second successive year for safety management at our Kingsway Distribution Centre, demonstrating our ongoing commitment to both excellent health and safety standards and continuous improvement





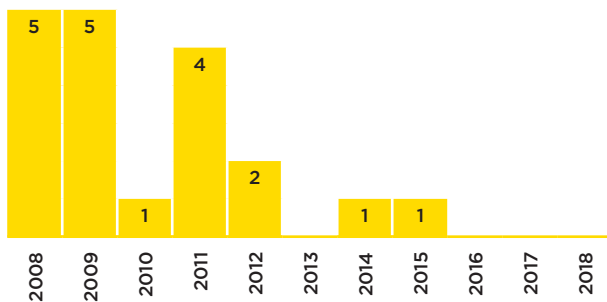




- There have been no Local Authority or Fire Authority enforcement notices served on the Group

The table below shows how the number of enforcement notices served on the company per calendar year has reduced over the ten-year period since 2008 with none served in each of the last three years.

**Number of Enforcement Notice Served 2008-2018**



Our commitment to continuous health and safety improvement is demonstrated by:

- The further development across the Group of our web based, online induction and training programme ensuring every colleague has the competence, understanding and awareness to work safely and at minimum risk
- Health and safety input in all our new and refitted stores from the initial design through to opening. Our health and safety team conducts its own audit programmes to ensure the highest safety standards are maintained during the construction phase of all our shop-fit projects
- Our policies and processes review that aims to ensure best practice in all areas of our business. During the year we have reviewed and revised our Group Health and Safety Policy to reflect organisational and business changes
- Our quarterly Group and monthly Distribution Centre health and safety committee meetings, allowing colleague engagement in health and safety, with everyone having the opportunity to raise safety concerns through their committee representatives
- Bi-annual health and safety meetings held in all other European countries in which we operate
- All UK Group companies with warehousing and distribution activities receive bi-annual internal health and safety audits to support our aim of ensuring compliance with Group health and safety standards across all areas of the business
- Further supporting the retail teams with the appointment of an in-house Health and Safety auditor, who completes regular, scheduled health and safety audits in our UK stores
- The appointment of an International Compliance Officer, who is establishing, managing and reporting upon, the level of statutory compliance across all areas of the Group

Our focus in the coming year will be:

- To maintain the British Safety Council ‘five star’ accreditation for our Kingsway distribution centre
- Continued safety management in all our stores to ensure no Local Authority or Fire Authority enforcement notices are served on the Group

- To further improve the level of compliance with Group standards across the UK, Europe, Asia Pacific region and the United States

- The further implementation of our health and safety information, training and record keeping software across all the European countries in which we operate

**Energy and Environment**

**Summary**

The Group has made a series of stepped changes to further increase its ability to manage the impact its businesses and activities have on the environment, both now, and in the future.

Verification of the Group’s progress on management of our environmental footprint was provided by our score from the Carbon Disclosure Project (CDP) report in January 2019, where the Group improved from a ‘D’ to ‘B’ score, outperforming both the Retail and regional sector average score of ‘B-’. The CDP Score Report allows large organisations to benchmark and compare progress on environmental stewardship against industry peers to continuously improve climate change governance.

Beyond the CDP score achievement, the Group continues its support of and compliance with the UK Government’s Carbon Reduction Commitment legislation via investment in projects to further reduce our environmental footprint. The Group has reviewed and updated its Environmental Policy for 2019, outlining our commitment to:

- Advancing our reputation as a sustainable organisation through participation and completion of an increased number of industry environmental performance benchmarks
- Undertaking measures to improve communication on our matters of current public and media interest (e.g. plastic usage)
- Moving our JD European stores to 100% ‘Green Energy’ usage consistent with our current policy in the UK and Republic of Ireland

**Energy Management – Basic Principles**

The Group’s core business is retail. Throughout our multiple store fascias, we aim to provide customers with an enjoyable retail experience. This involves displaying the latest products from the very best brands in an attractive, well-lit environment capable of sustaining a comfortable ambient temperature for customers and colleagues alike. The Group accepts that all our businesses (regardless of territory) must be responsible with their respective energy usage and associated carbon emissions. Our recent CDP score demonstrates that we are outperforming our industry benchmark in this obligation. Work will continue to sustain and improve this strong performance.

**Energy Management System (EMS)**

During 2018, we have built upon the success of the Group’s long-standing energy reduction achievements and introduced an Environmental Management System (EMS) for our core UK operations.

The EMS captures all key energy usage for buildings and business travel, carbon emissions, water use, waste and recycling, in addition to acting as a register for our audit



data for all energy-related reporting requirements and legislation.

Our development plans for EMS include:

- Improvement in efficiency of energy and raw materials usage, and increasing the number of operationally feasible recyclable waste streams within our core operations
- Delivering quarterly Environmental Performance Reporting for energy use, business travel, water, waste and recycling
- Integrating our Environmental Legislation register, in support of the goal of achieving ISO 5001 accreditation for our EMS and related sustainability performance improvement
- Establishing baseline data to allow the Group to improve our performance on our Scope 3 emissions data, plus the

‘target’ and ‘science-based target’ categories referenced within the CDP and other key sustainability benchmarks

To assist with the development of the EMS, we have introduced a dedicated ‘EMS Team’. The team comprises of key JD operational staff and specialist energy/environmental consultants. We have established environmental data collection and reporting systems and developed environmental key performance indicators for all our UK trading operations.

The EMS team has undertaken energy and carbon site audits at our lower energy/efficient energy stores to ESOS (Energy Saving Opportunity Scheme) compliance standards. Audit data and reviews have identified significant strategic improvements plans to support the Group Energy and Carbon Management Programme.

### Carbon Management Programme

The Group maintains a Carbon Management Programme (‘CMP’) sponsored by our Chief Financial Officer and subject to regular review. The objectives of this programme are:

Objective	Action and Progress
1. Reduce energy usage in non-trading periods	The Group has now invested in Building Management Systems (BMS) in 319 of its highest energy consuming stores in the UK. The project covers all fascias and is delivering average annual energy savings of 12% compared to the usage incurred before installing the BMS. Group stores with BMS are remotely monitored to sustain service to stores and optimise energy efficiency. Remote monitoring supports energy management via proactive alarm monitoring. Over 73% of plant alarms and calls to the service desk are ‘remotely fixed’, decreasing engineer site attendance, which in turn reduces CO2 emissions from engineers’ vehicles. In the period, we have commenced the installation of BMS technology within the Go Outdoors estate. BMS shall continue to be installed within new JD stores as standard, with further retrofits scheduled for 2019.
2. Reduce energy usage through investment in lighting technology	Group investment in LED and energy reduction continues. Our standard retail lighting scheme uses LED lamps with motion sensors in both changing room and non-retail areas, and our Go Outdoors estate (fully retro-fitted with LEDs) now uses the reduced energy lamps as standard. Our documented 2019 spotlight lamp specification gives a 14% reduction in wattage vs the 2018 equivalent.
3. Reduce energy usage through colleague awareness and training	Retail colleagues have a key role to play in the execution of the CMP. All new staff receive online training in energy management as part of our induction programme. Training for our new store managers was re-written in September 2018 to increase focus on waste segregation and recycling plastics and card.
4. Ensure all Group businesses are aware of their impact on energy consumption	A multi-disciplined approach to the CMP is adopted, with considerable focus also given to reducing usage in the Group’s warehouses and offices. Our UK distribution centre has been re-audited in January 2019 as part of our ESOS compliance measures.
5. Ensure that the CMP applies to all businesses in all territories	The CMP represents the Group’s desired standards for all fascias and territories. For Group acquisition stores, we work closely with local management teams to identify gaps and implement group strategies. As an example, our BMS approach and specification has been shared with our Australian businesses, and we will be supporting their energy reduction plans throughout 2019. The Group recognises that energy and environmental reporting is less regulated within the United States. We have shared our CMP with our US colleagues, and have commenced the process of analysing US data via our accredited energy consultancy suppliers.
6. Purchase ‘Green’ (renewable) energy wherever possible	100% of the Group’s UK and Irish electricity is ‘Green’ energy from natural, renewable sources. Within our European operations, the Netherlands, Italy, Belgium, Sweden and Denmark are also 100% users of Green energy. Acquisition businesses are migrated to the Group’s sustainable supply contracts (legacy contractual obligations and in-country Green energy availability permitting) as soon as practical.





A large circular graphic on a teal background featuring a white and purple sneaker. Below the sneaker, the text "IAM JD" is displayed in white on a black circular background.

A large advertisement featuring four models in athletic wear. The models are a man in a red shirt, a woman in a blue tank top and black leggings, a man in a black shirt, and a woman in a pink top and black shorts. The text "PRO" is visible on the woman's shorts.

A large advertisement featuring three models in athletic wear. The models are a man in a white shirt, a woman in a blue shirt, and a man in a black shirt.

A large circular graphic on a teal background featuring a white and purple sneaker. Below the sneaker, the text "IAM JD" is displayed in white on a black circular background.

A large advertisement featuring a man in a red shirt and a woman in a blue shirt.

A large advertisement featuring a man in a red shirt and a woman in a blue shirt.

NOW

7

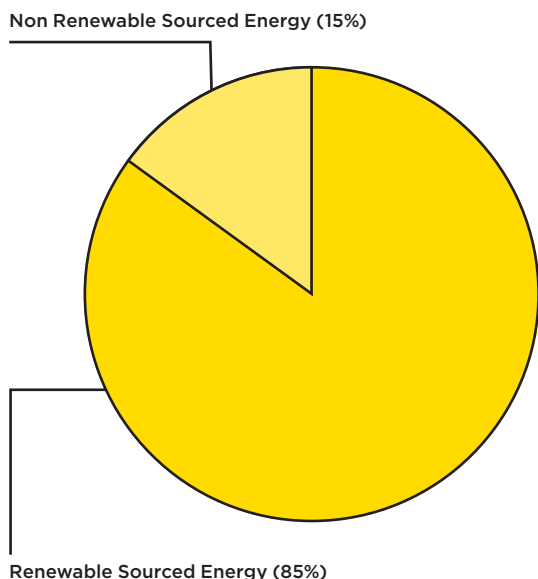








**Percentage of Worldwide Operation Supplied by Green (Renewable) Sourced Energy**



The percentage is calculated based on the revenue of the businesses supplied by renewable sourced energy as a % of the total revenue of the Group.

**Greenhouse Gas Emissions Data**

The Group uses and reports on KPIs for energy usage. During the last year, the Group has engaged the services of a leading third party audit and certification body to audit and verify our Greenhouse Gas (GHG) submissions (in accordance with ISO 14064-3 standards).

Accordingly, the Group can report the figures below, calculated based on GHG Protocol Corporate Standard using emissions factors from UK government conversion factor guidance. The emissions reported correspond with our financial year and reflect emissions from the leased and controlled assets for which the Group is responsible. Emissions are predominantly from electricity use for our UK operations, a significant element of which act as supporting infrastructure for our international businesses.

Emissions Source:	2018/2019 Tonnes CO2 Equivalent	2017/2018 Tonnes CO2 Equivalent
Scope 1 (Gas, Transport, Heating Oil)	4,253	4,237
Scope 2 (Electricity)	41,766	41,579

(i) Reporting boundaries (aggregated facilities under operational control) include UK, Australia, Belgium, France, Germany, Italy, the Netherlands, Malaysia, Portugal, Spain and Sweden. Our US operations' reporting is in progress and will be included once we have verified baseline data.

(ii) Figures above are from the Group's 2018 Carbon Disclosure Programme (CDP) data submission in 2018, the results of which were published on January 22, 2019.

Whilst not a mandatory disclosure, the Group remains committed to presenting data appertaining to energy

usage and carbon footprint. After improving our reporting mechanisms, the Group is now able to provide its full, actual UK and International energy usage and carbon footprint.

	2019 (UK & ROI)	2019 (Int)	2019 (Total)
Energy Usage - Electricity (MWh)	85,149	52,600	137,749
Energy Usage - Natural Gas (MWh)*	14,737	77	14,814
Total Energy Use (MWh)	99,886	52,677	152,563
Carbon Footprint (Tonnes CO2)	26,814	31,695	58,509

The carbon footprint for the core UK and Ireland stores which can be described as like for like was 16,106 tonnes (2018: 20,576 tonnes). In circumstances where data is not available, for example when businesses which have been recently acquired or where contribution is not material at this time, a transparent, documented method of estimation has been applied based on the revenue of each business.

\*The increase in natural gas usage relates to the inclusion of Go Outdoors and the growth and expansion of JD Gyms (2018: 1,411 (MWh)).

**Objectives for 2019/2020**

The Group is committed to continuing investing in the necessary resources to help achieve further carbon emission reduction, with the following projects planned for the year to January 2020:

- Completion of a material specification and commercial packaging review for our core UK distribution sites
- Delivery of quarterly Environmental Reporting updates for core operations, increasing visibility from the present annual submissions made by all Group businesses
- Completion of Scope 3 Emissions data within our 2019 CDP and GHG summaries, and implementation of our first set of science-based targets for key environmental performance metrics
- Increase our number of Building Management Systems (BMS) to over 350 by the end of the financial year, and commence the use of BMS within suitable Asia Pacific region stores
- Deliver our programme to ensure compliance with our obligations under the Energy Savings Opportunity Scheme ('ESOS') ahead of the December 2019 deadline
- Establish a revised retrofit LED lighting project that will enable more stores to receive retrofits, further supporting our ESOS obligations

**Interaction with Pentland Group Plc**

Under the current rules of the statutory Carbon Reduction Commitment Energy Efficiency scheme ('CRC'), the Group's submission to the UK Environment Agency is aggregated with that of Pentland Group Plc which is the Group's ultimate holding company (see Note C22). The Group continues to work closely with Pentland Group Plc to ensure consistent, high quality reporting in relation to the emissions trading scheme introduced in April 2010, as part of the CRC.

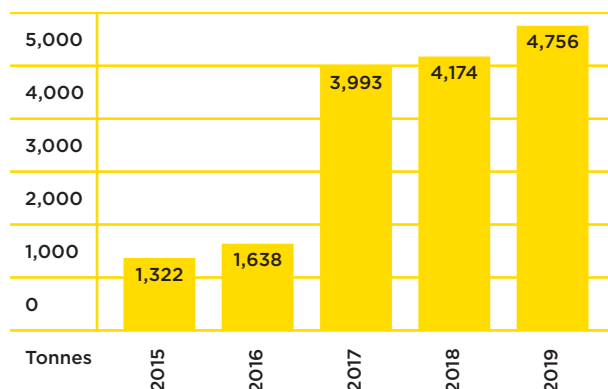


## Recycling

Wherever possible, plastic or cardboard (our major packaging constituent), is removed at the earliest source of our core supply chain (our Kingsway DC). Any plastic or cardboard recyclate from stores is returned to our DC for baling, before being collected by our recycling provider for reprocessing. During the year, the amount of cardboard recycled increased to 4,756 tonnes (2018: 4,174 tonnes). In January 2019 we identified further opportunities to reduce the volume of DC waste classified as 'general waste' by over 30%.

The Group continues to expand its use of the Dry Mixed Recycling ('DMR') schemes to all its stores and businesses in the UK, Ireland, the Netherlands and Belgium to maximise waste diversion from landfill. The scheme will be rolled out to our remaining territories and acquired businesses in due course, subject to sufficient DMR infrastructure existing within the respective countries. In the period to 2 February 2019 we recycled 98% (2018: 98%) of our DMR waste, with the remainder being used as an energy-from-waste (EfW) material.

### Tonnes of Recycled Cardboard at Kingsway DC



### Plastic and Paper – Customer Bags

The Group acknowledges the large increase in public and media focus on the use of plastics and supports the ongoing debate and encouragement for an overall reduction in plastic usage across all industry sectors.

With regards to the use of plastic bags for customers, the Group believes that encouraging the re-use of bags is the most effective way to reduce overall plastic usage. Our JD fascia is known for its high quality, durable drawstring duffle bags, the re-use of which is visually evident from the high street to the high school.

In 2013 the European Commission adopted a proposal targeting member states to reduce their consumption of plastic bags with a thickness below 50 microns. In the period, the Group's core retail businesses did not use any plastic bags below 50 microns. The plastic bags produced by the Group are within and above the DEFRA 50-70 micron 'bag for life' criterion. We continue to remain fully compliant with the carrier bag charge schemes across the United Kingdom, with 100% of the proceeds from the carrier bag charges (net of VAT) passed to the JD Foundation for annual distribution as follows:

- England – £0.4 million received in the period to 2 February 2019. For the period up to 1 October 2018,

50% of the funds were passed to Mountain Rescue in England and Wales with the remaining 50% donated to other charitable causes in accordance with the objects of the JD Foundation. From 1 October 2018, 25% of the funds were passed to Mountain Rescue in England and Wales with the remaining 75% donated to other charitable causes in accordance with the objects of the JD Foundation

- Wales – £0.02 million received in the period to 2 February 2019. For the period up to 1 October 2018, 50% of the funds were passed to Mountain Rescue in England and Wales with the remaining 50% donated to other charitable causes in accordance with the objects of the JD Foundation. From 1 October 2018, 25% of the funds were passed to Mountain Rescue in England and Wales with the remaining 75% donated to other charitable causes in accordance with the objects of the JD Foundation
- Scotland – £0.1 million received in the period to 2 February 2019. For the period up to 1 October 2018, 50% of these funds were passed to Scottish Mountain Rescue with the remaining 50% donated to other charitable causes in accordance with the objects of the JD Foundation. From 1 October 2018, 25% of the funds were passed to Scottish Mountain Rescue with the remaining 75% donated to other charitable causes in accordance with the objects of the JD Foundation

Further information about the JD Foundation and its activities can be found on pages 78 to 83.

### Plastic and Paper – Reduction Initiatives

Whilst our re-use approach is effective, the Group still seeks to minimise the associated environmental impact by ensuring that the duffle bags are made from 33% recycled material. In the period ahead, we will be testing duffle bags with up to 50% recycled material, in addition to taking measures to provide customers with more support on reducing plastic usage via re-using and recycling.

In line with territory legislation, the Group uses paper-based bags rather than plastic bags in its stores in the Republic of Ireland, Belgium, Germany, selected Spanish regions and Malaysia although the Group is mindful of paper's higher level of pre-manufacture carbon emissions versus plastic.

Our Blacks and Millets fascias have also now ceased production of plastic customer bags and have changed to an attractive paper design that we believe will encourage further re-use, in keeping with our key plastic and paper objective. This principle has been further supported by the removal of 'single-use' style, lower grade sale bags from our core retail fascias.

### Microplastics – Customer Bags

In accordance with the prevailing market research at the time, the Group, in line with a number of other retailers adopted the use of additives to try and catalyse the degradation process of our higher-volume low-density polyethylene (LDPE) customer bags. We now understand that there is little direct evidence of even medium-long-term degradation within samples of its additive-containing customer bag products. Indeed, both DEFRA (Department for Environment, Food and Rural Affairs) in their 'Review of standards for biodegradable plastic carrier bags' and

UNEP (United Nations Environment Programme) in their 'Review of standards for biodegradable plastic carrier bags' have concluded that there is a lack of evidence for the biodegradability of carrier bags in an unmanaged environment. Further, describing a bag as degradable removes the responsibility from the individuals who see it as a technical fix to an environmental issue.

Consequently, we have adjusted the position of the Group for the period ahead so that we shall remove degradable additives from the small range of our customer plastic bags that use them and emphasise to our consumers the importance and value of multiple re-use.

Encouraging the re-use of items such as bags reduces the overall demand for raw materials, and thus is the most influential way to reduce overall resource usage, whether plastic or paper.

#### **Ethical Sourcing**

The JD Sports Plc Code of Conduct is contained in our private label Supplier Terms and Conditions and the minimum standards are defined below. The Group will only work with those suppliers who are committed to working to our standard which follows those set out by the International Labour Organisation.

#### **JD Code of Conduct: Minimum Standards**

- Employment is freely chosen - there must be no forced labour, bonded or involuntary
- Freedom of Association and the right to collective bargaining must be respected
- Working conditions are safe and hygienic
- Child labour will not be used
- Living wages are paid in line with local laws and for a standard working week, overtime must be paid at premium rate
- Working hours must not be excessive and must be voluntary
- No discrimination
- Regular employment is provided
- No harsh or inhumane treatment is tolerated

The health and safety of workers is paramount in all areas of our business, direct or otherwise.

The Group continues to review its policies on ethical sourcing on a regular basis. We continuously assess factory ethical and quality management and work with our suppliers to improve conditions in our factories.

#### **Modern Slavery - Launch of Welfare Assessments**

The Group has been working with a third party auditor, QIMA, to widen the scope of our ethical audit to include modern slavery indicators.

These welfare assessments will be separate from the ethical audits and will focus solely on workers and their rights.

The areas of focus will be:

- Recruitment practices

- Payment of salaries/bank accounts/overtime/social insurances
- Living conditions
- Contracts of employment

The Welfare Assessments will identify risks and non-compliances, implement practical actions and offer further support and engagement on improvement.

We plan to extend the assessment over the next 12 months to all origins with an initial focus in China beginning in March 2019 incorporating ten suppliers in different regions. The analysis of this initial catchment will allow us to review and develop the assessment further. In due course, we will look to take this assessment exercise to our supplier base in India and Turkey which may potentially identify additional or different issues and practices.

#### **Supply Chain**

During the year we have completed the full mapping of our supply chain to our 4th Tier private label manufacturing base.

- 1st Tier = CMT Site (Factory)
- 2nd Tier = Mill
- 3rd Tier = Dye House
- 4th Tier = Print House

The Group will be publishing its supply base on a live transparency map on our corporate website identifying our manufacturing base across the globe from 1st to 4th Tier. This is expected to be finalised and published in 2019.

Transparency of supply base:

- 158 Agents (2018: 147 Agents)
- 355 Factories (2018: 293 factories)
- 20 Sourcing Countries (2018: 17 Sourcing Countries)

This strategy requires continual engagement with our partners as the manufacturing chains beyond first tier will often change due to demand and capacity. As a supplier of fully factored garments, our partnership does not extend to mills and dye houses historically and we recognise the need to develop these relationships further.

Establishing transparency in the supply chain has a dual function and has enabled us to identify and develop a risk based assessment of products and chemicals used, further expanding our REACH (the Registration, Evaluation and Authorisation of Chemicals) testing programme and assessing certifications further in the supply chain. REACH is a regulation of the European Union, adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals used in the manufacture of our textile products.

#### **REACH Compliance**

During 2018 the Group moved into the next stage of our REACH programme. This involved developing a risk based matrix of our global private label manufacturing base.

We assessed the risk of restricted chemicals using the criteria below:

- Risk of specific product and components across brands
- Sourcing of small volume orders



- Assessment of available certification and accreditations in the 1st and 2nd Tiers

We engaged with Intertek Testing Services (ITS) and appointed them as our nominated testing house, publishing the Group ‘Substances of Very High Concern’ (SVHC) list and testing standards matrix on their web platform. It is mandatory for all of the Group’s suppliers to sign up to our platform on ITS and therefore accept our terms and conditions before they are approved into the supply chain.

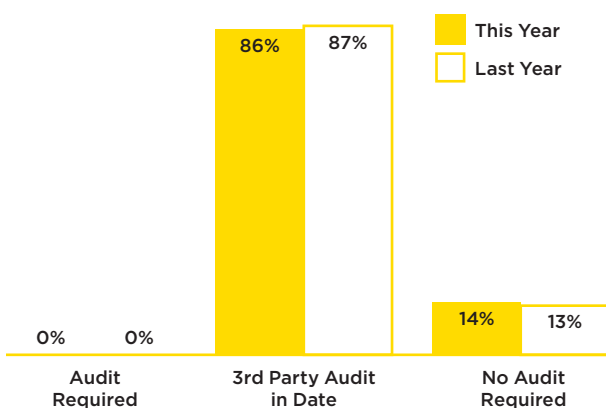
From the harvested data the JD technical team identified and visited selected mills and dye houses to evaluate their ZDHC compliance (Zero Discharge of Hazardous Chemicals), their capabilities, processes and adherence to international regulations which includes REACH.

The findings from the visits were fed into the risk matrix allowing us to determine the next step ‘due diligence testing’. The highest risk products were then tested and the results showed 100% compliance. We then expanded our due diligence testing across the supply base which also resulted in 100% compliance.

**Audit Status 2019 vs. 2018**

86% of the factories used by the JD Group are audited by third party accredited audit companies, as shown in the graph below. The 86% represents 100% of the factories where an audit is required. The remaining 14% of factories did not require an audit due to the low level of spend or where 2018/2019 was the first year that the Group has worked with these factories.

**Audit Status Last Year vs This Year**

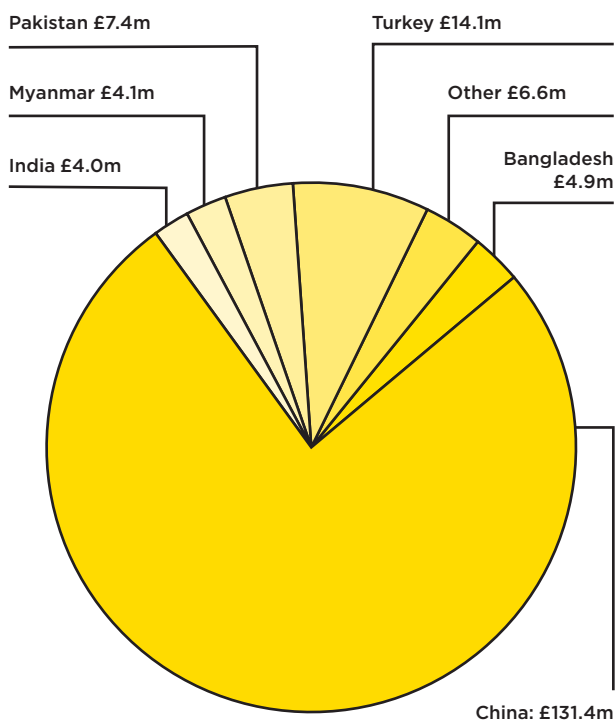


**Sourcing of Product**

The percentage of suppliers audited has been maintained at prior year levels. Given that our manufacturing base has increased by 21% due to the commercial needs of the growing business then this indicates a greater coverage of third party ethical audits year on year.

Our main sourcing regions are in Asia, India, Turkey and Pakistan. The chart opposite illustrates the sourcing value in sterling by country for all entities which source private label products.

**FY 2018/2019**



Subcontracting is expressly forbidden without authorisation and verification. The Group regularly visits the factories that we work with to check production and standards. This is critical to promote the importance of longer term relationships; we believe this is the key to the protection of workers’ rights and working with the factories to achieve higher standards for workers.

We consider the protection of those workers in our supply chain paramount and we will continue to have zero tolerance for critical issues identified either by JD personnel or third party auditors relating to a safe working environment, timely payment of correct wages and minimum standards in line with local laws. Critical issues are defined as those non-compliances that impact workers potentially causing hardship or harm.

It is the aim of the Group to ensure that all entities within the Group should comply with our policies. We will continue to work towards ensuring that all subsidiaries embed our policies into their businesses, including those which have been recently acquired.

**Sustainability**

In June 2018 the Group embarked on a sustainability project within the sourcing and development team which involved collating recycled fabrics from our sourcing regions. We are now in the process of testing and analysing the suitability of these findings for inclusion in our product brand mix.

Several colleagues from both our Sports Fashion and Outdoor divisions have attended seminars held by Drapers, Fashion SVP, Pure Origin and ITS to expand their knowledge on this issue.

The project has identified the collaborations and organisations leading the way forward in sustainability

and the Group will be looking into these opportunities in further detail during 2019. The team will present findings and evaluations to the wider business to identify best fit and opportunity across all brands and fascias.

Blacks Outdoor Retail Limited, a subsidiary of JD Sports Fashion Plc, has been working to reduce the environmental impact within its private labels with the following key areas of focus:

- Consideration is being given to incorporate eco synthetic insulation into a number of jackets. We have taken steps to reduce the amount of plastic packaging at source, starting with our Eurohike lighting which will take effect in Spring/Summer 2019
- A key objective for the Outdoor own brand clothing is to move towards PFC free clothing by 2022. PFC is a persistent pollutant that does not break down when it is released into the environment
- Blacks Outdoor Retail Limited has moved to C6 from C8 - this is a durable water repellent coating across waterproof outerwear. This has reduced the chemical chain thus improving the environmental impact at manufacture

In January 2019 the Group rolled out the use of Micro-Pak's Dri-Clay to the private label supply base, eliminating the use of silica gel from the supply chain. Silica gel is a synthetic material making it non-biodegradable and is manufactured using chemicals where conformance in the supply chain can be difficult to manage.

Dri-Clay meets vigorous regulations such as; REACH, DMF free, RoHS and is EcoTain® certified, 100% natural/non-toxic and regularly disposable. Dri-Clay sachets are made with naturally occurring calcium-rich bentonite clay in which no chemicals are used in its processing and low resource consumption. Producing this natural mineral reduces the environmental impacts when compared to silica gel due to its simpler production as demonstrated in the table below (source Micro-Pak 2018):

Dri-Clay	Silica Gel
<b>Environmental impact</b>	
Natural and low energy	Synthetic
Zero chemicals	Energy intrusive
Minimal water use	Significant waste water
Easy to dispose of	Difficult to dispose
<b>Regulatory compliance</b>	
Chemical free	Can contain cobalt chloride (a carcinogen)
DMF free	Often contains DMF
REACH compliant	Chinese government banning production

Selected risk based factories will undertake a free Micro-Pak mould assessment audit, aiding the factory towards a lower risk of mould occurring. The use of Dri-Clay will come into force on all new 2019 orders.

**Summary**

The Group recognises the importance of protecting our environment and is committed to carrying out our activities

with due consideration for their environmental impact, particularly with regard to ensuring efficient use of energy and other resources and materials, minimising waste by recycling wherever possible and ensuring compliance with relevant legislation and best codes of practice.



**Neil Greenhalgh**  
**Chief Financial Officer**  
 16 April 2019





The mission of the JD Foundation is to support charities working with disadvantaged young people in the UK. The JD Foundation ('the Foundation') supported 13 principal charities in 2018 with a focus on physical health, mental health and homelessness. The Foundation was founded by JD Sports Fashion Plc in October 2015. In the period from October 2015 to January 2019, the JD Foundation has raised £2.5m with 92% of funds received donated to charity.

The Foundation is committed to distributing 100% of all monies raised less direct expenses with any residual amounts over amounts committed to the principal partners retained for emergency funding.

#### **Environmental Charities**

In addition to supporting youth charities, the JD Foundation is also delighted to be continuing with its support of Mountain Rescue England & Wales and Scottish Mountain Rescue. For the first three years of this partnership the Foundation donated 50% from proceeds from the sale of carrier bags in England, Wales and Scotland.

The Foundation will be continuing this support for a further three years, donating 25% of the proceeds from the sale of our carrier bags in England, Wales and Scotland. The remaining 75% of the proceeds will be used to support the wider activity of the Foundation and its chosen charities.

#### **Our Chosen Charities For 2018**

The Foundation's selection of charities outlines its commitment to helping the youth communities within the UK.

The Foundation recognises the importance of building a sustainable charity and our aim is to encourage networking across our charity partners so that they may engage and support each other. This will ensure sustainability of their individual operations for their long term mutual success.

For example, during the year, we have actively encouraged the collaboration that exists between two of our charities; Papyrus (Prevention of Young Suicide) and Kidscape (Anti-Bullying).

#### **Bolton Wanderers Community Trust - Soccer School**

The Foundation made a one off donation to the Bolton Wanderers Soccer School, part of the Community Trust, in 2018. The Soccer School runs football programmes throughout the year for children, including a Friday Night Soccer School, Summer Soccer Camp and Goalkeeper Clinics. The Foundation recognised the support that this organisation provides to their community and has committed its support for 2019.





Developing Partnerships – Growing A Stainable Charity





### **Social Media: Going Live and Where to Find Us**

The Foundation went live across various social media channels in September 2018 including Twitter, Facebook and Instagram.

Using social media, the Foundation kicked off its 'Countdown to Christmas' campaign by spending a week in the life of each of our charity partners. The campaign was a huge success and will become part of the strategy when introducing new charity partners as this gives the Foundation and its new charity partner an opportunity to understand each other and establish needs and goals.

-  **The JD Foundation**
-  **@JDFoundationUK**
-  **The JD Foundation**

### **Buddies of the Birches**

In 2018 the Foundation supported Buddies of the Birches who are a registered charity aiming to bring parents, carers, children and staff connected with The Birches Specialist Support Primary School together for fundraising and social events. Cuts in education budgets mean that activities outside the school curriculum are often out of reach. The Foundation recognised the importance of the annual residential event to the pupils and their carers, and our donation will ensure that their residential holiday is secured. In 2018, the Birches school were able to take 22 children away to the Calvert Trust for five days.

The Foundation has also committed its support to the charity and their yearly residential trips for 2019 and 2020. These trips create life changing milestones in the children's young lives.

### **Nightstop Project**

The Foundation support Depaul and their Nightstop service - with the rise of homelessness in the UK, it is vital to put preventative steps in place for young people in crisis. Nightstop is a 'same-night' emergency accommodation model finding a safe place for young people in crisis. Young people stay with hosts in the local communities who are fully trained and safety-checked prior to becoming a Nightstop volunteer.

Each year around 11,000 nights of safe accommodation are provided for those who urgently need it. The ethos of the project is that the community is the answer to youth homelessness. By working within communities, Nightstop aim to ensure that no young person sleeps in an unsafe environment at any time.

Depaul accredits, promotes and supports a network of 37 Nightstop services across the country. They directly run four of the Nightstop services in London, Greater Manchester, South Yorkshire and Cumbria/North East.

While Nightstop is reliant on the dedication of volunteer hosts and the generosity of financial supporters, the cost associated with a bed for a night is £15.

Volunteers range from those individuals who open up their homes to provide a safe bed overnight; reliable, safe transport to the host's home and Chaperones supporting young people through what can be a daunting experience visiting someone's house for the first time.

Nightstop is a safe, proven and effective model that directly prevents homelessness and the dangers of rough sleeping. A single night with a welcoming community volunteer can make all the difference.

### **Charity Brochure**

We launched our first charity brochure in October 2018. The brochure features more detailed information about each of our chosen charity partners for 2018/2019 and can be found on our JD corporate website via our investor relations page.

### **The Aaron James Dixon Memorial Fund and Screening Day**

With donations from the JD Foundation, Cardiac Risk in the Young (CRY) has been able to hold ten screening days during 2018, which is double the amount from the previous year.

A Screening Day costs £5,000 and 100 young adults aged between 14 and 35 are screened for undetected heart defects.

During the ten screening days in 2018, 1,009 young people were screened and 29 were referred for full cardiac evaluation.

In the summer of 2016, Charlotte Carney, aged 21, attended a screening funded by the JD Foundation. As a direct consequence of this screening she was referred to a full evaluation, where it was discovered she had a very rare heart defect. She then went on to have a heart transplant in February 2018 after having further evaluations.

### **English Institute of Sport**

The Foundation was proud to learn that the funding we provided will be used to fund a 12-month heart screening programme for elite athletes at key sites across the UK in partnership with the English Institution of Sport. Five of these screening days were held during 2018.

### **Salford Foundation Inspired to Aspire Mentoring Programme**

Since 2017 the Inspired to Aspire mentoring programme has encouraged young people in education to develop their knowledge and understanding of the world of work.

The programme has been able to continue into 2018, reaching more schools in the local areas of Bury and Rochdale.

Since the start of the program, 22 JD employees have become mentors for the Inspired to Aspire Mentoring Programme. These mentors have all enjoyed giving back to their local community by helping Year 8 and Year 9 students learn about the world of work and the necessary employability skills to have a successful career.

Mentors who completed the programme were invited to a celebratory event at the Bury Head Office with Executive Director of the Salford Foundation, Peter Collins CBE.



#### Smiling Families

As part of our commitment, JD Head Office staff took part in the Christmas Gift Appeal with charity partner Smiling Families. The Foundation was able to donate a large quantity of toys and presents to the charity in Solihull who would then dress up as Santa and his Elves and deliver the gifts to families who have been affected by terminal illnesses.

The charity also arranged a number of 'Lads and Dads' days for the carers who went Airsofting and paintballing for the day. They also held events such as a teddy adoption day, tag archery competitions and arranged days out and respite for those able to travel.

#### Charity Events

The Foundation was proud to attend and show its support at four charity fundraising balls, hosted by the Retail Trust, Once Upon a Smile, Manchester Youth Zone and C.R.Y.

#### Manchester Youth Zone - JD Takeovers

In October 2018, the JD Foundation launched its first 'JD Takeover' at the Manchester Youth Zone. The takeovers run one Saturday evening per month in a bid to engage the senior ages (13-19, or up to 25 with additional needs) to participate and spend time at the youth centre. Each month we rely on JD employees coming forward to volunteer their time to host a session of their choice that will inspire the young people in the centre.

The first session saw JD employees hosting Basketball and Fashion Careers sessions and was a huge success. Other sessions included Zumba, Baking, Crafting and a Behind the Scenes photoshoot.





### Outdoor Event

We held our first outdoor charity event in March 2018 in Partnership with Mountain Rescue England & Wales at the Holcombe Moor Training Camp near Bury. Mountain Rescue England & Wales hosted the Outdoor event on behalf of the Foundation which saw seven of our chosen charities attend across the weekend.

The objective of this event was not to raise money but rather to bring charities together to encourage and create partnerships outside of the Foundation. We recognise the importance of building a sustainable charity and, most importantly, hosting a fun day out for young people that our charities support in a variety of different ways.

The weekend was attended by over 40 Mountain Rescue Volunteers, their search and rescue dogs, and was also supported by the Group Executive Chairman, a number of colleagues from different businesses in the Group, and the Foundation Trustees. All enjoyed the experience of an outdoor event, in weather conditions that, at times, were very challenging.





# Governance







ONLY AT







**Peter Cowgill**  
Executive Chairman  
and Chairman of the Nomination Committee

Aged 66

Peter was appointed Executive Chairman in March 2004. He was previously Finance Director of the Group until his resignation in June 2001. Peter Cowgill is the Non-Executive Chairman of United Carpets Group Plc, Quiz Plc and Roxor Group Limited.



**Neil Greenhalgh**  
Chief Financial Officer

Aged 47

Neil joined the Group in June 2004 and was appointed Chief Financial Officer in November 2018 having been promoted from his previous role as Group Finance Director. Neil previously held a number of senior positions within the Woolworths Group and qualified as a chartered accountant with KPMG in 1996.



**Martin Davies**  
Non-Executive Director, Senior Independent Director,  
Chairman of the Audit Committee and Member  
of the Nomination and Remuneration Committees

Aged 59

Martin was appointed to the Board in October 2012. Martin also holds the position of Chairman of Sentric Music Limited. He was previously Group Chief Executive of Holidaybreak Plc from 2010 until its sale to Cox and Kings Limited in 2011. He joined the Board of Holidaybreak Plc in 2007 when it acquired PGL where he had been Chief Executive. He left Holidaybreak Plc in 2012. Previously, he has had roles at Allied Breweries, Kingfisher and Woolworths.





**Andrew Leslie**  
Non-Executive Director,  
Chairman of the Remuneration Committee  
and Member of the Audit and Nomination Committees

Aged 72

Andrew was appointed to the Board in May 2010. He has over 40 years of experience in the retail, footwear and apparel sectors. He was an Executive Board Director of Pentland Brands Plc, from which he retired in 2008. Andrew also held a number of senior positions with British Shoe Corporation, The Burton Group Plc and Timpson Shoes Limited.



**Heather Jackson**  
Non-Executive Director, Member of the Audit,  
Nomination and Remuneration Committees

Aged 53

Heather was appointed to the Board in May 2015. Heather has extensive experience in IT and change management. Heather is currently Managing Director at Actinista 2016 Limited and a Non-Executive Director of Ikano Bank AB, Skipton Building Society and Ditto Group Limited. Her former roles have included CIO and COO of HBOS Plc and other director level roles with Capital One, Boots the Chemist and George at Asda.



**Andy Rubin**  
Non-Executive Director

Aged 54

Andy was appointed to the Board in February 2016. Andy is Chairman of Pentland Brands, a Director of Pentland Group Plc and the European Vice-President of the World Federation of the Sporting Goods Industry.

Pages 88 to 90 (inclusive) of the Annual Report (together with the relevant sections of the Annual Report, which are incorporated into these pages by reference) constitute a Directors' Report, which is required to be produced by law and is prepared in accordance with applicable law. The Directors' Report also includes certain disclosures that the Company is required to make by the Financial Conduct Authority's Listing Rules and Disclosure Guidance and Transparency Rules.

**Fair, Balanced and Understandable**

The Board considers that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. A summary of the Directors' responsibilities in respect of the Annual Report and Financial Statements is set out on page 114.

**Principal Activity**

The principal activity of the Group is the retail of multibranded sports fashion and outdoor clothing, footwear and equipment.

In accordance with the Companies Act 2006, the Strategic Report on pages 40 to 83 contains a:

- Fair review of the business
- Description of the principal risks and uncertainties facing the Group
- Balanced, comprehensive and understandable analysis of the development and performance of the Group's business, during the financial year, including an assessment of relevant environmental, employee, social, community and human rights issues, together with the Group's Key Performance Indicators; in a manner which is consistent with the size and complexity of the business

The Group is committed to establishing and maintaining good corporate governance practices (as set out in the Corporate Governance Report), which the Board believes is fundamental for retaining effective and long term, sustainable relationships with its key stakeholders.

The Corporate Governance Report (pages 92 to 95) is incorporated by reference into, and is deemed to form part of, this report. For the purposes of DTR 4.1.5R (2) and DTR 4.1.8, this Directors' Report and the Strategic Report, which has been approved by the Board and is set out on pages 40 to 83, comprise the Group's management report.

Details of the Group's use of financial instruments, together with information on policies and exposure to interest rate, foreign currency, credit and liquidity risks can be found in Note 19 to the financial statements. The information included in Note 19 is incorporated into the Directors' Report and is deemed to form part of this Directors' Report.

**Share Capital**

As at 2 February 2019, the Company's issued share capital was £2,433,083 comprising 973,233,160 ordinary shares of 0.25p each.

**Shareholder and Voting Rights**

All members who hold ordinary shares are entitled

to attend and vote at the Company's Annual General Meeting, save as set out in the Company's Articles of Association. On a show of hands at a general meeting, every member present in person or by proxy shall have one vote and, on a poll, every member present in person or by proxy shall have one vote for every ordinary share they hold. Subject to relevant statutory provisions and the Company's Articles of Association, holders of ordinary shares are entitled to a dividend where declared or paid out of profits available for such purposes. Details of the interim and final dividends proposed are provided in the Dividends and Earnings per Share section of the Executive Chairman's Statement on page 36.

**Restrictions on Transfer of Shares**

The restrictions on the transfer of shares in the Company are as follows:

- The Board may, in its absolute discretion, refuse to register any transfer of shares which are not fully paid up (but not in a manner which prevents dealings in listed shares from taking place), or which is in favour of more than four persons jointly or which is in relation to more than one class of share
- Certain restrictions may, from time to time, be imposed by laws and regulations (for example, insider trading laws)
- Restrictions apply pursuant to the Listing Rules (LR) and the Market Abuse Regulation (MAR) of the Financial Conduct Authority. The Company has in place a share dealing policy which includes processes which must be followed to ensure that any transfer of shares activity is conducted in compliance with MAR and the LR and that all Directors and certain Company employees obtain prior approval before dealing in the Company's shares

The Company is not aware of any arrangement between its shareholders that may result in restrictions on the transfer of shares and/or voting rights.

**Substantial Interests in Share Capital**

As at 2 February 2019, the Company has been advised of the following significant holdings of voting rights in its ordinary share capital pursuant to the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority ('DTRs'):

	Number of ordinary shares/voting rights held	% of ordinary share capital
Pentland Group Plc	559,274,440	57.47
Fidelity Management and Research LLC	48,689,320	5.00
Aberdeen Standard Investments	39,724,454	4.08

The Company has not been notified of any significant changes in interests pursuant to the DTRs between 2 February 2019 and the date of this report.

**Relationship Agreement**

In accordance with LR 9.2.2 AD R (1), the Company has in place a legally binding relationship agreement with its controlling shareholder, Pentland Group Plc. The Company has complied with the undertakings included in the relationship agreement during the period under



review. So far as the Company is aware, the undertakings in the agreement have also been complied with by both Pentland Group Plc and its associates during the period under review.

#### **Directors**

Details of all persons who were Directors at the financial period end including their roles and brief biographical details are set out on pages 86 to 87. During the current financial year, Brian Small retired from his role as Chief Financial Officer on 31 October 2018 and was replaced by Neil Greenhalgh. The Directors are responsible for the management of the business of the Company and, subject to law and the Company's Articles of Association ('Articles'); the Directors may exercise all of the powers of the Company and may delegate their power and discretion to committees.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

#### **Directors' Interests**

Details of Directors' interests (and those of their connected persons) in the share capital of the Company are set out on page 108. This information is incorporated into this Directors' Report by reference and is deemed to form a part of it.

The number of Directors at any one point in time shall not be less than two.

#### **Appointment and Replacement of Directors**

The Company's Articles of Association provide that the Company may by ordinary resolution at a general meeting appoint any person to act as a Director, provided that (where such person has not been recommended by the Board) notice is given by a member entitled to attend and vote at the meeting of the intention to appoint such a person and that the Company receives, among other information, confirmation of that person's willingness to act as Director. The Articles also empower the Board to appoint as a Director any person who is willing to act as such. The maximum possible number of Directors under the Articles is 20.

In addition to the powers of removal conferred by statute, the Company may by ordinary resolution remove any Director before the expiration of his or her period of office. The Articles also set out the circumstances in which a Director shall vacate office.

The Articles broadly require that at each AGM one-third of eligible Directors shall retire from office by rotation and may stand for re-election and that any Director who was appointed by the Board after the previous AGM must retire from office and may stand for election by the shareholders. Additionally, any other Director who has not been elected or re-elected at one of the previous two AGMs must also retire from office and may stand for re-election.

Notwithstanding the provisions of the Articles, the Board has determined that all the Directors will stand for re-election at the 2019 AGM in accordance with the best practice recommendations of the UK Corporate Governance Code.

#### **Amendment of the Company's Articles of Association**

The Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders.

#### **Change of Control - Significant Agreements**

In the event of a change of control of the Company, the Company and the lenders of the £400 million bank syndicated facility shall enter into an agreement to determine how to continue the facility. If no agreement is reached within 20 business days of the date of change of control, the lenders may, by giving not less than ten business days' notice to the Company, cancel the facility and declare all outstanding loans, together with accrued interest and all other amounts accrued immediately due and payable.

#### **Employees**

The Strategic Report on pages 40 to 83 provides information on the Group's approach to people and how the Group attracts, develops and engages with its employees.

The Group has commenced preparations to comply with the new requirements under the UK Corporate Governance Code 2018, which applies to accounting periods beginning on or after 1 January 2019, specifically in relation to stakeholder engagement. The focus of such preparations is to ensure that the Group's employees are fully informed about all significant matters affecting the Group's performance and of significant organisational changes as well as being provided with a means to raise any concerns in confidence.

A key factor in the Group's employee remuneration strategy is encouraging the involvement of all employees in the Group's performance. Full details of the Group's remuneration strategy are set out in the Remuneration Report on pages 100 to 110.

The Group is committed to promoting equal opportunities in employment regardless of employees' or potential employees' gender, marital status, sexual orientation, age, race, religion, ethnic or social origin or disability. Recruitment, promotion and the availability of training at all areas within the Group are based on the suitability and merit of any applicant for the job and full and fair consideration is always given to disabled persons in such circumstances.

Should an employee become disabled during his or her employment by the Group, every effort is made to continue the employment, development and training of the employee in question within their existing capacity wherever practicable, or failing that, in an alternative suitable capacity.

Further information regarding the Group's approach to equality and diversity is set out in the Strategic Report on pages 40 to 83.

#### **Post Balance Sheet Events**

Details of post balance sheet events are provided in Note 30 of the financial statements.

#### **Future Developments**

Future developments are discussed throughout the Strategic Report on pages 40 to 83.

#### **Political Donations and Expenditure**

Neither the Company nor any of its subsidiaries has made any political donation or incurred any political expenditure during the period under review.

#### **Research & Development**

During the financial period ended 2 February 2019, the Group engaged in Research & Development activity in relation to technological advances in the Group's multichannel platform.

#### **Greenhouse Gas Emissions**

Details of the Group's greenhouse gas emissions are shown in the Corporate and Social Responsibility report on page 72. This information is incorporated into this Directors' Report by reference and is deemed to form part of it.

#### **Auditor**

As set out on page 99, the Audit Committee has recommended that KPMG LLP be re-appointed as auditors for the financial year 2019/2020. KPMG LLP have indicated their willingness to continue in office as auditor of the Company. A resolution proposing their re-appointment will be proposed to shareholders at the forthcoming AGM.

#### **Disclosure of Information to the Auditor**

Each person who is a Director at the date of approval of this report confirms that:

- So far as they are aware, there is no relevant audit information of which the Company's auditor is unaware
- Each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

#### **Annual General Meeting**

The Company's AGM will be held at 1pm on 3 July 2019 at Edinburgh House, Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR. The notice of this year's AGM is included in a separate circular to shareholders and will be sent out at least 20 working days before the meeting. This notice will be available to view under the 'Investor Relations' section of the Company's website, [www.jdplc.com/investor-relations](http://www.jdplc.com/investor-relations).

By order of the Board



**Neil Greenhalgh**  
Chief Financial Officer  
16 April 2019





It is the role of the Board to ensure that the Group is managed for the long term benefit of the shareholders, whilst also ensuring the interests of other key stakeholders – including employees and suppliers – are protected. The Board promotes the principles set out in the UK Corporate Governance Code 2016 as issued by the Financial Reporting Council (FRC) in April 2016 (the ‘Code’). This report sets out how the Company has applied the main principles set out in the Code and the extent to which the Company has complied with the provisions of the Code. This report includes relevant provisions of the Code, where appropriate. The full Code can be found on the FRC website ([www.frc.org.uk](http://www.frc.org.uk)). The Board also has regard to the provisions of the UK Corporate Governance Code 2018, which applies to accounting periods beginning on or after 1 January 2019, and has received specialist training from expert advisers in respect of the same. The Board has commenced its preparations to ensure it is in a position to report on how it has applied the principles of the 2018 Code within its annual report next year.

## The Board

### Board Composition and Succession

The Board comprises six Directors: the Executive Chairman, the Chief Financial Officer and four Non-Executive Directors. Martin Davies performs the role of Senior Independent Non-Executive Director. The name, position and a brief profile of each Director is set out on pages 86 to 87.

During the current financial year, Brian Small has stepped down as Chief Financial Officer and has been replaced by Neil Greenhalgh who previously undertook the role of Group Finance Director.

The Board is focussed on ensuring that succession planning is a key theme of its review of Board composition on an ongoing basis. This focus is also applied to the Board’s review of the composition of the Group’s senior team. As such, the Board is encouraged by the fact that it has successfully appointed a new Chief Financial Officer during the course of the financial year and that this appointment was from within its existing Senior Management Team. This has enabled a smooth transition for the Group’s new Chief Financial Officer and has ensured that the Group’s finance department was fully prepared for the change.

It is noted that Andrew Leslie, Non-Executive Director and Chairman of the Remuneration Committee, will have been in office for nine years in May 2019. The Board and the Nominations Committee have reviewed Andrew Leslie’s position on the Board and as Chair of the Remuneration Committee and are satisfied that, at least for the forthcoming financial year, he remains sufficiently independent and effective in his respective roles on the Board and Board Committees and therefore wish to support Andrew Leslie continuing in his roles for the forthcoming financial year. In accordance with Code provision B.7.1., Andrew Leslie will be subject to re-election at the AGM this year, as will all other Directors (as explained further on page 89).

The Board is dedicated to ensuring that it maintains entrepreneurial leadership within a framework of effective control and risk management. It is also considered that the Board’s mix of Executive and Non-Executive Directors provides an appropriate combination of judgement, skills and experience to satisfy the Group’s need for overall effective and agile leadership.

The independence of the Non-Executive Directors is considered by the Board on an annual basis. All Non-Executive Directors, save for Andy Rubin, are considered to be independent by the Board. Andy Rubin is the Chairman of Pentland Brands and a Director of Pentland Group Plc and is, therefore, not considered by the Board to be an independent Non-Executive Director. The Board believes that the Non-Executive Directors have provided ample guidance to the Board and perform an effective role in challenging and encouraging the effective leadership of the Executive Directors, when and in a manner which is appropriate.

From time to time, the Executive Chairman meets with the Non-Executive Directors without the other Director present to discuss Board performance and other matters considered appropriate.

The Board considers that all the Directors are able to devote sufficient time to their duties as Directors of the Company. The brief biographical detail on pages 86 to 87 includes details of the Chairman’s other directorships of listed companies. The Board is satisfied that these appointments do not conflict with the Chairman’s ability to carry out his role effectively for the Group.

A summary of the rules that the Company has in place about the appointment and replacement of Directors is set out on page 89. Notwithstanding the provisions of the Company’s Articles regarding the retirement of Directors, the Board determined that all Directors will retire at the 2019 AGM and offer themselves for re-election in accordance with the best practice recommendation of the UK Corporate Governance Code.

### Board Composition and Diversity

The Board of JD Sports Fashion Plc welcomes the Hampton-Alexander Review and is pleased to confirm its commitment to achieving better diversity at all levels in the Group, including at Board level. The Board has engaged directly with the Chair of the Hampton-Alexander Review and the Investment Association, in order to provide further information on the Board’s perspective on diversity and the impact this may have on the future composition of the Board.

The Board will continue to engage with the Hampton-Alexander Review and looks forward to providing periodic updates regarding positive gender diversity milestones as they are achieved.

The Board is committed to the view that diversity – at all levels throughout the Group – creates a more inclusive and accountable corporate culture. It is a fundamental point of principle for the Board to ensure that all recruitment, including Board membership, is measured against purely objective criteria, based on individual merit, expertise and talent.

The Board’s primary focus is ensuring that its membership has the relevant skills, experience and judgement, which is fundamental to maintaining an entrepreneurial and effective management and leadership team. The Board is encouraged by the gender balance within the Company’s Senior Management Team, which includes a number of highly regarded female members, who have frequent interaction with the Board.



The Board recognises the essential need to engage with a wide talent pool in its recruitment policy, targeting a broad range of candidates from various backgrounds, sectors and cultures when hiring both new Board members and new candidates at all levels within the business. The Board is committed to ensuring that all recruitment is conducted on this basis and to continually monitor our diversity mix.

#### Board Operation and Responsibilities

The Board is responsible for the direction, management and performance of the Company. The Directors act together in the best interests of the Group via the Board and its Committees. The Board held eight scheduled Board meetings during the year under review and ad hoc meetings were held between scheduled meetings, where required. Directors' attendance at scheduled Board and Committee meetings is set out below.

#### Attendance at Board and Committee Meetings

Year to 2 February 2019	Board Meetings	Remuneration Committee	Audit Committee	Nomination Committee
<b>Total number of meetings</b>	8	3	2	1
P Cowgill	8	3*	2	1*
B Small	6	-	2*	-
N Greenhalgh	2	-	2*	-
A Leslie	6	3	2	1
M Davies	8	3	2	1
H Jackson	8	3	2	1
A Rubin	8	-	-	-

Notes:

\*P Cowgill and B Small attended the meetings as annotated in the table above at the invitation of the members of those Committees in order to provide additional detail on day to day matters arising at such meetings and to assist the Committee members with the matters delegated to the Committee as deemed appropriate by such Committee members. N Greenhalgh also attended the Audit Committee meetings at the invitation of the Committee members, in his capacity as Group Finance Director.

On occasion certain members of the Board and Committees have attended the meetings by telephone.

#### Board Evaluation

As an externally facilitated evaluation was carried out during the course of the previous financial year, the Board deemed it appropriate to carry out an internal evaluation of its performance during the financial year to 2 February 2019.

The evaluation exercise required the Board members to score themselves individually and the Board as a whole on topics such as:

- The Board's contribution to strategy and performance drivers
- An assessment of the risk management approach undertaken by the Group

- The adequacy of information provided to the Board and the understanding of the same by the Board
- The Board's expertise and skills in the context of the Group
- The effectiveness of the Committee and the relevant expertise and experience of the Committee members
- The adequacy of communication channels between the Board and the wider business
- The decision making process adopted by the Board and the Senior Management Team

The Company Secretary has assisted the Executive Chairman and the Senior Independent Director to collate all evaluation responses to facilitate the provision of appropriate feedback and recommend suitable measures which will aim to improve the effectiveness of the Board.

#### Matters Reserved for the Board

The Board has a formal schedule of matters reserved specifically to it for decisions which include:

- Strategy setting and major strategic matters
- Approval of the Group's financial statements
- Corporate acquisitions and disposals
- Significant capital projects

The matters reserved for the Board are kept under continual review to ensure they remain appropriate in light of the size of the Group and the nature of its activities. This is another aspect which the Board members are asked to evaluate as part of the Board evaluation process.

#### Main Activities of the Board During the Year

- Approved a number of key strategic corporate acquisitions (see Note 11 of the financial statements)
- Considered and approved key health and safety objectives for the forthcoming financial year and reflected on the Group's achievements in health and safety during the course of the financial year to 2 February 2019
- Assessed the Group's readiness for various Brexit scenarios
- Monitored the Group's progress in respect of the objectives set regarding compliance with relevant data protection legislation in light of key legislative changes in the financial year to 2 February 2019

In order to assist the Board in its effective review and decision making regarding the Group's activities, Board papers are circulated to Directors prior to Board meetings which include up-to-date financial information, reports from the Executive Directors, a summary of key risk and compliance issues and papers on major issues for consideration by the Board. The Board has a formal procedure for Directors to obtain independent professional advice.

All Board members have full access to the Company Secretary who is a fully admitted solicitor and attends all Board and Committee meetings. The Company Secretary is responsible for advising the Board on all Corporate Governance and legal matters.

All newly appointed Directors receive an appropriate induction when they join the Board. Relevant training is arranged throughout the year as deemed appropriate including the attendance at Board meetings by external legal specialists and/or the circulation of advice notes. In particular, the Board members received face to face training by external specialists during the course of the year on key corporate governance and legislative changes.

#### **Insurance Arrangements**

The Company, through its majority shareholder Pentland Group Plc, maintains Directors' and Officers' liability insurance, which is reviewed at appropriate intervals to ensure it remains fit for purpose.

#### **Conflicts of Interest**

The Company's Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or possibly could conflict, with the interests of the Company. The Board considers that the procedures it has in place for reporting and considering conflicts of interest are effective.

#### **Board Committees**

The Board delegates certain powers to Board Committees. There are three principal Board Committees to which the Board has delegated certain of its responsibilities. The terms of reference for all three Committees are reviewed by each Committee regularly and are available for inspection on request and are available on the Company's corporate website [www.jdplc.com](http://www.jdplc.com).

#### **Audit Committee**

The Audit Committee currently comprises three independent Non-Executive Directors; Martin Davies, Andrew Leslie and Heather Jackson. Martin Davies chairs the Audit Committee. The Board notes that it is a requirement of the DTRs and a recommendation of the Code that the Audit Committee as a whole shall have competence relevant to the sector in which the Company operates. This is something which is explored during the Board Evaluation process, referred to above. The Board confirms that it considers that the composition of the Audit Committee provides the requisite skills and experience. However, the Board and the Audit Committee considers it is prudent to keep this under continual review in order to ensure that it remains satisfied that the expertise of the membership of the Audit Committee remains appropriate.

The Audit Committee met twice in the year with the external auditor attending part of each meeting. Details of attendance at Audit Committee meetings are set out in the table on page 93.

#### **Remuneration Committee**

The Remuneration Committee currently comprises three independent Non-Executive Directors; Andrew Leslie, Martin Davies and Heather Jackson. Andrew Leslie is the chair of the Remuneration Committee.

The Committee's principal duties are to determine:

- Overall Group remuneration policy
- Remuneration packages for Executive Directors and Senior Management
- The terms of Executive Director service contracts as may be required from time to time

- The terms of any performance related and/or long term incentive schemes operated by the Group and awards thereunder

In particular during the course of the year, the Remuneration Committee was responsible for assessing and determining the appropriate level of remuneration for the newly appointed Chief Financial Officer and to review and consider the appropriateness of the remuneration arrangements of the Executive Chairman.

The Committee met three times during the year. Details of attendance at Remuneration Committee meetings are set out in the table on page 93.

Further details about Directors' remuneration are set out in the Directors' Remuneration Report on pages 100 to 110.

#### **Nomination Committee**

The Nomination Committee currently comprises Peter Cowgill, the Executive Chairman, and three independent Non-Executive Directors, Andrew Leslie, Martin Davies and Heather Jackson.

The Committee's principal duties are to consider the size, structure and composition of the Board, ensure appropriate succession plans are in place for the Board and Senior Management and, where necessary, consider new appointments to the Board and Senior Management. The matters delegated to the remit of the Nominations Committee include Board structure, succession planning and the performance of the Board and the Senior Management.

During the course of the year, the Nominations Committee met to consider the appointment of Neil Greenhalgh as the new Chief Financial Officer. The Committee considered that Neil, as the former Group Finance Director, was an appropriate successor to Brian Small as the previous Chief Financial Officer and, as such, the Committee is pleased to have delivered a successful internal appointment to the Board, as part of the Board's overall succession planning strategy.

#### **Internal Control**

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. This process was utilised during the year under review.

The Board, in conjunction with the Audit Committee, has full responsibility for the Group's system of internal controls and monitoring their effectiveness. However, such a system is designed to monitor and manage the risk of failure to achieve business objectives and cannot eliminate such risk entirely. The Board seeks to manage this risk by having established a well-defined organisational structure, clear operating procedures, embedded lines of responsibility, delegated authority to executive management and a comprehensive financial reporting process.

Key features of the Group's system of internal control and risk management are:

- Identification and monitoring of the business risks facing the Group, with major risks identified and reported to the Audit Committee and the Board including via brief monthly updates, more in depth quarterly updates and an annual risk report preparation and review process



- Detailed appraisal and authorisation procedures for capital investment, which is documented in the Matters Reserved for the Board and the Group's Contract Authorisation Policy
- Prompt preparation of comprehensive monthly management accounts providing relevant, reliable and up-to-date information. These allow for comparison with budget and previous year's results. Significant variances from approved budgets are investigated as appropriate
- Preparation of comprehensive annual profit and cash flow budgets allowing management to monitor business activities and major risks and the progress towards financial objectives in the short and medium term
- Monitoring of store procedures and the reporting and investigation of suspected fraudulent activities
- Reconciliation and checking of all cash and stock balances and investigation of any material differences

In addition, the Audit Committee receives detailed reports from the external auditor in relation to the financial statements and the Group's system of internal controls.

The Senior Independent Director, as Chair of the Audit Committee, has regular interaction with the external auditor and senior members of the Group finance department in order to monitor and assess the effectiveness of the Group's system of internal controls.

The Group has a formal whistleblowing policy in place which provides details of how employees can raise concerns in relation to the Group's activities or the actions of any employee of the Group on a confidential basis. This policy is reviewed annually by the Audit Committee. The mechanism for employees to access whistleblowing channels has been recently reviewed to ensure that they are effective.

The Group strives to conduct itself in all areas and at all levels in an ethical manner. The Group takes a zero tolerance approach to bribery and corruption, amongst its employees, suppliers and any associated parties acting on the Group's behalf and this is very clearly documented in the way that it contracts with any such third parties. The Group has a detailed Anti-Bribery and Corruption Policy and is committed to acting professionally, fairly and with integrity in all its business dealings. The Group has appropriate processes in place to audit compliance with its Anti-Bribery and Corruption Policy and its Gifts and Hospitality Policy, periodically.

The Board has reviewed the effectiveness of the Group's system of internal controls and believes this to be effective. In establishing the system of internal control the Directors have regard to the materiality of relevant risks, the likelihood of a loss being incurred and costs of control. It follows, therefore, that the system of internal control can only provide reasonable, and not absolute, assurance against the risk of material misstatement or loss.

The integration of recently acquired businesses into the Group's system of internal controls is achieved as quickly as possible and is done on a proportion basis taking into account the size and type of business acquired.

#### Shareholder Relations

The Executive Directors maintain an active dialogue with the Company's major shareholders to enhance understanding of their respective objectives, holding conference calls and attending meetings and investor roadshows on a regular basis. The Executive Chairman and the Chief Financial Officer each provide feedback to the Board on issues raised by major shareholders.

The Senior Independent Non-Executive Director is available to shareholders if they have concerns which have not been resolved through dialogue with the Executive Directors, or for which such contact is inappropriate. Major shareholders may meet with the Non-Executive Directors upon request.

External brokers' reports on the Group are circulated to the Board for consideration. In addition, the Non-Executive Directors attend results presentations and analyst and institutional investor meetings whenever possible.

Shareholders are invited to attend the Group's AGM and to raise any queries that they may have during the meeting and may meet with the Board after the formal proceedings have ended, should they request to do so.

#### Compliance with the Code

The Directors consider that during the year under review and to the date of this report, the Company complied with the Code except as follows:

- A.2.1 - The role of Chief Executive and Chairman is undertaken by one person – Peter Cowgill, the Company's Executive Chairman, which has been the case for almost the last five years. The Board believes that there is sufficient separation of responsibilities of the roles usually undertaken by the Chairman and the Chief Executive amongst the Executive Chairman, the Chief Financial Officer, the Non-Executive Directors and the Company's Senior Management Team. The Board, with assistance from the Nomination Committee, keep this arrangement constantly under review.

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



**Neil Greenhalgh**  
Chief Financial Officer  
16 April 2019











### **Principal Duties**

The principal duties of the Audit Committee ('the Committee') are to review draft annual and interim financial statements prior to being submitted to the Board, reviewing the effectiveness of the Group's system of internal control, risk management and the performance and cost effectiveness of the external auditor.

### **Main Activities of the Audit Committee During the Year**

The Committee's activities included:

- Reviewing the Group's draft financial statements and interim results statement prior to Board approval and reviewing the external auditor's detailed reports thereon including internal controls
- Regular review of the potential impact on the Group's financial statements of certain matters such as impairment of fixed asset values and proposed International Accounting Standards
- Reviewing the external auditor's plan for the audit of the Group's financial statements, key risks of misstatement in the financial statements, confirmations of auditor independence, audit fee and terms of engagement of the auditor
- Reviewing the independence and effectiveness of the Group's external auditor and the appropriateness and timing of any tender process in respect of the Group's external auditor
- Reviewing the whistleblowing arrangements in place for employees to be able to raise concerns in confidence to ensure they remain effective and appropriate
- Reviewing the Company's risk register and internal controls
- Assessment of the potential advantages and disadvantages of establishing an internal audit function and a consideration of whether there are any improvements which may not be addressed by the Group's existing system of internal controls

### **Financial Statements and Significant Accounting Matters**

The Committee is responsible for reviewing the Group's draft financial statements and interim results statement prior to Board approval. As part of such review, the Committee considers whether suitable accounting policies have been adopted and whether appropriate judgements have been made by management. The Committee also reviews reports by the external auditor on the full year and half year results.

The following are material areas in which significant judgements have been applied and have been considered by the Committee during the year:

#### ***Recoverability of Goodwill and Fascia Names***

The Committee considered the assumptions underlying the calculation of the value in use of the cash generating units being tested for impairment, primarily the achievement of the short term business plan, the assumptions on discount rates and long term growth rates. The Committee reviewed the budgets and business plans that support the impairment reviews and challenged the key assumptions used and are comfortable that they represent management's best estimate at the time.

The external auditor provides to the Committee detailed explanations of the results of their review of the estimate of the value in use, including their challenge of management's underlying cash flow projections, the key growth assumptions and discount rates. The Committee has also reviewed the disclosures in the financial statements.

#### ***Valuation of Inventories***

The Audit Committee considered the risk that inventory may need to be impaired and tested the principles and integrity of the obsolescence provision calculation used across the Group. This risk review is particularly important to the Group given the extremely seasonal nature of its retail businesses and the changing desirability of branded products over time. The Audit Committee also reviewed the assessment carried out by the auditors of the overall consistency of the assumptions used by comparing to those used in prior periods. The Committee reviews the provision models and challenges management on the key judgements made over aged stock and the level of proceeds for aged stock.

The external auditor reports to the Committee on the work they have completed and how their audit work is concentrated on this area.

#### ***Valuation of Intangible Assets Recognised as Part of the Acquisition of The Finish Line Inc.***

The Committee approved the appointment of Duff & Phelps Ltd as the Group's formal advisor in respect of the estimation of the fair value and remaining useful life of certain tangible and intangible assets of The Finish Line Inc.

The Committee has reviewed the acquisition accounting in relation to the purchase of The Finish Line Inc. and has considered the assumptions used in the intangibles valuation models; primarily the budgets and forecasts, discount rates and royalty rates used. The external auditor provides to the Committee detailed explanations of the results of their review of the acquisition accounting, including their challenge of management's key assumptions and discount rates. The Committee has also reviewed the disclosures in the financial statements.

#### **External Auditor**

A breakdown of the audit and non-audit related fees are set out in Note 3 to the Consolidated Financial Statements on page 135.

The Committee has regard to the FRC rules on auditor independence and the provision of non-audit services by the auditor and in particular, the recently revised policy on the provision of non-audit services by the external auditor. The Committee recognises that the policy's objective is to ensure auditor independence and appropriate levels of approval for non-audit work being undertaken by the external auditor. Under the policy, any non-audit services to be undertaken by the auditor which are not prohibited or potentially prohibited under the audit reforms require advance authorisation in accordance with the following:

- For individual pieces of work below £20,000 - Chief Financial Officer approval required
- Work in excess of £20,000 - Committee approval required



If it is proposed that any potentially prohibited non-audit work is carried out by the auditor, this will require Committee approval.

KPMG have acted as auditor to the Company since its flotation in 1996 and no tender exercise has been conducted to date. The Committee is satisfied that this is in compliance with the FRC's rules on mandatory firm rotation. The Committee acknowledged that the lead audit partner is subject to rotation every five years to safeguard independence, and, as such a new lead audit partner has been appointed and will lead the audit process during the forthcoming financial year.

The Audit Committee recommends that KPMG be reappointed as the Company's statutory auditor for the 2019/2020 financial year. The Audit Committee, after careful consideration including of the auditor's performance during their period in office, is satisfied with the level of independence and impartiality of the external auditor and is happy with the audit process and that the way it operates remains effective. This is reinforced by the fact that a new lead audit partner has been appointed to lead the audit process during the financial year 2019/2020, as the Committee believes that this will bring an additional level of independence to the audit process.

Whilst the Audit Committee's current recommendation is to re-appoint KPMG as auditors for the forthcoming financial year, the Audit Committee notes that a new auditor will have to be appointed no later than for the beginning of the financial year commencing February 2024. During the year to January 2020, the Audit Committee will conduct a full review of its options and will announce its findings in the Annual Report & Accounts for the 52 weeks to 1 February 2020. The Audit Committee will ensure that a tender programme is completed at the appropriate time to meet its agreed timetable.

The Audit Committee confirms that the Company otherwise complied throughout the financial year under review with The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

#### **Internal Audit**

Whilst the Company does not have an internal audit function, the Audit Committee regularly considers and analyses the benefits of an internal audit function and the nature of the same. During the financial year, the Audit Committee determined that such an appointment is not currently necessary as the aspects of internal control which an internal audit function would be responsible for are currently adequately addressed by the Group's existing finance function. In addition, many of the Group's other departments perform activities which would otherwise be carried out by a specific internal audit function, such as its experienced Profit Protection team who are focussed on limiting shrinkage, theft and fraud as well as carrying out stock and cash audits. The Profit Protection Director reports to the Board on a quarterly basis and the Audit Committee considers that this function plays an effective role.



**Martin Davies**  
Chairman of the Audit Committee  
16 April 2019

### Annual Report

I am pleased to report that the Group continues to make excellent progress with the headline profit before tax and exceptional items increasing by a further 16% to £355.2 million (2018: £307.4 million). This is a new record result for the financial year 2018/2019.

This report has been prepared in accordance with the UK Corporate Governance Code 2016. The Remuneration Committee has considered the new provisions which have been introduced in the UK Corporate Governance Code 2018 and will prepare the remuneration report – and in particular the new remuneration policy, which will be put to shareholders at the AGM in 2020 – for 2019/2020 in accordance with the 2018 Code. The Committee has decided not to report on the CEO pay ratio in this year's report, but will do so in the remuneration report for 2019/2020.

### Key highlights:

- Record result with EBITDA (before exceptional items) increased by a further 26.8%, being more than £100 million, to £488.4 million (2018: £385.2 million)
- Depreciation includes £29.4 million (2018: £nil) from the combined Finish Line and JD business in the United States in the 33-week period post acquisition
- Headline profit before tax and exceptional items increased by 15.5% to £355.2 million (2018: £307.4 million)
- Profit before tax increased to £339.9 million (2018: £294.5 million)
- Encouraging total like for like sales growth in global Sports Fashion fascias of more than 6% achieved against a backdrop of widely reported retail challenges in the Group's core UK market
- Robust gross margin performance in like for like Sports Fashion businesses
- International development of the JD fascia continues:
  - Net increase of 39 stores (2018: 56 stores) for the JD fascia across Europe
  - A further 34 JD stores opened in the Asia Pacific region in the year (2018: nine stores)
- Acquisition of Finish Line in the United States significantly extends the Group's global reach with the trial of the JD fascia delivering encouraging early results
- Double digit EBITDA maintained in the Outdoor fascias after a particularly weather-challenged trading period

I believe that the annual bonus awards for the Executive Directors for 2018/2019 are deserved and fully justified in that they signify a year of growth and of outstanding performance during the year. I am also confident that the members of the Senior Management Team have been rewarded appropriately for their exceptional performance. The competitive challenges both in the UK and worldwide give true perspective to this stellar performance.

The annual bonuses for the Executive Directors are based on a mix of financial targets (66.7%) and Strategic Objectives (33.3%). The Remuneration Committee maintains the view

that this is an appropriate method of incentivising the Executive Directors to focus their efforts on the fundamental drivers for growth and exceptional performance during the course of the financial year.

The Remuneration Committee is committed to ensuring that the Group's remuneration packages for both the Executive Directors and the members of the Senior Management Team reflect the outstanding performance, the medium and long term strategic aims of the Group and are appropriate in an increasingly competitive UK and international retail sector. The remuneration packages also seek to retain the vital Senior Management Team members who are a fundamental part of the Board's succession and growth plans for the Group. The fact that the Senior Management Team has once again been successfully motivated to deliver exceptional results during the course of the financial year demonstrates that this has been effective.

The Committee's main focus during the year has been to implement:

- Appropriate arrangements for the former Chief Financial Officer who stepped down from his role in October 2018
- A new remuneration package for the newly appointed Chief Financial Officer
- A special bonus arrangement for the Executive Chairman, which is subject to shareholder approval

Further details on these focus areas are set out below.

This Directors' Remuneration Report ('Report') summarises the activities of the Remuneration Committee during the period to 2 February 2019. It sets out a summary of the remuneration policy and remuneration details for the Executive and Non-Executive Directors of the Company. There are three sections:

- This Annual Statement
- The Policy Report setting out a summary of the Directors' Remuneration Policy (as approved by shareholders at our AGM on 29 June 2017)
- The Annual Report on Remuneration providing details on the remuneration earned in the year to 2 February 2019 and how the Directors' Remuneration Policy will be operated during the 2019/2020 financial year. This Annual Report on Remuneration together with the Annual Statement will be subject to an advisory shareholder vote at the 2019 AGM

This report has been prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) ('Regulations') and the requirements of the Listing Rules. The Companies Act 2006 requires the auditor to report to the shareholders on certain parts of the Report and to state whether, in their opinion; those parts of the report have been properly prepared in accordance with the Regulations. The parts of the Annual Report on Remuneration that are subject to audit are indicated in that report.

### Summary of Activity

- Agreeing annual bonus awards and devising additional, appropriate incentive arrangements for the Executive Directors and in particular the terms of a special bonus



arrangement for the Executive Chairman, further details of which are set out below

- Agreeing annual bonus and long term incentive awards and plans for members of the Senior Management Team in relation to the period 2018/2019
- Reviewing the basic salary of the Executive Chairman to ensure that this remains appropriate for the market in which the Group operates. With effect from 1 April 2019, the Committee has agreed that the basic salary reviews detailed on page 109 will be implemented. This is a 1.5% increase for the Executive Chairman, which the Committee believes is appropriate and is in line with the general increase for Head Office employees
- Agreeing an appropriate package for Brian Small, who stepped down as Chief Financial Officer during the financial year, to ensure the appropriate safeguards were afforded to the Group upon his exit from the business, further details of which are set out below
- Agreeing the remuneration package for the newly appointed Chief Financial Officer, taking into account appropriate benchmarking information and analysis, further details of which are set out below
- Setting appropriate targets for the 2019/2020 financial year. We are focussed on ensuring that our Executive Directors align shareholder interests with their strategic commercial objectives which are set with the aim of benefiting the Group and its stakeholders as a whole. As such, the targets for the Executive Directors' annual bonus and the Executive Director Long Term Incentive Plan ('LTIP') (in respect of which an award which will be granted to the Chief Financial Officer only this year) are based on appropriate Key Performance Indicators ('KPIs') with this purpose in mind
- Ongoing consideration in respect of appropriate succession plans, in conjunction with the Nominations Committee, to put in place an efficient and evolving future structure for the Board and Senior Management Team



**Andrew Leslie**  
Chairman of the Remuneration Committee  
16 April 2019











### Directors' Remuneration Policy (Unaudited)

This Directors' Remuneration Policy for the financial year ended 2 February 2019 received approval from shareholders at the AGM held on 29 June 2017 and will remain in force for a period of three years. As such, we will be submitting a new remuneration policy for shareholders to consider at the AGM in 2020.

Remuneration payments and payments for loss of office can only be made to Directors if they are consistent with the approved Directors' Remuneration Policy. However, commitments made before the Directors' remuneration policy came into effect and commitments made before an individual became a Director will be honoured even if they are inconsistent with the policy prevailing when the commitment is fulfilled.

### Policy Overview

- The Group operates in a highly competitive retail environment and the Committee seeks to ensure that the level and form of remuneration is appropriate to attract, retain and motivate Executive Directors of the right calibre to ensure the success of the Company into the future. This has been particularly important during the year under review given the change of Chief Financial Officer
- The Committee believes that remuneration should be aligned with the key corporate performance criteria which are focussed on driving earnings growth and increasing shareholder value with significant emphasis on performance related pay measured over the longer term
- The policy aims to provide an appropriate balance between fixed and performance related elements in respect of the incentive arrangements for the Executive Directors with an ability to offer exceptional levels of total payment when outstanding performance is achieved

The full Remuneration Policy Table can be found on pages 87 to 89 of the 2017 Annual Report. This should be read along with the explanatory letter which was posted to shareholders on 12 June 2017. The 2017 Annual Report and the explanatory letter are available to download at [www.jdplc.com](http://www.jdplc.com).

### Share Ownership Guidelines

The Company does not set a shareholder target or minimum shareholding requirement for its Executive Directors. The Committee believes that this is a sensible and pragmatic approach given the relatively narrow shareholder base and the fact that the Company has a controlling shareholder with a majority shareholding in the business. The Remuneration Committee attempts to align the incentive arrangements for the Executive Directors with the long term interests of shareholders by setting appropriate performance metrics in the payment criteria of the remuneration packages.

### Consideration of Shareholder Views

The Remuneration Committee Chairman, along with the Company Secretary, has engaged directly with certain major shareholders on key aspects of the remuneration policy during the course of the year and will factor in all relevant feedback received when reviewing the Remuneration Policy and in respect of all significant remuneration decisions, as appropriate.

### Consideration of Employee Conditions Elsewhere in the Group

Remuneration arrangements are determined throughout the Group based on the same principle that reward should be achieved for delivery of our core business strategy and should be sufficient to attract and retain high calibre talent, without paying more than is necessary.

Members of the Senior Management Team, below Board level, with a significant ability to influence company results, may participate in an annual bonus plan and long term incentive plan which reward both performance and loyalty and are designed to retain, attract and motivate.

### Service Contracts

Details of the contracts currently in place for Executive Directors are as follows:

	Date of Contract	Notice Period (Months)	Unexpired Term
P Cowgill	16 Mar 2004	12	Rolling 12 months
N Greenhalgh	1 Nov 2018	12	Rolling 12 months

It is the Company's policy that notice periods for Executive Directors' service contracts are no more than 12 months.

In the event of early termination, the Company may make a termination payment not exceeding one year's salary and benefits. Incidental expenses may also be payable where appropriate. It is in the discretion of the Committee as to whether departing Directors would be paid a bonus. In exercising its discretion on determining the amount payable to an Executive Director on termination of employment, the Board would consider each instance on an individual basis and take into account contractual terms, circumstances of the termination and the commercial interests of the Company. When determining whether a bonus or any other payment should be made to a departing Director, the Committee will ensure that no 'reward for failure' is made. The Committee may make a payment to a departing Director for agreeing to enter into enhanced restrictive covenants following termination where it considers that it is in the best interests of the Company to do so. The Company agreed to make payments to Brian Small during the course of the financial year in order to secure enhanced restrictive covenants as it was felt that this was an appropriate measure to take to safeguard the interests of the Group, given his pivotal role in the Group over a significant period of time.

In the event of gross misconduct, the Company may terminate the service contract of an Executive Director immediately and with no liability to make further payments other than in respect of amounts accrued at the date of termination.

The current Executive Directors' service contracts permit the Company to put an Executive Director on garden leave for a maximum period of three months. The Company may adjust such period as deemed appropriate for any new Executive Directors.

The Executive Directors' service contracts contain a change of control provision whereby if 50% or more of the shares in the Company come under the direct or indirect control of a person or persons acting in concert, an Executive Director may serve notice on the Company, at any time within the 12 month period following a change of



control, terminating his employment. Upon termination in these circumstances, an Executive Director will be entitled to a sum equal to 112% of his basic salary (less deductions required by law) and such Executive Director waives any claim for wrongful or unfair dismissal. The Company does not envisage such a provision being contained in any service contracts for any new Executive Directors.

The service contracts and letters of appointment are available for inspection by shareholders at the forthcoming AGM and during normal business hours at the Company's registered office address.

#### **LTIP**

There is an Executive Director LTIP in place which received approval from shareholders at the 2014 AGM. The LTIP has a ten year term and as such will terminate on its tenth anniversary of adoption.

The Remuneration Policy, which was approved by shareholders at the 2017 AGM, confirmed the following terms of the LTIP:

- Where cessation of employment is due to ill-health, injury, disability or the sale of the employing entity out of the Group, the unvested LTIP award will continue. It will continue to vest in accordance with the original vesting date and subject to the original performance target unless the Committee determines that it should vest as soon as reasonably practicable following the date of cessation
- Where cessation of employment is due to death, the LTIP award will, unless the Committee determine otherwise, vest as soon as reasonably practicable following death
- Where the Executive Director who is granted an award under the LTIP is dismissed lawfully without notice, the LTIP award will lapse on the date of cessation
- In all other circumstances the LTIP award will lapse on the date of cessation of employment unless the Committee determines otherwise, in which case it will determine the extent to which the unvested LTIP award vests taking into account the extent to which the performance target is satisfied at the end of the performance period or, as appropriate, on the date on which employment ceases. The period of time that has elapsed since the start of the performance period to the date of cessation of employment will also be taken into account unless the Committee determines otherwise
- In the event of a change of control, the LTIP award will vest at the date of change of control (other than in respect of an internal reorganisation) unless the Committee determines otherwise

#### **Non-Executive Directors**

The Non-Executive Directors have entered into letters of appointment with the Company which are terminable by the Non-Executive Director or the Company on not less than three months' notice.

#### **Non-Executive Directorships**

The Board recognises that Executive Directors may be invited to become Non-Executive Directors of other businesses and that the knowledge and experience which they gain in those appointments could be of benefit to the Company. Prior approval of the Board is required before acceptance of any new appointments.

During the year to 2 February 2019, only Peter Cowgill held other Non-Executive Directorships. Peter Cowgill is the Non-Executive Chairman of United Carpets Group Plc, Quiz Plc and Roxor Group Limited. His aggregate retained earnings were £0.2 million (2018: £0.1 million) in respect of these Non-Executive Directorships.

#### **Special Bonus Arrangement Proposal for the Executive Chairman**

During the course of the financial year, the Remuneration Committee considered that it was necessary to review the remuneration arrangements for the Executive Chairman. Following the review, we are proposing to make a special bonus payment to Peter Cowgill ('Special Bonus'), the details of which are set out below. As the Special Bonus cannot be made under the terms of the Remuneration Policy, we are seeking shareholders' authority at the Company's AGM to make the payment. The Special Bonus will therefore be contingent on shareholders' authority being obtained.

The Remuneration Committee are confident that it is justified to recommend this Special Bonus to shareholders in recognition of the fact that the Executive Chairman did not receive any long term award under the Company's Executive LTIP in 2017/2018 or 2018/2019 and it is not intended that he will receive any awards under the Executive LTIP for the forthcoming financial year or in the future. In addition, the Executive Chairman has not received any pension contribution payments since 2013. The payment is, therefore, being recommended in part to compensate the Executive Chairman for this and in part to recognise the exceptional performance of the Executive Chairman.

It is proposed that the Special Bonus will be paid to the Executive Chairman in equal instalments of £1.5 million on:

- 1 October 2019
- 1 February 2020
- 1 October 2020
- 1 February 2021

The Special Bonus will be subject to PAYE withholding for income tax and employee's NICs.

The details of the Special Bonus are also set out in the 2019 AGM Notice.

#### **Remuneration Arrangements for the Chief Financial Officer**

In accordance with the Remuneration Policy, the existing remuneration arrangements that were in place prior to the Chief Financial Officer's appointment to the Board on 1 November 2018 will be honoured in full.

In this regard, the Chief Financial Officer is a participant in the Company's Long Term Incentive Plan for senior managers by virtue of his previous role as Group Finance Director. As such, the Chief Financial Officer will continue to receive payments under this plan until January 2021. This Long Term Incentive Plan seeks to incentivise the Senior Management Team and drive growth by setting a threshold earnings level based on satisfaction of annual audited earnings based performance targets for the Group over a three year period.

The Remuneration Committee believes that, since the Chief Financial Officer's appointment to the Board in

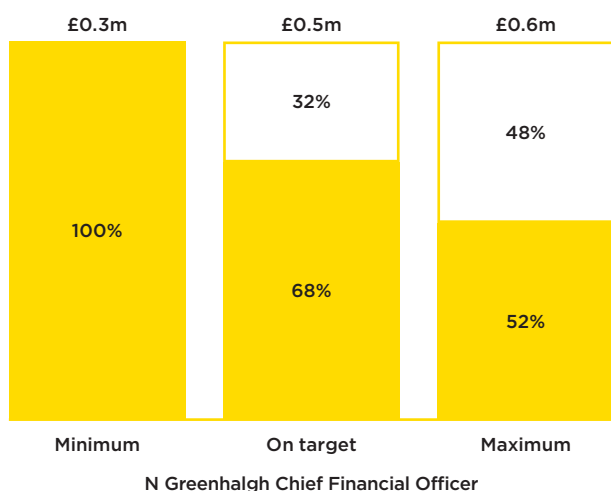
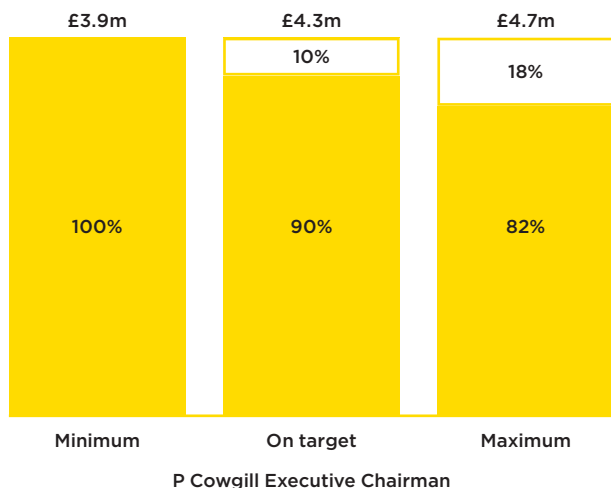
November 2018, it is now appropriate to grant an award to him under the Company's existing Executive Director LTIP, which was approved by shareholders at the 2014 AGM. Under the terms of the Executive Director LTIP, awards may only be granted within the period of 42 days following the announcement of the Company's results for any period and, as such, the award under the Executive Director LTIP for the Chief Financial Officer for the forthcoming year will follow this timetable. Full details of this LTIP can be found within the 2014 AGM Notice at <https://www.jdplc.com/investor-relations/shareholders-information.aspx>

**Illustrations of Application of Remuneration Policy**

The chart below illustrates the level of remuneration that would be received by the Executive Directors in accordance with the Directors' remuneration policy in the year to 1 February 2020.

Each bar gives an indication of the minimum amount of remuneration payable at target performance and remuneration payable at maximum performance to each Director under the policy. Each of the bars is broken down to show how the total under each scenario is made up of fixed elements of remuneration and variable remuneration.

- Fixed elements of remuneration
- Variable element of remuneration



The scenarios in the graphs are defined as follows:

	Minimum	On target performance	Maximum performance
<b>Fixed elements of remuneration</b>	<ul style="list-style-type: none"> <li>The base salary is the salary as at 1 April 2019</li> <li>The benefits are taken as those in the single figure table below</li> <li>The pension contribution for Neil Greenhalgh</li> </ul>		
<b>Annual Bonus (1)</b>	0%	50%	100%
<b>Special Bonus for Executive Chairman (2)</b>	100%	100%	100%

Note (1) - the maximum annual bonus has been based on the usual maximum award of 100% of salary. The Committee has the discretion to award bonuses of up to 200% of salary for exceptional performance.

Note (2) - the Special Bonus for the Executive Chairman is subject to obtaining shareholder approval at the 2019 AGM.

The above graph does not show the LTIP award which is to be granted to the Chief Financial Officer this year, given that it does not vest, assuming the performance criteria are met, until 2022.

**Annual Report on Remuneration**

**Single Total Figure Table (Audited)**

	Salary (1)	Benefits	Pension	Bonus	LTIP	Total
	£000	£000	£000	£000	£000	£000
<b>Peter Cowgill</b>						
2019	850	2	-	1,700	-	2,552
2018	767	2	-	1,534	-	2,303
<b>Brian Small (2)</b>						
2019	204	14	24	-	-	242
2018	267	19	32	401	-	719
<b>Neil Greenhalgh (3)</b>						
2019	57	2	5	56	70	190
2018	-	-	-	-	-	-
<b>Andrew Leslie (4)</b>						
2019	60	-	-	-	-	60
2018	51	-	-	-	-	51
<b>Martin Davies (4)</b>						
2019	65	-	-	-	-	65
2018	51	-	-	-	-	51
<b>Heather Jackson (4)</b>						
2019	55	-	-	-	-	55
2018	51	-	-	-	-	51
<b>Andy Rubin (5)</b>						
2019	-	-	-	-	-	-
2018	-	-	-	-	-	-

(1) Salary reviews effective 1 April annually.

(2) This represents the salary, benefits and pension which Brian Small received during the nine months to 31 October 2018. In accordance with the remuneration policy £24,000 (2018: £32,000) of the pension contribution shown above for Brian Small was paid as a



cash amount, representing the nine month period during which he held the position of Chief Financial Officer.

- (3) This represents the salary, benefits, pension, bonus and LTIP which Neil Greenhalgh received for the period from his appointment to the Board on 1 November 2018 to 2 February 2019. The LTIP and annual bonus payments that Neil Greenhalgh is entitled to for this period were granted under the Senior Manager LTIP and bonus schemes.
- (4) Following a benchmarking exercise, the Board determined that there should be a weighting of fees according to roles and responsibilities of the Non-Executive Directors, namely those carrying out a Chair of a Committee role (Andrew Leslie and Martin Davies) and for the Senior Independent Director (Martin Davies).
- (5) Andy Rubin was appointed as a Non-Executive Director on 12 February 2016 but does not receive a fee from JD Sports Fashion Plc for this role.

The taxable benefit received by Peter Cowgill and Neil Greenhalgh is healthcare insurance and the taxable benefits received by Brian Small were car benefits and healthcare insurance.

Pension contributions are:

- Peter Cowgill - 0% of salary
- Brian Small - 12% of salary
- Neil Greenhalgh - 8% of salary

#### Payments for Loss of Office (Audited)

During the course of the year under review, appropriate remuneration arrangements, in accordance with the Company's Directors' Remuneration Policy (which was approved by shareholders on 29 June 2017), were agreed in respect of the former Chief Financial Officer as follows:

- A payment of £300,000 as compensation for loss of employment, (to recognise the fact that no bonus for the nine month period from 31 January 2018 to 31 October 2018 was paid and no payments under the Executive Director LTIP was paid - nor had any payment under this LTIP been made to the former Chief Financial Officer since October 2017)
- Upon entering into new and enhanced post-termination restrictive covenants with the Company and, conditional upon compliance at all times with those restrictions, the following payments will be made to the former Chief Financial Officer:
  - £131,000 on or before 31 October 2019
  - £131,000 on or before 28 February 2020
  - £131,000 on or before 30 June 2020
  - £131,000 on or before 31 October 2020

The Company has also agreed to make a contribution to legal fees incurred in connection with the departure of the former Chief Financial Officer, in accordance with the Directors' Remuneration Policy.

#### LTIP (Audited) (2019 - 2022: Chief Financial Officer)

Following the appointment of Neil Greenhalgh to the Board during the course of the year under review, the Remuneration Committee has determined that it is appropriate to grant an award under the Executive Director LTIP. The award granted in the forthcoming financial year will vest in 2022.

The Executive Director LTIP was approved by shareholders at the 2014 AGM. To date, just one award has been granted under this LTIP to each of the Executive Chairman and the former Chief Financial Officer in 2014.

To summarise, the terms of the Executive Director LTIP are as follows:

- Cash awards (not shares)
- Three year performance period
- The performance condition can be amended or substituted if events occur which cause the Committee to consider that an amended or substituted performance target would be more appropriate. Any amended or substituted target would not be materially more or less difficult to satisfy
- Malus provisions apply to unvested awards. The Committee can use its discretion to reduce, cancel or impose further conditions on the awards where it considers such action is appropriate. This includes where there has been a material misstatement of the Company's audited financial results, a serious failure of risk management or serious reputational damage
- The maximum award which can be granted to the Chief Financial Officer is 200% of base salary. The level of any awards under the LTIP remains under the consideration of the Committee
- The LTIP will measure financial performance over a three year period. 25% of any award will vest at threshold performance increasing on a straight-line basis to 100% for maximum performance. Targets will be disclosed in the annual accounts for the year following a performance period

The aim of the LTIP is; to provide the Executive Directors with the opportunity to earn competitive rewards, to align the Executive Directors' interests more closely with those of the shareholders and to focus the Executive Directors on sustaining and improving the long-term financial performance of the Company and reward them appropriately for doing so.

#### Performance Conditions of the Executive Director LTIP (Chief Financial Officer)

An award under the Executive Director LTIP shall be in the form of a conditional right to receive a pre-determined cash amount ('Award'). Awards will generally only vest or become exercisable subject to the satisfaction of a performance condition measured over a three year period ('Performance Period') determined by the Remuneration Committee at the time of grant. Awards will vest dependent on the satisfaction of performance conditions determined by the Remuneration Committee prior to the date of grant. The performance conditions must contain objective conditions, which must be related to the underlying financial performance of the Company.

It is intended that, for the Award to be granted to the Chief Financial Officer in 2019, the performance condition will be based on headline earnings of the Group ('Headline Earnings') over a three year performance period commencing from the start of the financial year immediately prior to the grant of the Award as follows:

Performance condition	Proportion of the Award subject to that element of the performance condition	Underpin condition
Headline Earnings for 2019/2020 (Year 1)	33.33%	In order to vest at the end of three years, the target met at the end of Year 1 must have been maintained at the end of the Performance Period
Headline Earnings for 2020/2021 (Year 2)	33.33%	In order to vest at the end of three years, the target met at the end of Year 2 must have been maintained at the end of the Performance Period
Headline Earnings for 2021/2022	33.33%	N/A

The initial Performance Period commenced on 3 February 2019 for the 2019 Award and the Headline Earnings for the three financial years will be determined before the date of grant of the Award. Performance measurement for the Headline Earnings for the 2019 Award will be based on the increase in the Headline Earnings over the Performance Period. Awards will vest on a sliding scale from 25% to 100% in relation to the Headline Earnings targets for the relevant year. Details of the specific Headline Earnings targets will be disclosed in the annual report on remuneration following the end of the relevant Performance Period.

The Remuneration Committee will have the flexibility to make appropriate adjustments to the performance conditions in exceptional circumstances, to ensure that the Award achieves its original purpose. Any vesting is also subject to the Remuneration Committee being satisfied that the Company's performance on these measures is consistent with underlying business performance.

It is the intention of the Remuneration Committee to review the terms of the Executive Director LTIP during the forthcoming year in order to ensure that it remains appropriate. In the event that the Remuneration Committee agree upon the terms of a new LTIP, this will be put to shareholders at the appropriate time.

**Statement of Directors' Shareholding (Audited)**

The interests of the Directors who held office at 2 February 2019 and persons closely associated with them in the Company's ordinary shares are shown below:

Ordinary shares of 0.25p each		
	2 February 2019	3 February 2018
P Cowgill	8,450,260	8,410,260
N Greenhalgh	2,000	-
	<b>8,452,260</b>	<b>8,410,260</b>

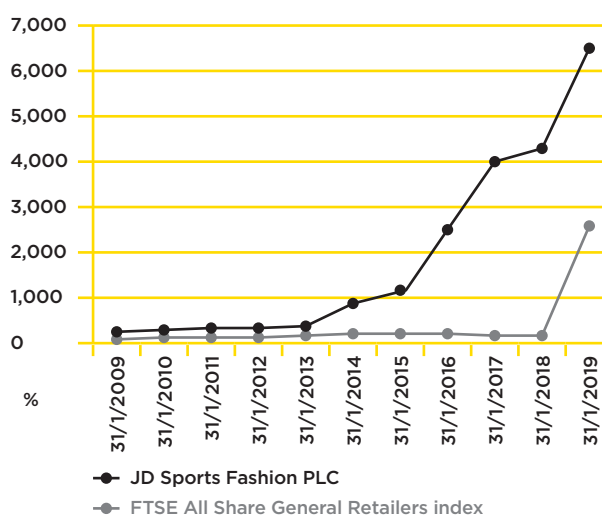
There has been no change in the interests of the Directors or persons closely associated with them between 2 February 2019 and the date of this report. The holdings stated above are held directly by the Directors and persons closely associated with them are not subject to any performance targets. The Directors have no other interests in Company shares. As stated in the Directors' remuneration policy, the Company does not have a

minimum share ownership requirement for Directors. Given our narrow shareholder base and the fact that there is a controlling shareholder with a majority shareholding in the business, the Committee considers it impractical to set realistic shareholding targets.

**Total Shareholder Return (Unaudited)**

The following graph shows the Total Shareholder Return ('TSR') of the Group in comparison to the FTSE All Share General Retailers Index over the past ten years. The Committee consider the FTSE All Share General Retailers Index a relevant index for total shareholder return comparison disclosure required under the Regulations as the index represents the broad range of UK quoted retailers.

TSR is calculated for each financial year end relative to the base date of 31 January 2009 by taking the percentage change of the market price over the relevant period, re-investing any dividends at the ex-dividend rate.



**Executive Chairman's Remuneration Over Past Ten years (Unaudited)**

The total remuneration figures for the Executive Chairman during each of the last ten financial years are shown in the table below. The total remuneration figure includes the annual bonus based on that year's performance and the LTIP award based on three year performance periods ending in the relevant financial year. The annual bonus payout and LTIP vesting level as a percentage of the maximum opportunity are also shown for each of these years.

Year ended	Jan 2010	Jan 2011	Jan 2012	Jan 2013	Jan 2014	Jan 2015	Jan 2016	Jan 2017	Jan 2018	Jan 2019
Total remuneration £m	1.6	1.8	2.3	2.0	3.1	2.0	2.7	2.8	2.3	2.6
Annual bonus %	100	120	75	37	100	100	200	200	200	200
LTIP vesting %	100	100	100	100	n/a	n/a*	n/a*	100*	n/a	n/a

\*The LTIP performance criteria was achieved over the full three year period to 28 January 2017 and the award was paid on 30 October 2017.



### Percentage Change in Executive Chairman's Remuneration (Unaudited)

The table below shows the percentage change in the Executive Chairman's salary and annual bonus between financial years 3 February 2018 and 2 February 2019 compared to UK Head Office employees in the JD and Size? businesses, being deemed by the Board as the most appropriate comparator group.

	% Change
<b>Salary</b>	
Executive Chairman	1.5
UK Head Office Employee average*	3.7
<b>Annual Bonus</b>	
Executive Chairman	-
UK Head Office Employee average*	11.4

\*Comparator group as defined above. There are circa 1,684 employees within this group.

### Gender Pay Gap

Our 2017 and 2018 Gender Pay Gap reports, like many organisations, shows that we have a Gender Pay Gap. We operate structured pay rates across our Retail and Distribution divisions and the ratio of males to females in both is equal. The gap therefore arises as a result of more men than women occupying senior positions and the disparity in bonus pay, which would be reduced from 74.7% to 44.1% if the Board and Senior Management Team were excluded from the bonus calculation.

To help us to make improvements to our gender profiling at a senior level, we have changed our approach to leadership and talent development, which has resulted in an increase in females progressing to roles at a more senior level. We have started to see a positive impact of these changes through an improvement in the gap at middle management levels. The cyclical design of our senior bonus structure however means that this change is not yet reflected in the Gender Pay Gap statistics and is unlikely to do so until 2020 and beyond.

We do not believe that conscious or unconscious bias should form part of our recruitment or progression processes and we are committed to making further improvements in the areas where we still have differences. Our full report can be found at: <https://www.jdplc.com/company-information/gender-pay-gap/gender-pay-gap-2018.aspx>

### Relative Importance of Spend on Pay (Unaudited)

The following table shows the Group's actual spend on pay (for all employees) relative to dividends, tax and retained profits:

	2019 (£m)	2018 (£m)	% Change
Staff costs	697.8	451.5	54.6
Dividends	15.9	15.2	4.6
Tax	75.7	58.1	30.3
Retained profits	264.2	236.4	11.8

### Annual Bonus Performance Targets

#### Financial Targets 2018/2019

Two thirds of the annual bonus is linked to financial targets. The targets in respect of the annual bonus for the financial year to 2 February 2019 were £300 million threshold earnings with a maximum payment being achieved where earnings are £330 million. As disclosed above, earnings were in excess of the maximum payment figure.

#### Strategic Objectives 2018/2019

These targets focussed on the following key strategic areas:

- Strategic development and sustainable growth of JD in the UK
- International expansion of the JD brand and in particular launching the JD retail format in new retail markets and territories
- Working cohesively and effectively with our joint venture partners in new international territories to achieve the successful launch and establishment of the JD brand in those territories
- The strategic future plan and profitability for the Outdoor and Premium Fashion Businesses
- People development, recruitment and succession planning across the Group

#### Annual Bonus 2018/2019

The Committee believes that the financial performance for the year ended 2 February 2019 was exceptional. The Committee also agrees that there has been outstanding performance against the strategic objectives, in particular:

- The strategic growth and development of JD in the UK, demonstrated by the successful launch of state of the art, market leading flagship stores in key locations, firmly cementing the brand's long term position in its core territory
- Continued international development of the JD brand which now trades in 18 countries with new stores in the year in all pre-existing territories combined with expansion into the new territories of Finland, Singapore, South Korea, Thailand and the United States
- Launch of the JD brand in the biggest and most significant international athleisure market - alongside the Finish Line fascia - the US
- Maintaining a double digit EBITDA profit for the Outdoor businesses in an exceptionally challenging year, demonstrating an increasingly resilient proposition
- Pleasing performance of the Premium Fashion businesses, complemented by strategic acquisitions within the premium fashion market during the year
- A successful appointment to the Board of a new Chief Financial Officer

Based on the above exceptional performance, the Committee has deemed it appropriate to award an exceptional annual bonus to the Executive Chairman and an annual bonus in line with the usual maximum award to the Chief Financial Officer, given that both financial and strategic targets have been significantly exceeded.

### Implementation of Directors' Remuneration Policy in 2018/2019 (Unaudited)

#### Salaries

Following this year's review, the Committee has determined that salaries for the current year will be revised as follows with effect from 1 April 2019:

	Previous Salary £000	New Salary £000	Percentage Increase %
P Cowgill	850	863	1.5%
N Greenhalgh	n/a	300(1)	n/a

(1) N Greenhalgh continued to receive the same salary as he received as Group Finance Director until 31 March 2019 and has been awarded a new salary to reflect his new position as Chief Financial Officer with effect from 1 April 2019

#### Executive Director LTIP

The Chief Financial Officer will be granted an award for the financial year 2019/2020 under the Executive Director LTIP in accordance with the Remuneration Policy, further details of which are set out above.

#### Financial Targets and Strategic Objectives for the Annual Bonus Awards in 2019/2020

The split between financial targets and strategic objectives will remain two thirds and one third respectively. The Board considers that the both the financial targets and the strategic objectives for the financial year to 1 February 2020 are commercially sensitive and so will be disclosed in the 2020 Annual Report.

#### Consideration by Directors of Matters Relating to Directors' Remuneration (Unaudited)

The Committee comprises three independent Non-Executive Directors, being Andrew Leslie, Martin Davies and Heather Jackson. Andrew Leslie was appointed as the Chairman of the Committee on 1 October 2013.

The Committee assists the Board in determining the Group's policy on Executive Directors' remuneration and determines the specific remuneration packages for Senior Executives, including the Executive Directors, on behalf of the Board. Peter Cowgill, the Executive Chairman and Neil Greenhalgh, the Chief Financial Officer, have assisted the Committee when requested with regards to matters concerning key Executives below Board level.

The Committee can obtain independent advice at the Company's expense where they consider it appropriate and in order to perform their duties. No such advice was obtained during 2018/2019.

The Committee is formally constituted with written Terms of Reference, which are available on the Company's corporate website [www.jdplc.com](http://www.jdplc.com). The Committee engages with the major shareholders or other representative groups where appropriate concerning remuneration matters.

The Committee is mindful of the Company's social, ethical and environmental responsibilities and is satisfied that the current remuneration arrangements and policies do not encourage irresponsible behaviour.

The Committee has met three times during the year under review with each member attending all the meetings. Details of attendance at the Committee meetings are set out on page 93.

#### Statement of Voting at General Meeting (Unaudited)

At the 2018 AGM, the Directors' Remuneration Report received the following votes from shareholders:

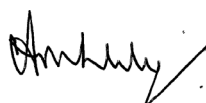
	2018 AGM	%
Votes cast for	753,242,894	85.1%
Votes cast against	131,883,333	14.9%
Total votes cast	885,126,227	
Votes withheld	3,966,662	

At the 2017 AGM, the Directors' Remuneration Policy received the following votes from shareholders:

	2017 AGM	%
Votes cast for	676,571,159	77.5%
Votes cast against	196,297,592	22.5%
Total votes cast	872,868,751	
Votes withheld	1,002,800	

Upon receiving the results of the 2018 AGM, the Board undertook to take all appropriate measures in order to understand and address any concerns regarding the votes against the remuneration report and policy. In particular, the Board requested that the Remuneration Committee Chairman and the Company Secretary meet with certain key shareholders in order to discuss their feedback and the current position adopted under shareholder voting guidelines. The Board has taken steps to ensure that this report provides additional disclosure in certain key areas in order to address the feedback received from shareholders.

This report has been prepared on behalf of the Board.



**Andrew Leslie**  
Chairman of the Remuneration Committee  
16 April 2019









# Financial Statements





ONLY AT



RS RU



### **Statement Of Directors' Responsibilities In Respect Of The Annual Report And The Financial Statements**

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors' are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable, relevant and reliable and prudent
- For the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU
- For the Parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements
- Assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.


The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Responsibility Statement of the Directors in Respect of the Annual Financial Report**

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- The Directors' Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.



**Neil Greenhalgh**  
Chief Financial Officer  
16 April 2019



## 1. Our Opinion is Unmodified

We have audited the financial statements of JD Sports Fashion Plc ('the Company') for the 52 week period ended 2 February 2019 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Balance Sheet, the Company Statement of Changes in Equity and the related notes, including the accounting policies.

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 2 February 2019 and of the Group's profit for the 52 week period then ended;
- The Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- The parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were first appointed as auditor by the shareholders in March 1996. The period of total uninterrupted engagement is for the 23 financial periods ended 2 February 2019. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

### Overview

<b>Materiality:</b>		£15.0m (2018: £13.0m)
Group financial statements as a whole		4.4% (2018: 4.4%) of profit before tax
<b>Coverage</b>		87.7% (2018: 87.9%) of Group profit before tax
<b>Key audit matters</b>		vs 2018
<b>Recurring risks</b>	<b>Group:</b> Recoverability of goodwill and fascia names in Go Outdoors and Sport Zone	◀▶
	<b>Group and Parent Company:</b> Valuation of inventories	◀▶
<b>Event driven risks</b>	<b>Group and Parent Company:</b> The impact of uncertainties due to exiting the European Union on our audit	
	<b>Group:</b> Valuation of the separately identifiable intangible assets recognised as part of the acquisition of Finish Line	

## 2. Key Audit Matters: Our Assessment of Risks of Material Misstatement

Key audit matters are those matters that, in our professional judgement were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

### The Impact of Uncertainties Due to the UK Exiting the European Union on Our Audit

*Refer to page 52 (principal risks) and page 56 (viability statement).*

#### The Risk

##### Unprecedented Levels of Uncertainty:

All audits assess and challenge the reasonableness of estimates, in particular as described in Recoverability of goodwill and fascia names in Go Outdoors and Sport Zone and Valuation of inventories below, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Group's and Parent Company's future prospects and performance.

In addition, we are required to consider the other information presented in the Annual Report including the principal risks disclosure and the viability statement and to consider the Directors' statement that 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 and Parent Company's position and performance, business model and strategy.

Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.

##### Our Response

We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included:

- **Our Brexit knowledge:** we considered the Directors' assessment of Brexit-related sources of risk for the Group's and Parent Company's business and financial resources compared with our own understanding of the risks. We considered the Directors' plans to take action to mitigate the risks;
- **Sensitivity analysis:** when addressing the recoverability of goodwill and fascia names in Go Outdoors and Sport Zone, the valuation of inventories and other areas that depend on forecasts, we compared the Directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty; and
- **Assessing transparency:** as well as assessing individual disclosures as part of our procedures on the recoverability of goodwill and fascia names in Go Outdoors and Sport Zone and the valuation of inventories we considered all of the Brexit related disclosures together, including those in the Strategic Report, comparing the overall picture against our understanding of the risks.

##### Our Results

- As reported under the recoverability of goodwill in Go Outdoors and Sport Zone and the valuation of inventories, we found the resulting estimates and related disclosures of the recoverability of goodwill in Go Outdoors and Sport Zone and the valuation of inventories and disclosures in relation to going concern to be acceptable. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.



## 2. Key Audit Matters: Our Assessment of Risks of Material Misstatement (continued)

### Valuation of the Separately Identifiable Intangible Assets Recognised as Part of the Acquisition of Finish Line

(£169.1 million; 2018: n/a)

*Refer to page 98 (Audit Committee Report), page 139 to 140 (accounting policy) and (financial disclosures).*

#### The Risk

##### Subjective valuation:

On 18 June 2018 the Group acquired the entire issued shareholding of Finish Line Inc., a group previously listed on the US stock exchange. The purchase price allocation valuation is subject to estimation uncertainty.

Included within the purchase price allocation are the following significant items. Listed below each item are the associated significant assumptions:

- 1) Fair value of Finish Line Trade Name: royalty rate
- 2) Fair value of favourable and unfavourable leases: discount rate, market rent.

The effect of these matters is that, as part of our risk assessment, we determined that the valuation of the separately identifiable intangible assets and liabilities recognised as part of the acquisition of Finish Line had a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.

#### Our Response

Our procedures included:

- **Methodology choice:** with the assistance of our valuation specialists, assessing the results of the valuation by checking that the valuation was in accordance with relevant accounting standards and acceptable valuation practice.
- **Benchmarking assumptions:** with the assistance of our valuation specialists, challenging the key inputs used in the valuation, in particular, market rent, discount rates and royalty rates by comparing them to externally derived data and comparable transactions.
- **Our sector experience:** assessing whether key the assumptions used, in particular market rent, discount rate, and royalty rate, reflect our knowledge of the business and industry.
- **Assessing transparency:** assessing the appropriateness of the Group's disclosures in respect of the valuation of intangible assets recognised on acquisition.

#### Our results

- We found the valuation of the separately identifiable intangible assets to be acceptable.

### Recoverability of Goodwill and Fascia Names in Go Outdoors and Sport Zone

(Go Outdoors: £97.6 million; 2018: £100.5 million)

(Sport Zone: £26.7 million; 2018: £23.9 million)

*Refer to page 98 (Audit Committee Report), page 145 (accounting policy) and page 146 to 147 (financial disclosures).*

#### The Risk

##### Forecast Based Valuation:

Goodwill and fascia names are significant and at risk of recoverability due to challenging trading conditions in certain of the high street retail sectors and locations that the Group operates in. The risk applies most specifically to Go Outdoors and Sport Zone as these hold the most judgemental balances.

The estimated recoverable amounts are subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows therefore this is one of the key areas that our audit concentrated on.

The effect of these matters is that, as part of our risk assessment, we determined that the recoverability of goodwill and fascia names in Go Outdoors and Sport Zone had a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (Note 12) disclose the sensitivity estimated by the Group.

## 2. Key Audit Matters: Our Assessment of Risks of Material Misstatement (continued)

### Our Response

Our procedures included:

- **Historical comparisons:** assessing the reasonableness of the budgets by considering the historical accuracy of previous forecasts;
- **Our sector experience:** assessing whether assumptions used, in particular those relating to short term forecast revenue growth, profit margins and the long term growth rate, reflect our knowledge of the business and industry, including known or probable changes in the business environment;
- **Benchmarking assumptions:** using our own valuation specialists, challenging the key inputs used in the Group's calculation of the discount rates by comparing them to externally derived data, including available sources for comparable companies;
- **Sensitivity analysis:** performing sensitivity analysis on the key assumptions noted above; and
- **Assessing transparency:** assessing whether the Group's disclosures about the impairment tests and resulting impairment loss appropriately reflected the risks inherent in the valuation of goodwill and fascia names.

### Our Results

- We found the resulting estimate of the recoverable amount of goodwill and fascia names in Go Outdoors and Sport Zone to be acceptable. (2018 result: acceptable).

### Valuation of Inventories

(Group: £763.8 million; 2018: £478.0 million)

(Company: £169.8 million; 2018: £144.0 million)

*Refer to page 98 (Audit Committee Report), page 151 (accounting policy) and page 151 (financial disclosures).*

### The Risk

#### Subjective estimate:

Inventories is one of the most significant items on the Group's and Parent Company's balance sheets and is stated at the lower of cost and net realisable value.

As the Group operates in the retail business where branded products are subject to frequent changes in desirability, the assessment of net realisable value involves significant estimation uncertainty.

The effect of these matters is that, as part of our risk assessment, we determined that the valuation of inventories had a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.

### Our Response

Our procedures included:

- **Our sector experience:** assessing the Directors' methodology and the key assumptions behind the provision, including the expected level of inventory that will not be in demand and respective sales prices, against our knowledge of the business and industry and historical track record of the Group;
- **Expectation vs outcome:** forming our own expectation of the inventory provision using our own view of the key assumptions above and comparing our expectation to the actual provision amount. This included analysing inventory balances by season and criteria such as inventory not bought in the last six months and slower moving inventory;
- **Test of detail:** examining recent selling prices of a sample of inventory lines to assess whether lines already being discounted below cost are included in the provisions; and
- **Assessing transparency:** assessing the adequacy of the financial statement disclosures about the degree of estimation in arriving at the net realisable value. We also considered the adequacy of the Group's disclosures about the degree of sensitivity to key assumptions

### Our Results

- We consider the valuation of inventories to be acceptable (2018 result: acceptable).



### 3. Our Application of Materiality and an Overview of the Scope of Our Audit

The materiality of the Group financial statements as a whole was set at £15.0 million (2018: £13.0 million), determined with reference to a benchmark of Group profit before tax, of which it represents 4.4% (2018: 4.4%).

The materiality of the parent Company financial statements as a whole was set at £11.4 million (2018: £9.5 million), determined with reference to a benchmark of parent Company profit before tax, of which it represents 4.2% (2018: 3.8%).

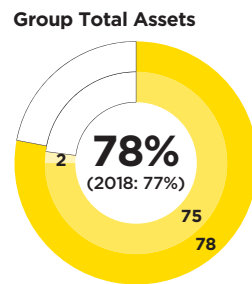
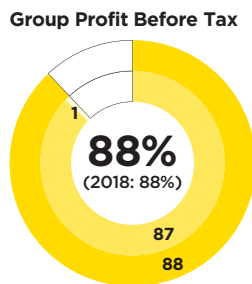
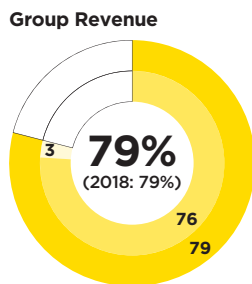
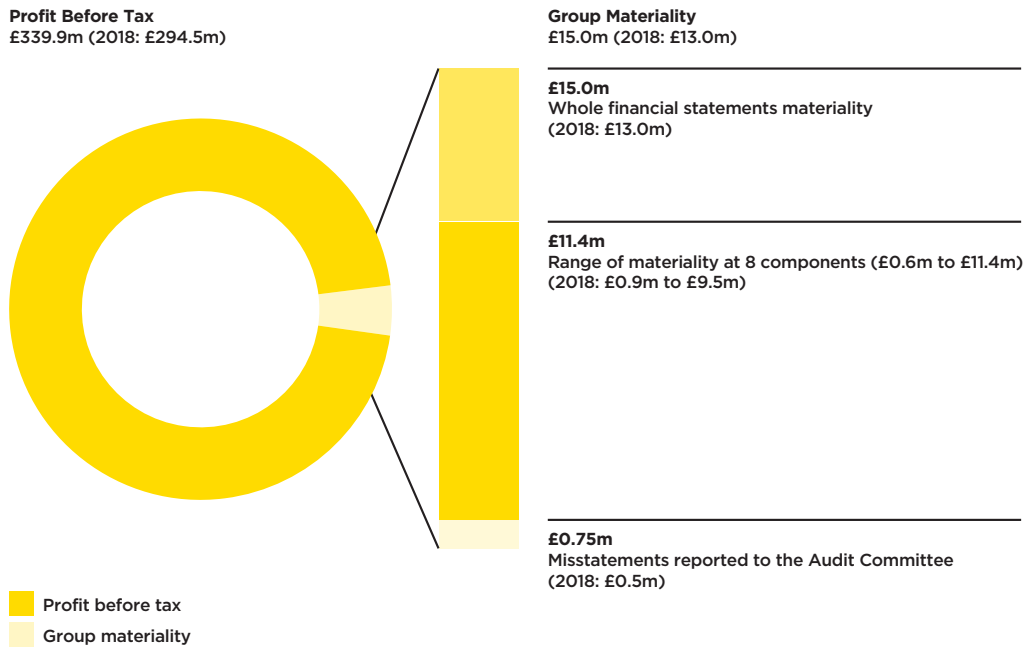
We report to the Audit Committee any corrected and uncorrected misstatements exceeding £0.75 million (2018: £0.65 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 59 (2018: 55) reporting components, we subjected 8 (2018: 6) to audits for group reporting purposes and nil (2018: 1) to specified risk focussed audit procedures covering the specific risk areas including those identified in this report. In the prior year, the component was not individually financially significant enough to require a full scope audit for Group purposes, but did present specific individual risks that needed to be addressed. This was not deemed to be the case in the current year.

The remaining 21% (2018: 21%) of total Group revenue, 12% (2018: 12%) of Group profit and losses before tax and 22% (2018: 23%) of total Group assets is represented by 51 reporting components (2018: 48), none of which individually represented more than 5% of any total Group revenue, Group profit before tax or total Group assets. For these remaining components, we performed analysis at an aggregated Group level and at a disaggregated entity level, to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group team instructed component auditors as to the significant areas to be covered, including relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from £0.6m to £11.4m (2018: £0.9m to £9.5m), having regard to the mix of size and risk profile of the Group across the components. The work on four out of the eight components (2018: three of the six components) was performed by component auditors and the rest by the Group team. The Parent Company audit was performed by the Group audit team.

The Group team met with four (2018: three) component teams (for Spain, Portugal, France, and the US), which included assessing the audit risk and strategy. Telephone conference meetings were also held with these component auditors. At these meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor. The Group team also reviewed specific areas of the component auditor's files.



- Key:
- Full scope for group audit purposes 2019
  - Full scope for group audit purposes 2018
  - Specified risk-focussed audit procedures 2018
  - Residual components



#### 4. We Have Nothing to Report on Going Concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ('the going concern period').

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were:

- General economic downturn possibly arising as a result of Brexit;
- Market demand and increased pressure from competitors;
- Adverse fluctuations in foreign exchange rates; and
- Working capital requirements as the Group continues to grow.

As these were risks that could potentially cast significant doubt on the Group's and the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model, including the impact of Brexit, and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if:

- We have anything material to add or draw attention to in relation to the Directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- The related statement under the Listing Rules set out on page 56 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

#### 5. We Have Nothing to Report on the Other Information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

##### Strategic Report and Directors' Report

Based solely on our work on the other information:

- We have not identified material misstatements in the Strategic Report and the Directors' Report;
- In our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- In our opinion those reports have been prepared in accordance with the Companies Act 2006.

## **5. We Have nothing to Report on the Other Information in the Annual Report (continued)**

### **Directors' Remuneration Report**

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

### **Disclosures of Principal Risks and Longer-term Viability**

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation within the viability statement on page 56 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 and liquidity;
- The Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- The Directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered 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.

Under the Listing Rules we are required to review the viability statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

### **Corporate Governance Disclosures**

We are required to report to you if:

- We have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the Directors' statement that they consider that 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 position and performance, business model and strategy; or
- The section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

## **6. We Have Nothing to Report on the Other Matters on Which We Are Required to Report by Exception**

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.



## 7. Respective Responsibilities

### Directors' Responsibilities

As explained more fully in their statement set out on page 114, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they 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

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 other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### Irregularities – Ability to Detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group to component audit teams of relevant laws and regulations identified at Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law and certain aspects of company legislation recognising the regulated nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items. The actual or suspected non-compliance was not sufficiently significant to our audit to result in our response being identified as a key audit matter.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

## 8. The Purpose of Our Audit Work and to Whom We Owe Our Responsibilities

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.

**Mick Davies (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor Chartered Accountants  
1 St. Peter's Square, Manchester, M2 3AE  
16 April 2019

Consolidated Income Statement

For the 52 weeks ended 2 February 2019

	Note	52 weeks to 2 February 2019 £m	52 weeks to 2 February 2019 £m	53 weeks to 3 February 2018 £m	53 weeks to 3 February 2018 £m
Revenue			4,717.8		3,161.4
Cost of sales			(2,474.5)		(1,629.8)
<b>Gross profit</b>			<b>2,243.3</b>		<b>1,531.6</b>
Selling and distribution expenses			(1,632.9)		(1,080.5)
Administrative expenses - normal		(253.6)		(144.7)	
Administrative expenses - exceptional	4	(15.3)		(12.9)	
Administrative expenses			(268.9)		(157.6)
Other operating income			4.7		2.4
<b>Operating profit before financing</b>			<b>346.2</b>		<b>295.9</b>
Before exceptional items			361.5		308.8
Exceptional items	4		(15.3)		(12.9)
Financial income	7		1.2		0.6
Financial expenses	8		(7.5)		(2.0)
<b>Profit before tax</b>	3		<b>339.9</b>		<b>294.5</b>
Income tax expense	9		(75.7)		(58.1)
<b>Profit for the period</b>			<b>264.2</b>		<b>236.4</b>
Attributable to equity holders of the parent			261.8		231.9
Attributable to non-controlling interest			2.4		4.5
Basic earnings per ordinary share	10		26.90p		23.83p
Diluted earnings per ordinary share	10		26.90p		23.83p

Consolidated Statement of Comprehensive Income  
For the 52 weeks ended 2 February 2019

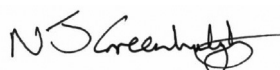
	52 weeks to 2 February 2019 £m	53 weeks to 3 February 2018 £m
<b>Profit for the period</b>	<b>264.2</b>	<b>236.4</b>
Other comprehensive income:		
Items that may be classified subsequently to the Consolidated Income Statement:		
Exchange differences on translation of foreign operations	(0.8)	6.4
<b>Total other comprehensive income for the period</b>	<b>(0.8)</b>	<b>6.4</b>
<b>Total comprehensive income and expense for the period (net of income tax)</b>	<b>263.4</b>	<b>242.8</b>
Attributable to equity holders of the parent	260.0	237.1
Attributable to non-controlling interest	3.4	5.7



## As at 2 February 2019

	Note	As at 2 February 2019 £m	As at 3 February 2018 £m
<b>Assets</b>			
Intangible assets	12	394.3	211.0
Property, plant and equipment	13	539.8	376.9
Other assets	14	79.1	66.5
Investment in associate		0.1	-
<b>Total non-current assets</b>		<b>1,013.3</b>	<b>654.4</b>
Inventories	15	763.8	478.0
Trade and other receivables	16	177.2	146.3
Cash and cash equivalents	17	251.2	347.5
<b>Total current assets</b>		<b>1,192.2</b>	<b>971.8</b>
<b>Total assets</b>		<b>2,205.5</b>	<b>1,626.2</b>
<b>Liabilities</b>			
Interest-bearing loans and borrowings	18	(63.8)	(26.8)
Trade and other payables	20	(808.1)	(623.2)
Provisions	21	(1.3)	(2.1)
Income tax liabilities		(27.3)	(30.2)
<b>Total current liabilities</b>		<b>(900.5)</b>	<b>(682.3)</b>
Interest-bearing loans and borrowings	18	(62.2)	(11.0)
Other payables	20	(153.8)	(91.5)
Provisions	21	(1.2)	(1.8)
Deferred tax liabilities	22	(11.0)	(5.3)
<b>Total non-current liabilities</b>		<b>(228.2)</b>	<b>(109.6)</b>
<b>Total liabilities</b>		<b>(1,128.7)</b>	<b>(791.9)</b>
<b>Total assets less total liabilities</b>		<b>1,076.8</b>	<b>834.3</b>
<b>Capital and reserves</b>			
Issued ordinary share capital	23	2.4	2.4
Share premium		11.7	11.7
Retained earnings		1,016.3	773.6
Other reserves		(21.6)	(17.3)
<b>Total equity attributable to equity holders of the parent</b>		<b>1,008.8</b>	<b>770.4</b>
Non-controlling interest	24	68.0	63.9
<b>Total equity</b>		<b>1,076.8</b>	<b>834.3</b>

These financial statements were approved by the Board of Directors on 16 April 2019 and were signed on its behalf by:



**N Greenhalgh**  
**Director**  
Registered number: 1888425

## For the 52 weeks ended 2 February 2019

	Ordinary share capital £m	Share premium £m	Retained earnings £m	Treasury reserve £m	Other equity £m	Foreign currency translation reserve £m	Total equity attributable to equity holders of the parent £m	Non-controlling interest £m	Total equity £m
Balance at 28 January 2017	2.4	11.7	543.3	(15.9)	(0.6)	11.3	552.2	26.6	578.8
Profit for the period	-	-	231.9	-	-	-	231.9	4.5	236.4
Other comprehensive income:									
Exchange differences on translation of foreign operations	-	-	-	-	-	5.2	5.2	1.2	6.4
Total other comprehensive income	-	-	-	-	-	5.2	5.2	1.2	6.4
Total comprehensive income for the period	-	-	231.9	-	-	5.2	237.1	5.7	242.8
Dividends to equity holders	-	-	(15.2)	-	-	-	(15.2)	(8.8)	(24.0)
Put options held by non-controlling interests	-	-	-	-	(33.2)	-	(33.2)	-	(33.2)
Acquisition of non-controlling interest	-	-	(0.3)	-	-	-	(0.3)	(0.9)	(1.2)
Divestment of non-controlling interest	-	-	13.9	15.9	-	-	29.8	25.7	55.5
Non-controlling interest arising on acquisition	-	-	-	-	-	-	-	15.6	15.6
Balance at 3 February 2018	2.4	11.7	773.6	-	(33.8)	16.5	770.4	63.9	834.3
Profit for the period	-	-	261.8	-	-	-	261.8	2.4	264.2
Other comprehensive income:									
Exchange differences on translation of foreign operations	-	-	-	-	-	(1.8)	(1.8)	1.0	(0.8)
Total other comprehensive income	-	-	-	-	-	(1.8)	(1.8)	1.0	(0.8)
Total comprehensive income for the period	-	-	261.8	-	-	(1.8)	260.0	3.4	263.4
Dividends to equity holders	-	-	(15.9)	-	-	-	(15.9)	(0.7)	(16.6)
Put options held by non-controlling interests	-	-	-	-	(2.5)	-	(2.5)	-	(2.5)
Acquisition of non-controlling interest	-	-	(4.1)	-	-	-	(4.1)	(5.2)	(9.3)
Divestment of non-controlling interest	-	-	0.9	-	-	-	0.9	0.4	1.3
Non-controlling interest arising on acquisition	-	-	-	-	-	-	-	(0.2)	(0.2)
Share capital issued	-	-	-	-	-	-	-	6.4	6.4
Balance at 2 February 2019	2.4	11.7	1,016.3	-	(36.3)	14.7	1,008.8	68.0	1,076.8



## For the 52 weeks ended 2 February 2019

	Note	52 weeks to 2 February 2019 £m	53 weeks to 3 February 2018 £m
<b>Cash flows from operating activities</b>			
Profit for the period		264.2	236.4
Income tax expense	9	75.7	58.1
Financial expenses	8	7.5	2.0
Financial income	7	(1.2)	(0.6)
Depreciation and amortisation of non-current assets	3	115.0	71.3
Forex losses on monetary assets and liabilities		2.5	2.2
Impairment of other intangibles and non-current assets		11.9	5.1
Loss on disposal of non-current assets		2.0	1.6
Other exceptional items		7.2	1.3
Impairment of goodwill and fascia names		8.1	11.6
Increase in inventories		(26.2)	(79.0)
Increase in trade and other receivables		(22.5)	(22.1)
Increase in trade and other payables		21.2	110.7
Interest paid		(7.5)	(2.0)
Income taxes paid		(80.3)	(57.8)
<b>Net cash from operating activities</b>		<b>377.6</b>	<b>338.8</b>
<b>Cash flows from investing activities</b>			
Interest received		1.2	0.6
Proceeds from sale of non-current assets		1.0	6.7
Investment in software development	12	(12.3)	(4.5)
Acquisition of property, plant and equipment	13	(173.6)	(169.3)
Acquisition of non-current other assets	14	(5.1)	(12.8)
Acquisition of subsidiaries, net of cash acquired		(362.0)	(24.9)
<b>Net cash used in investing activities</b>		<b>(550.8)</b>	<b>(204.2)</b>
<b>Cash flows from financing activities</b>			
Draw down/(repayment) of interest-bearing loans and borrowings		82.1	(11.4)
Repayment of finance lease liabilities		(1.5)	(0.5)
Draw down of finance lease liabilities		5.8	3.3
Subsidiary shares issued in the period		6.4	-
Equity dividends paid	25	(15.9)	(15.2)
Dividends paid to non-controlling interest in subsidiaries		(0.7)	(8.8)
<b>Net cash from/(used) in financing activities</b>		<b>76.2</b>	<b>(32.6)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	28	<b>(97.0)</b>	<b>102.0</b>
<b>Cash and cash equivalents at the beginning of the period</b>	28	<b>334.6</b>	<b>234.4</b>
Foreign exchange gains/(losses) on cash and cash equivalents	28	0.1	(1.8)
<b>Cash and cash equivalents at the end of the period</b>	28	<b>237.7</b>	<b>334.6</b>

## 1. Basis of Preparation

### General Information

JD Sports Fashion Plc (the 'Company') is a company incorporated and domiciled in the United Kingdom. The financial statements for the 52 week period ended 2 February 2019 represent those of the Company and its subsidiaries (together referred to as the 'Group').

The financial statements were authorised for issue by the Board of Directors on 16 April 2019.

### Basis of Preparation

European Union law ('EU LAW') (IAS Regulation EC 1606/2002) requires that the financial statements of the Group are prepared and approved in accordance with International Financial Reporting Standards as adopted by the EU ('adopted IFRSs'). The financial statements have been prepared on the basis of the requirements of adopted IFRSs that are endorsed by the EU and effective at 2 February 2019.

The financial statements are presented in pounds sterling, rounded to the nearest tenth of a million.

The financial statements have been prepared under the historical cost convention, as modified for financial assets and liabilities (including derivative instruments) at fair value through the Consolidated Income Statement and also put and call options held by the non-controlling interests.

The accounting policies set out below have unless otherwise stated been applied consistently to all periods present in these financial statements and have been applied consistently by all Group entities.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Executive Chairman's Statement and Financial and Risk Review on pages 34 to 37 and 45 to 61 respectively. In addition, details of financial instruments and exposures to interest rate, foreign currency, credit and liquidity risks are outlined in Note 19.

At 2 February 2019, the Group had net cash balances of £125.2 million (2018: £309.7 million) with available committed borrowing facilities of £400 million (2018: £215 million) of which £30 million (2018: £nil) has been drawn down (see Note 18). With a facility of £400 million available, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries and completing the assessment outlined in the Viability Reporting on page 56 (including performing analysis to assess the potential impact of Brexit), the Directors have a reasonable expectation that the Company, and the Group as a whole, has adequate resources to continue in operational existence for the foreseeable future.

### Basis of Consolidation

#### I. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the equity attributable to holders of the parent. Non-controlling interests consist of the amount of those interests at the date that control commences and the attributable share of changes in equity subsequent to that date.

#### II. Joint Ventures

Joint ventures are entities over which the Group has joint control based on a contractual arrangement. The results and assets and liabilities of joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. Investments in joint ventures are carried in the Consolidated Statement of Financial Position at cost and adjusted for post-acquisition changes in the Group's share of the net assets. Losses of the joint venture in excess of the Group's interest in it are not recognised.

#### III. Transactions Eliminated on Consolidation

Intragroup balances, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

#### Changes in Ownership Interest Without a Loss of Control

In accordance with IAS 27 'Consolidated and Separate Financial Statements' (2008), upon a change in ownership interest in a subsidiary without a loss of control, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent. Acquisitions or disposals of non-controlling interests are therefore accounted for as transactions with owners in their capacity as owners and no goodwill is recognised as a result of such transactions. Associated transaction costs are accounted for within equity.



## 1. Basis of Preparation (continued)

### Alternative Performance Measures

The Directors measure the performance of the Group based on a range of financial measures, including measures not recognised by EU-adopted IFRS. These alternative performance measures may not be directly comparable with other companies' alternative performance measures and the Directors do not intend these to be a substitute for, or superior to, IFRS measures. The Directors believe that these alternative performance measures assist in providing additional useful information on the underlying performance of the Group. Alternative performance measures are also used to enhance the comparability of information between reporting periods, by adjusting for exceptional items, which could distort the understanding of the performance for the year.

Further information can be found in the Glossary on page 195.

### Adoption of New and Revised Standards

The following amendments to accounting standards and interpretations, issued by the International Accounting Standards Board (IASB), have been adopted for the first time by the Group in the period with no significant impact on its consolidated results or financial position:

- Annual Improvements to IFRSs 2014-2016 Cycle
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- Amendments to IAS 40 Investment Property
- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'

#### IFRS 9 'Financial Instruments'

IFRS 9 replaces IAS 39 'Recognition and Measurement' and is applicable to financial assets and financial liabilities. The main changes the new standard introduces are:

- New requirements for the classification and measurement of financial assets and financial liabilities;
- A new model for recognising impairments of financial assets;
- Changes to hedge accounting by aligning hedge accounting more closely to an entity's risk management objectives; and
- The introduction of a forward looking approach to impairment of financial assets which results in earlier recognition of credit losses.

The Group has applied the modified retrospective approach for transition, including no requirement to restate comparative amounts. Comparative amounts were not restated and the effect on initial application was immaterial to the Group financial statements.

#### IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 replaces IAS 18 'Revenue', IAS 11 'Construction contracts' and related interpretations. Under IFRS 15, revenue should only be recognised when a customer obtains control of goods or services and has the ability to direct the use and obtain the benefits from the goods or services. It applies to all contracts with customers, except those in the scope of other standards. The Group has applied the modified retrospective approach for transition set out in the standard. Comparative amounts were not restated and the effect on initial application was immaterial to the Group financial statements.

#### IFRS 16 'Leases'

IFRS 16 is effective for all accounting periods beginning on or after 1 January 2019. For the Group the first reported accounting period under IFRS 16 will be the financial year ending 1 February 2020.

On the adoption of IFRS 16, lease agreements will give rise to both a right-of-use asset and a lease liability for future lease payables. The right-of-use asset will be depreciated on a straight-line basis over the life of the lease. Interest will be recognised on the lease liability, resulting in a higher interest expense in the earlier years of the lease term. The total expense recognised in the Income Statement over the life of the lease will be unaffected by the new standard. However, IFRS 16 will result in the timing of lease expense recognition being accelerated for leases which would be currently accounted for as operating leases.

On a cash flow basis, the impact of transition to IFRS 16 will be £nil and adoption of the standard will have no impact on the commercial operations of the business.

#### Transition

As previously disclosed, the Group has adopted the modified retrospective transition approach, where the initial asset values will be equal to the present value of the future lease payments as at the date of transition.

The Group will apply the following practical expedients:

### 1. Basis of Preparation (continued)

- To grandfather the definition of a lease on transition,
- To rely on a previous assessment of whether leases are onerous in accordance with IAS 37 immediately before the date of initial application as an alternative to performing an impairment review; and
- To apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Group will also apply the recognition exemption for short term leases and leases of low-value items.

Significant work has been completed, including collection of relevant data, changes to IT systems and processes, and the determination of relevant accounting policies in order to quantify the impact on the financial statements and key performance metrics.

#### ***Impact on the financial statements***

The indicative impact on both the Consolidated Statement of Financial Position and Consolidated Income Statement for the financial year ending 1 February 2020 is based on leases in existence at the current financial reporting date and includes no further assumptions.

On transition the opening balances for the Consolidated Statement of Financial Position will be adjusted for the right-of-use asset of approximately £1.8 billion (adjusted for onerous leases), with corresponding lease liabilities of approximately £1.9 billion.

The most significant lease liabilities relate to property.

The indicative impact on the Consolidated Income Statement will reflect an increase to operating profit of approximately £52 million as the pre-IFRS 16 rental charge is replaced by a lower depreciation charge. Profit before tax will decrease by approximately £9 million as a result of an increase in the interest charge of approximately £61 million. We do not expect the adoption of IFRS 16 to have a material impact on the Group's effective tax rate.

There will be no impact on cash flows, although the presentation of the Cash Flow Statement will change significantly, with an increase in net cash inflows from operating activities being offset by an increase in net cash outflows from financing activities (interest paid).

#### **Other**

The Group continues to monitor the potential impact of other new standards and interpretations which may be endorsed and require adoption by the Group in future reporting periods. The Group does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

#### **Critical Accounting Estimates and Judgements**

The preparation of financial statements in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The judgements and estimates disclosed below are those which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities. All other accounting estimates and judgements are disclosed within the relevant accounting policy in the notes to the financial statements.

#### **Changes to Critical Accounting Estimates**

##### ***Determination of the fair value of assets and liabilities on acquisition***

Included within critical accounting policies in the current year is the valuation of the intangible assets recognised as part of the acquisition of The Finish Line Inc. (see Note 11). The estimates used in the valuation of the intangible assets are considered to have a significant risk of causing a material misstatement, specifically; the estimation of future cash flows, the useful economic life of the asset, the selection of suitable royalty relief rates and the selection of a suitable discount rate.

The key assumption used by management in the valuation of the tradename was the royalty rate. The royalty rate assumption used in the valuation was estimated based on published comparable license fees in the sports fashion market and a calculation of the expected return on assets of the Finish Line business. If the royalty rate used in the valuation was 0.5% higher or lower, this would lead to a change in tradename valuation of plus or minus £24.1 million.

The key assumption in the valuation of the unfavourable lease liability was the occupancy cost percentage. This was derived by considering market data from comparable mall-based apparel and shoe store retailers. If the rate used in the valuation was moved by 1% higher or lower, this would lead to a change in unfavourable lease values of plus or minus £22 million.



## 1. Basis of Preparation (continued)

Included within critical accounting policies in the prior year was the valuation of the intangible assets recognised as part of the acquisition of Sport Zone (see Note 11). The estimates used in the valuation of the intangible assets were considered to have a significant risk of causing a material misstatement, specifically; the estimation of future cash flows, the useful economic life of the asset, the selection of suitable royalty relief rates and the selection of a suitable discount rate. As the measurement period for this acquisition has now closed, this has been removed from the critical accounting estimates and is now categorised as impairment of goodwill and other intangible assets which are discussed in further detail below.

### Critical Accounting Estimates

#### Impairment of Goodwill

Goodwill arising on acquisition is allocated to groups of cash-generating units that are expected to benefit from the synergies of the business combination from which goodwill arose. Goodwill is allocated to groups of cash-generating units, being portfolios of stores or individual businesses. The cash-generating units used to monitor goodwill and test it for impairment are therefore the store portfolios and individual businesses rather than individual stores, as the cash flows of individual stores are not considered to be independent. The recoverable amounts of these cash-generating units are determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the cash-generating unit and the choice of a suitable discount rate in order to calculate the present value. See Note 12 for further disclosure on impairment of goodwill and review of the key assumptions used.

#### Impairment of Other Intangible Assets with Definite Lives

The Group is required to test whether other intangible assets with a definite useful economic life have suffered any impairment. The recoverable amount of brand names is based on an estimation of future sales and the choice of a suitable royalty and discount rate in order to calculate the present value, when this method is deemed the most appropriate. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the asset until the licence expiry date and the choice of a suitable discount rate in order to calculate the present value. Impairment losses are recognised in the Consolidated Income Statement. Note 12 provides further disclosure on impairment of other intangible assets with definite lives, including review of the key assumptions used.

#### Provisions to Write Inventories Down to Net Realisable Value

The Group makes provisions for obsolescence, mark downs and shrinkage based on historical experiences, the quality of the current season buy, market trends and management estimates of future events. The provision requires estimates for shrinkage, the expected future selling price of items and identification of aged and obsolete items.

#### Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of price discounts and sales related taxes.

#### *Goods Sold Through Retail Stores and Trading Websites*

In the case of goods sold through the retail stores and trading websites, revenue is recognised when goods are sold and the title has passed, less provision for returns. Accumulated experience is used to estimate and provide for such returns at the time of the sale and this provision is included within accruals. Retail sales are usually in cash, by debit card or by credit card.

- For online sales and click and collect orders, where the customer pays online but collects in store, title is deemed to have passed when the goods are dispatched from the warehouse.
- For reserve and collect, where the customer reserves online but pays at the point of collection from the store, the title is deemed to have passed when the goods are collected by the customer.

#### *Wholesale Revenue*

Wholesale revenue is recognised when goods are dispatched and the title and control over a product have passed to the customer. In some instances, goods are sold with a right of return. Where wholesale goods are sold with a right of return, a provision is made to estimate the expected level of returns based on accumulated experience and historical rates. The provision for returns is included within accruals. Wholesale sales are either settled by cash received in advance of the goods being dispatched or made on agreed credit terms.

#### *Gym Membership Revenue*

Revenue from the sale of fitness club memberships is recognised in the period the membership relates to. JD Gyms offers gym membership with no contract therefore income related to joining fees are recognised immediately on the basis that the related service has been performed. For new club openings, memberships are sold and joining fees are collected in the period before the new club is opened. Membership income received in advance of the club opening is deferred until the club is open and then recognised on an accruals basis over the related membership period.

**1. Basis of Preparation (continued)****Discount Card Revenue**

Income from the sale of annual discount cards is accounted for on a systematic basis over the 12 month life of the card which best matches the profile of the spend on these cards.

**Gift Cards**

The initial sale of a gift card is treated as an exchange of tender with the revenue recognised when the cards are redeemed by the customer. Revenue from gift card breakage is recognised when the likelihood of the customer utilising the gift card becomes remote.

**2. Segmental Analysis**

IFRS 8 'Operating Segments' requires the Group's segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker to allocate resources to the segments and to assess their performance. The Chief Operating Decision Maker is considered to be the Executive Chairman of JD Sports Fashion Plc.

Information reported to the Chief Operating Decision Maker is focussed on the nature of the businesses within the Group. The Group's operating and reportable segments under IFRS 8 are therefore Sports Fashion and Outdoor.

The Chief Operating Decision Maker receives and reviews segmental operating profit. Certain central administrative costs including Group Directors' salaries are included within the Group's core Sports Fashion result. This is consistent with the results as reported to the Chief Operating Decision Maker.

IFRS 8 requires disclosure of information regarding revenue from major products and customers. The majority of the Group's revenue is derived from the retail of a wide range of apparel, footwear and accessories to the general public. As such, the disclosure of revenues from major customers is not appropriate. Disclosure of revenue from major product groups is not provided at this time due to the cost involved to develop a reliable product split on a same category basis across all companies in the Group.

Intersegment transactions are undertaken in the ordinary course of business on arm's length terms.

The Board consider that certain items are cross divisional in nature and cannot be allocated between the segments on a meaningful basis. Net funding costs and taxation are treated as unallocated reflecting the nature of the Group's syndicated borrowing facilities and its tax group. A deferred tax liability of £11.0 million (2018: £5.3 million) and an income tax liability of £27.3 million (2018: £30.2 million) are included within the unallocated segment. During the year, there has been a draw down on the syndicated bank facility of £30 million. This has been treated as unallocated.

Each segment is shown net of intercompany transactions and balances within that segment. The eliminations remove intercompany transactions and balances between different segments which primarily relate to the net down of long term loans and short term working capital funding provided by JD Sports Fashion Plc (within Sports Fashion) to other companies in the Group, and intercompany trading between companies in different segments.

**Business Segments**

Information regarding the Group's reportable operating segments for the 52 weeks to 2 February 2019 is shown below:

Income statement	Sports Fashion £m	Outdoor £m	Total £m
Revenue	4,296.4	421.4	4,717.8
Operating profit/(loss) before exceptional items	365.8	(4.3)	361.5
Exceptional items	(13.7)	(1.6)	(15.3)
Operating profit/(loss)	352.1	(5.9)	346.2
Financial income			1.2
Financial expenses			(7.5)
Profit before tax			339.9
Income tax expense			(75.7)
Profit for the period			264.2



**2. Segmental Analysis (continued)**

Total assets and liabilities	Sports Fashion £m	Outdoor £m	Unallocated £m	Eliminations £m	Total £m
Total assets	2,039.2	255.9	-	(89.6)	2,205.5
Total liabilities	(978.5)	(171.5)	(68.3)	89.6	(1,128.7)
<b>Total segment net assets/(liabilities)</b>	<b>1,060.7</b>	<b>84.4</b>	<b>(68.3)</b>	<b>-</b>	<b>1,076.8</b>

Other segment information	Sports Fashion £m	Outdoor £m	Total £m
<b>Capital expenditure:</b>			
Software development	12.3	-	12.3
Property, plant and equipment	159.7	13.9	173.6
Non-current other assets	5.1	-	5.1
<b>Depreciation, amortisation and impairments:</b>			
Depreciation and amortisation of non-current assets	101.4	13.6	115.0
Impairment of intangible assets (exceptional items)	8.1	-	8.1
Impairment of non-current assets (non exceptional items)	11.2	0.7	11.9

The comparative segmental results for the 53 weeks to 3 February 2018 are as follows:

Income statement	Sports Fashion £m	Outdoor £m	Total £m
Revenue	2,745.0	416.4	3,161.4
Operating profit before exceptional items	300.0	8.8	308.8
Exceptional items	(9.6)	(3.3)	(12.9)
Operating profit	290.4	5.5	295.9
Financial income			0.6
Financial expenses			(2.0)
Profit before tax			294.5
Income tax expense			(58.1)
Profit for the period			236.4

Total assets and liabilities	Sports Fashion £m	Outdoor £m	Unallocated £m	Eliminations £m	Total £m
Total assets	1,446.4	257.3	-	(77.5)	1,626.2
Total liabilities	(667.6)	(166.3)	(35.5)	77.5	(791.9)
<b>Total segment net assets/(liabilities)</b>	<b>778.8</b>	<b>91.0</b>	<b>(35.5)</b>	<b>-</b>	<b>834.3</b>

Other segment information	Sports Fashion £m	Outdoor £m	Total £m
<b>Capital expenditure:</b>			
Software development	4.5	-	4.5
Property, plant and equipment	157.4	11.9	169.3
Non-current other assets	12.8	-	12.8
<b>Depreciation, amortisation and impairments:</b>			
Depreciation and amortisation of non-current assets	58.7	12.6	71.3
Impairment of intangible assets (exceptional items)	8.3	3.3	11.6
Impairment of non-current assets (non exceptional items)	3.5	1.6	5.1

**2. Segmental Analysis (continued)****Geographical Information**

The Group's operations are located in the UK, Australia, Belgium, Canada, Denmark, Dubai, Finland, France, Germany, Hong Kong, India, Italy, Malaysia, the Netherlands, New Zealand, Portugal, Republic of Ireland, Singapore, South Korea, Spain, Sweden, Thailand and the United States of America.

The following table provides analysis of the Group's revenue by geographical market, irrespective of the origin of the goods/services:

Revenue	52 weeks to 2 February 2019 £m	53 weeks to 3 February 2018 £m
UK	2,137.9	2,058.7
Europe	1,368.6	939.9
US	967.3	-
Rest of world	244.0	162.8
	4,717.8	3,161.4

The revenue from any individual country, with the exception of the UK & US, is not more than 10% of the Group's total revenue.

The following is an analysis of the carrying amount of segmental non-current assets by the geographical area in which the assets are located:

Non-current assets	2019 £m	2018 £m
UK	391.6	362.1
Europe	323.3	260.8
US	258.2	-
Rest of world	40.2	31.5
	1,013.3	654.4



**3. Profit Before Tax**

	52 weeks to 2 February 2019 £m	53 weeks to 3 February 2018 £m
<b>Profit before tax is stated after charging:</b>		
Auditor's remuneration:		
Audit of these financial statements (KPMG LLP)	0.2	0.2
Amounts receivable by the Company's auditor (KPMG LLP) and its associates in respect of: Audit of financial statements of subsidiaries of the Company	1.5	0.7
Depreciation and amortisation of non-current assets:		
Depreciation of property, plant and equipment	92.8	57.6
Amortisation of intangible assets	21.0	10.9
Amortisation of non-current other assets – owned	1.2	2.8
Impairments of non-current assets:		
Property, plant and equipment	10.5	4.6
Goodwill & fascia names	8.1	11.6
Other intangibles assets	0.8	-
Other non-current assets	0.6	0.5
Loss on disposal of non-current assets	2.0	1.6
Rentals payable under non-cancellable operating leases for:		
Land and buildings – non-contingent rentals payable	286.2	192.6
Land and buildings – contingent rentals payable	36.2	19.7
Other – plant and equipment	4.8	4.1
Movement in the fair value of forward contracts	-	21.5
<b>Profit before tax is stated after crediting:</b>		
Rents receivable and other income from property	0.9	0.8
Sundry income	3.8	1.6
Reverse premia	2.2	2.1
Movement in the fair value of forward contracts	33.9	-
Foreign exchange gain recognised	13.9	25.9

In addition, fees of £0.1 million (2018: £0.1 million) were incurred and paid by Pentland Group Plc in relation to the non-coterminous audit of the Group for the purpose of inclusion in their consolidated financial statements.

Non-current other assets comprise key money, store deposits, legal fees and lease premia associated with the acquisition of leasehold interests (see Note 14).

#### 4. Exceptional Items

Items that are, in aggregate, material in size and/or in nature, are included within operating profit and disclosed separately as exceptional items in the Consolidated Income Statement. Exceptional items are disclosed separately as they are not considered reflective of the year on year trading performance of the Group.

The separate reporting of exceptional items, which are presented as exceptional within the relevant category in the Consolidated Income Statement, helps provide an indication of the Group's underlying business performance. The principal items which may be included as exceptional items are:

- Profit/(loss) on the disposal of non-current assets
- Provision for rentals on onerous property leases
- Impairment of property, plant and equipment
- Impairment of non-current other assets
- Impairment of goodwill, brand names and fascia names
- Impairment of investment property
- Profit/(loss) on disposal of subsidiary undertakings
- Negative goodwill
- Business restructuring and business closure related costs
- (Gains)/losses arising on changes in ownership interest where control has been obtained
- Fair value adjustments to put option liabilities

	Note	52 weeks to 2 February 2019 £m	53 weeks to 3 February 2018 £m
Impairment of goodwill and fascia names (1)	12	8.1	11.6
Movement in fair value of put and call options (2)	20	5.6	1.3
Integration and consolidation of the outdoor systems and warehousing (3)		1.6	-
Administrative expenses – exceptional		15.3	12.9

(1) The impairment in the current period relates to the impairment of the goodwill arising in prior years on the acquisition of Source Lab Limited, JD Sports Fashion South Korea and the partial impairment of the goodwill arising in prior years on the acquisition of Champion. The impairment in the previous period related to the impairment of the fascia name arising on the acquisition of Next Athleisure Pty Limited and JD Sports Fashion SDN BHD and the goodwill arising in prior years on the acquisition of Tiso Group Limited (see Note 12).

(2) Movements in the fair value of put and call options (see Note 20).

(3) Costs arising from the integration and consolidation of the principal IT systems, warehousing and other infrastructure in Go Outdoors Limited and Blacks Outdoor Retail Limited.

Items (1) and (2) are exceptional items as they are not considered to be reflective of the underlying trading performance of the Group. Item (3) is presented as an exceptional item as these costs relate to a one off project which is expected to be completed during the financial period ended 1 February 2020.

#### 5. Remuneration of Directors

The remuneration of the Executive Directors includes provision for future LTIP payments of £100 (2018: £nil). Further information on Directors' emoluments is shown in the Directors' Remuneration Report on page 100.

In the opinion of the Board, the key management as defined under revised IAS 24 'Related Party Disclosures' are the six Executive and Non-Executive Directors (2018: six). During the year there was one (2018: one) Director within the defined contribution pension scheme. Full disclosure of the Directors' remuneration is given in the Directors' Remuneration Report on page 106.

	52 weeks to 2 February 2019 £m	53 weeks to 3 February 2018 £m
<b>Directors' emoluments:</b>		
As Non-Executive Directors	0.3	0.2
As Executive Directors	3.8	3.0
Pension contributions	-	-
	4.1	3.2



## 6. Staff Numbers and Costs

The average number of persons employed by the Group (including Directors) during the period, analysed by category, was as follows:

	2019	2018
Sales and distribution	46,905	29,240
Administration	1,947	1,052
	48,852	30,292
Full time equivalents	32,265	19,087

The aggregate payroll costs of these persons were as follows:

	52 weeks to 2 February 2019 £m	53 weeks to 3 February 2018 £m
Wages and salaries	609.8	398.8
Social security costs	68.6	41.0
Pension costs	11.8	7.3
Other employed staff costs	7.6	4.4
	697.8	451.5

## 7. Financial Income

Financial income comprises interest receivable on funds invested. Financial income is recognised in the Consolidated Income Statement on an effective interest method.

	52 weeks to 2 February 2019 £m	53 weeks to 3 February 2018 £m
Bank interest	1.2	0.6

## 8. Financial Expenses

Financial expenses comprise interest payable on interest-bearing loans and borrowings. Financial expenses are recognised in the Consolidated Income Statement on an effective interest method.

	52 weeks to 2 February 2019 £m	53 weeks to 3 February 2018 £m
On bank loans and overdrafts	6.7	1.9
Amortisation of facility fees	0.6	0.1
Other interest	0.2	-
Financial expenses	7.5	2.0

## 9. Income Tax Expense

Tax on the profit or loss for the year comprises current and deferred tax.

### Current Income Tax

Current income tax expense is calculated using the tax rates which have been enacted or substantively enacted by the reporting date, adjusted for any tax paid in respect of prior years.

### Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- Goodwill not deductible for tax purposes
- The initial recognition of assets or liabilities that affect neither accounting nor taxable profit
- Differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future

The amount of deferred tax provided is based on the expected realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

	52 weeks to 2 February 2019 £m	53 weeks to 3 February 2018 £m
<b>Current tax</b>		
UK corporation tax at 19.0% (2018: 19.2%)	75.6	64.3
Adjustment relating to prior periods	(0.7)	(1.0)
<b>Total current tax charge</b>	<b>74.9</b>	<b>63.3</b>
<b>Deferred tax</b>		
Deferred tax (origination and reversal of temporary differences)	(0.2)	(4.0)
Adjustment relating to prior periods	1.0	(1.2)
<b>Total deferred tax credit</b>	<b>0.8</b>	<b>(5.2)</b>
<b>Income tax expense</b>	<b>75.7</b>	<b>58.1</b>

	52 weeks to 2 February 2019 £m	53 weeks to 3 February 2018 £m
Profit before tax multiplied by the standard rate of corporation tax 19.0% (2018: 19.2%)	64.6	56.5
Effects of:		
Expenses not deductible	2.7	1.4
Depreciation and impairment of non-qualifying non-current assets (including brand names arising on consolidation)	3.0	1.7
Non taxable income	(3.0)	(0.4)
Loss on disposal of non-qualifying non-current assets	0.1	0.1
Effect of tax rates in foreign jurisdictions	4.0	1.5
Research and development tax credits and other allowances	(0.6)	-
Recognition of previously unrecognised tax losses	(0.3)	(0.7)
Reduction in tax rate	0.1	(0.1)
Change in unrecognised temporary differences	3.2	0.3
Under provided in prior periods	0.3	(2.2)
Other taxes due	1.6	-
<b>Income tax expense</b>	<b>75.7</b>	<b>58.1</b>



## 10. Earnings Per Ordinary Share

### Basic and Diluted Earnings Per Ordinary Share

The calculation of basic and diluted earnings per ordinary share at 2 February 2019 is based on the profit for the period attributable to equity holders of the parent of £261.8 million (2018: £231.9 million) and a weighted average number of ordinary shares outstanding during the 52 week period ended 2 February 2019 of 973,233,160 (2018: 973,233,160).

	52 weeks to 2 February 2019 Number	53 weeks to 3 February 2018 Number
Issued ordinary shares at beginning and end of period	973,233,160	973,233,160

### Adjusted Basic and Diluted Earnings Per Ordinary Share

Adjusted basic and diluted earnings per ordinary share have been based on the profit for the period attributable to equity holders of the parent for each financial period but excluding the post-tax effect of certain exceptional items. The Directors consider that this gives a more useful measure of the underlying performance of the Group.

	Note	52 weeks to 2 February 2019 £m	53 weeks to 3 February 2018 £m
Profit for the period attributable to equity holders of the parent		261.8	231.9
Exceptional items excluding loss on disposal of non-current assets	4	15.3	12.9
Tax relating to exceptional items		(0.3)	-
Profit for the period attributable to equity holders of the parent excluding exceptional items		276.8	244.8
Adjusted basic and diluted earnings per ordinary share		28.44p	25.15p
Unadjusted basic and diluted earnings per ordinary share		26.90p	23.83p

## 11. Acquisitions

### Business Combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect the returns through its power over the entity.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the Consolidated Income Statement.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and the settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the Consolidated Income Statement.

The valuation techniques used for measuring the fair value of material assets acquired are as follows:

- Assembled workforce – In accordance with IAS 38, the assembled workforce should not be recognised as a separate intangible asset but is subsumed within goodwill. The assembled workforce is valued using the cost savings method which estimates the costs saved by the acquirer from purchasing the asset versus building or developing the asset internally.
- Intangible assets (computer software) – The cost approach was used which reflects the amount that would be required to currently replace the service capacity of an asset (often referred to as current replacement cost).
- Intangible assets (fascia names and brand names) – The relief from royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the intangible assets being owned.

**11. Acquisitions (continued)**

- Inventories – The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to sell the inventories.
- Leasehold interests – The fair value of leasehold interests is estimated by comparing the annual rent to a normalised rent level based on a market oriented occupancy rate. The difference is calculated over the remaining lease term and discounted at the estimated pre-tax discount rate.
- Owned property – The cost approach considers the cost to replace the existing improvements, less accrued depreciation, plus the fair value of the land. The value of the properties is derived by adding the estimated value of the land to the cost of constructing a reproduction or replacement for the improvements and then subtracting the amount of depreciation.
- Property, plant and equipment – The depreciated replacement cost new valuation approach is utilised reflecting adjustments for physical deterioration as well as functional and economic obsolescence.

**Current Period Acquisitions****The Finish Line, Inc.**

On 18 June 2018, the Group acquired 100% of the issued share capital of The Finish Line, Inc. ('Finish Line') for cash consideration of \$558 million (£400.5 million).

Finish Line is one of the largest retailers of premium multibranded athletic footwear, apparel and accessories in the United States (US), the largest sportswear market in the world. At acquisition, Finish Line traded from 556 Finish Line branded retail stores across 44 US states and Puerto Rico in addition to a well-established multichannel offering. Finish Line is also the exclusive retailer of athletic shoes, both in-store and online for Macy's, one of the US' premier retailers, operating 375 branded and more than 150 small unbranded concessions within Macy's stores at acquisition.

Included within the provisional fair value of the net identifiable assets on acquisition is an intangible asset of £70.6 million, representing the Finish Line fascia name. The Board believes that the excess of consideration paid over the net assets on acquisition of £98.5 million is best considered as goodwill on acquisition representing future operating synergies. The provisional goodwill calculation is summarised below:

	Book value £m	Measurement adjustments £m	Provisional fair value at 2 February 2019 £m
Acquiree's net assets at acquisition date:			
Intangible assets	16.9	70.6	87.5
Property, plant and equipment	76.5	4.9	81.4
Inventories	261.6	(5.8)	255.8
Cash and cash equivalents	50.9	-	50.9
Trade and other receivables	38.6	-	38.6
Income tax assets	(1.5)	-	(1.5)
Deferred tax assets/(liabilities)	7.0	(11.5)	(4.5)
Trade and other payables – current	(135.9)	(16.8)	(152.7)
Trade and other payables – non-current	(40.2)	(13.3)	(53.5)
Net identifiable assets	273.9	28.1	302.0
Goodwill on acquisition			98.5
<b>Total consideration – satisfied in cash</b>			<b>400.5</b>

Included in the 52 week period ended 2 February 2019 is revenue of £956.6 million and profit before tax of £24.6 million in respect of The Finish Line, Inc.

**Choice Limited**

On 13 August 2018 the Group acquired, via its subsidiary Tessuti Limited, 100% of the issued share capital of Choice Limited for cash consideration of £4.0 million and 8.8% of the issued share capital of Tessuti Limited with a fair value of £1.3 million. Choice Limited operates as a retailer of premium fashion apparel and footwear with six stores and a trading website at acquisition. Included within the provisional fair value of the net identifiable assets on acquisition is an intangible asset of £1.5 million, representing the Choice fascia name. The Board believes that the excess of consideration paid over the net assets on acquisition of £3.0 million is best considered as goodwill on acquisition representing future operating synergies.

Included in the 52 week period ended 2 February 2019 is revenue of £11.6 million and profit before tax of £1.2 million in respect of Choice Limited.



## 11. Acquisitions (continued)

### Other Acquisitions

During the period, the Group made several small acquisitions, these transactions were not material.

### Full Year Impact of Acquisitions

Had the acquisitions of the entities listed above been effected at 4 February 2018, the revenue and profit before tax of the Group for the 52 week period to 2 February 2019 would have been £5.2 billion and £318.8 million respectively.

### Acquisition Costs

Acquisition related costs amounting to £3.9 million (The Finish Line Inc. £3.8 million, other acquisitions £0.1 million) have been excluded from the consideration transferred and have been recognised as an expense in the year, within administrative expenses in the Consolidated Income Statement.

### Prior Period Acquisitions

#### JD Sports Fashion South Korea Inc.

On 14 September 2017, the Group acquired an initial 15% of the issued ordinary share capital of J&S Partners Inc. for cash consideration of 8.1 billion South Korean Won (KRW). As part of the joint venture agreement, the Group had a call option, exercisable at the Group's discretion, to acquire a further 35% of the share capital. This was exercised on 13 April 2018.

J&S Partners Inc. subsequently changed its company name to JD Sports Fashion South Korea Inc. and at the date of acquisition operated 24 multibranded Hot-T stores and a trading website. During the current financial period 14 of the Hot-T stores have been rebranded as JD stores. It is the Group's current intention to re-fascia the remaining Hot-T stores as JD.

The period in which the call option could be exercised commenced in October 2017. The Group has concluded, in accordance with IFRS 10, that the Group had 'deemed control' and therefore had the ability to control the entity from the point at which the Group had the right to exercise the option, being October 2017. The Group has therefore included the results of the entity in the Consolidated Financial Statements of the Group from 14 September 2017.

The Board believed that the excess of cash consideration paid over the net identifiable assets on acquisition of £2.9 million was best considered as goodwill on acquisition representing anticipated future operating synergies. The goodwill was subsequently impaired in the financial period ended 2 February 2019. No measurement adjustments have been made to the fair values during the 52 week period ended 2 February 2019. The period in which measurement adjustments could be made has now closed on this acquisition and the final goodwill calculation is summarised below:

	Book value £m	Measurement adjustments £m	Fair value at 2 February 2019 £m
Acquiree's net assets at acquisition date:			
Property, plant and equipment	4.8	(1.9)	2.9
Other non-current assets	13.9	-	13.9
Inventories	9.2	(0.4)	8.8
Trade and other receivables	0.5	-	0.5
Trade and other payables	(3.5)	-	(3.5)
Interest bearing loans and borrowings	(5.8)	-	(5.8)
Net identifiable assets	19.1	(2.3)	16.8
Non-controlling interest	(16.3)	2.0	(14.3)
Goodwill on acquisition			2.9
Consideration paid - satisfied in cash			5.4

#### SDSR - Sports Division SR, S.A. ('Sport Zone Portugal')

On 31 January 2018, JD Sports Fashion Plc completed the acquisition of Sport Zone Portugal resulting in the combination of its existing interests across Iberia with those of Sport Zone in Portugal, Spain and the Canary Islands.

The Group acquired, via its 50% subsidiary Iberian Sports Retail Group SL, 100% of the issued share capital of SDSR - Sports Division SR, S.A. ('Sport Zone Portugal') for initial net cash consideration of £1.6 million and 30% of the issued share capital in Iberian Sports Retail Group SL with a fair value of £61.1 million. Included within the 30% of the issued share capital was the 24.95% of shares of Iberian Sports Retail Group SL that were held in the Treasury Reserve.

Sport Zone Portugal owns 100% of the issued share capital of Sport Zone Espana, Comercio de Articulos de Deporte S.A ('Sport Zone Spain') and 60% of the issued share capital of Sport Zone Canarias (SL) ('Sport Zone Canarias'). Sport Zone is a well-established and leading multibranded sports retailer in Portugal, with a presence in mainland Spain and the Canary Islands. Sport Zone offers a multisport product range with a wide apparel, footwear, accessories and equipment offering.

**11. Acquisitions (continued)**

Included within the fair value of the net identifiable assets on acquisition are intangible assets of £13.1 million; £9.2 million representing the 'Sport Zone' fascia name and £3.9 million of Sport Zone exclusive brands.

The Board believed that the excess of consideration paid over the net assets on acquisition of £15.5 million is best considered as goodwill on acquisition representing anticipated future operating synergies. The fair value measurement adjustment to inventories has been increased by £2.3 million and cash consideration paid reduced by £1.5m million following the finalisation of the acquisition accounting in the period to 2 February 2019. The period in which measurement adjustments could be made has now closed on this acquisition and the final goodwill calculation is summarised below:

	Book value £m	Measurement adjustments £m	Fair value at 2 February 2019 £m
<b>Acquiree's net assets at acquisition date:</b>			
Intangible assets	-	13.1	13.1
Property, plant and equipment	39.7	(6.2)	33.5
Other non-current assets	1.2	-	1.2
Inventories	43.0	(4.3)	38.7
Cash and cash equivalents	4.8	-	4.8
Trade and other receivables	5.0	-	5.0
Income tax assets	0.2	-	0.2
Deferred tax assets/(liabilities)	5.3	(7.5)	(2.2)
Trade and other payables – current	(38.1)	(1.9)	(40.0)
Trade and other payables – non current	(0.9)	-	(0.9)
Interest bearing loans and borrowings	(6.9)	-	(6.9)
<b>Net identifiable assets</b>	<b>53.3</b>	<b>(6.8)</b>	<b>46.5</b>
Non-controlling interest (40% of Sport Zone Canarias (SL))	(0.9)	0.1	(0.8)
Goodwill on acquisition			15.5
Consideration paid – satisfied in cash			0.1
Consideration paid – fair value of shares in Iberian Sports Retail Group			61.1
<b>Total consideration</b>			<b>61.2</b>

**Ben Dunne Gyms (UK) Limited**

On 28 December 2017, the Group acquired, via its 87.5% owned subsidiary JD Sports Gyms Limited, 100% of the issued ordinary share capital of Ben Dunne Gyms (UK) Limited for cash consideration of £1 assuming £2.0 million of net debt as part of the transaction. Following the acquisition, the company name was changed to JD Sports Gyms Acquisitions Limited. The Board believes that the excess of cash consideration paid over the net identifiable assets on acquisition of £1.0 million is best considered as goodwill representing future operating synergies. No measurement adjustments have been made to the fair values during the 52 week period ended 2 February 2019 and the period in which measurement adjustments could be made has now closed on this acquisition.

**Dantra Limited ('Kids Cavern')**

On 1 February 2018, the Group acquired 75% of the issued ordinary share capital of Dantra Limited for cash consideration of £6.3 million. Dantra Limited trades under the fascia name Kids Cavern from three stores and a trading website. The Board believes that the excess of cash consideration paid over the net identifiable assets on acquisition of £4.2 million is best considered as goodwill representing future operating synergies. No measurement adjustments have been made to the fair values during the 52 week period ended 2 February 2019 and the period in which measurement adjustments could be made has now closed on this acquisition.

**Other Acquisitions**

During the prior period, the Group made several small acquisitions, including increasing its shareholding to 100% in two subsidiaries which were previously non-wholly owned. These transactions were not material.

## 12. Intangible Assets

	Goodwill £m	Brand licences £m	Brand names £m	Fascia name £m	Software development £m	Total £m
<b>Cost or valuation</b>						
At 28 January 2017	130.6	11.8	20.6	98.0	10.7	271.7
Additions	0.2	-	-	-	4.5	4.7
Acquisitions	22.8	-	3.9	9.2	-	35.9
Exchange differences	1.7	-	-	0.3	-	2.0
At 3 February 2018	155.3	11.8	24.5	107.5	15.2	314.3
Additions	103.5	-	-	72.1	12.3	187.9
Acquisitions	-	-	-	-	17.3	17.3
Reclassifications	-	-	-	-	3.8	3.8
Disposals	(1.5)	-	(0.5)	-	(1.0)	(3.0)
Exchange differences	4.3	-	0.4	2.0	0.5	7.2
At 2 February 2019	261.6	11.8	24.4	181.6	48.1	527.5
<b>Amortisation and impairment</b>						
At 28 January 2017	37.4	8.9	11.1	14.9	8.5	80.8
Charge for the period	-	0.8	1.5	5.7	2.9	10.9
Impairments	3.3	-	-	8.3	-	11.6
At 3 February 2018	40.7	9.7	12.6	28.9	11.4	103.3
Charge for the period	-	0.8	1.5	10.5	8.2	21.0
Impairments	8.1	-	-	-	0.8	8.9
Reclassifications	-	-	-	-	2.5	2.5
Disposals	(1.5)	-	(0.5)	-	(0.9)	(2.9)
Exchange differences	-	-	-	0.4	-	0.4
At 2 February 2019	47.3	10.5	13.6	39.8	22.0	133.2
<b>Net book value</b>						
At 2 February 2019	214.3	1.3	10.8	141.8	26.1	394.3
At 3 February 2018	114.6	2.1	11.9	78.6	3.8	211.0
At 28 January 2017	93.2	2.9	9.5	83.1	2.2	190.9

**Acquisitions**

The acquisitions of intangibles assets in the current year principally relate to the acquisition of Finish Line, Inc. The acquisitions in the prior year principally relate to the acquisition of Sport Zone and JD Sports Fashion South Korea. Further details, including the provisional fair value of the assets acquired, are provided in Note 11.

**Disposals**

The disposals of intangible assets in the current year are the Kooga goodwill and brand name.

**Intangibles Assets with Definite Lives****Brand Licences**

Brand licences are stated at cost less accumulated amortisation and impairment losses. Amortisation of brand licences is charged to the Consolidated Income Statement within cost of sales over the term to the licence expiry on a straight line basis.

At each reporting date, the Group reviews the carrying amounts of its brand licences to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment losses are recognised in the Consolidated Income Statement.

The recoverable amount of brand licences is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the relevant asset until the licence expiry date and the choice of a suitable discount rate in order to calculate the present value.



## 12. Intangible Assets (continued)

### **Brand Names**

Brand names acquired as part of a business combination are stated at fair value as at the acquisition date less accumulated amortisation and impairment losses. Brand names separately acquired are stated at cost less accumulated amortisation and impairment losses. The useful economic life of each purchased brand name is considered to be finite. In determining the useful economic life of each brand name, the Board considers the market position of the brands acquired, the nature of the market that the brands operate in, typical product life cycles of brands and the useful economic lives of similar assets that are used in comparable ways.

Brand names are amortised over a period of 10 years and the amortisation charge is included within administrative expenses in the Consolidated Income Statement.

At each reporting date, the Group reviews the carrying amounts of its brand names to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of brand names is determined based on a 'royalty relief' method of valuation. The recoverable amount of brand names is based on an estimation of future sales and the choice of a suitable royalty and discount rate in order to calculate the present value, when this method is deemed the most appropriate. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the asset and the choice of a suitable discount rate in order to calculate the present value. Impairment losses are recognised in the Consolidated Income Statement.

### **Software Development**

Software development costs (including website development costs) are capitalised as intangible assets if the technical and commercial feasibility of the project has been demonstrated, the future economic benefits are probable, the Group has an intention and ability to complete and use or sell the software and the costs can be measured reliably. Costs that do not meet these criteria are expensed as incurred. Software development costs are stated at historic cost, less accumulated amortisation.

Software development costs are all amortised over a period of two to seven years and the amortisation charge is included within administrative expenses in the Consolidated Income Statement.

## 12. Intangible Assets (continued)

### Intangible Assets with Indefinite Lives

#### Fascia Names

Separately identifiable fascia names acquired are stated at fair value as at the acquisition date less accumulated amortisation and impairment losses. The initial fair value is determined by using a 'royalty relief' method of valuation. This is based on an estimation of future sales and the choice of a suitable royalty and discount rate in order to calculate the present value, when this method is deemed the most appropriate. This method involves calculating a net present value for each fascia name by discounting the projected future royalties expected using an indefinite useful economic life for each fascia. The future royalties are estimated by applying a suitable royalty rate to the sales forecast.

Store and online fascia names are considered to have a finite useful economic life. The useful economic life of an online fascia name is lower than that of a store fascia name due to increased competition in the marketplace as a result of reduced barriers to entry. The estimated useful economic lives are as follows:

- Online fascia names 3 to 5 years
- Store fascia names 10 to 20 years

The factors that are considered when determining the useful life of each fascia name are:

- The strength of the respective fascia names in the relevant sector and geographic region where the fascia is located
- The history of the fascia names and that of similar assets in the relevant retail sectors
- The commitment of the Group to continue to operate these stores separately for the foreseeable future, including the ongoing investment in new stores and refurbishments

At each reporting date, the Group reviews the carrying amounts of its fascia names to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of these assets is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the cash-generating unit and the choice of a suitable discount rate in order to calculate the present value. Impairment losses are recognised in the Consolidated Income Statement.

#### Goodwill

Goodwill represents amounts arising on acquisition of subsidiaries. The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, negative goodwill is recognised immediately in the Consolidated Income Statement.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit/loss on disposal.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to groups of cash-generating units and is tested annually for impairment and whenever there is an indication that the goodwill may be impaired. The cash-generating units used are individual stores and the groups of cash-generating units are either the store portfolios or individual businesses acquired. The recoverable amount is compared to the carrying amount of the cash-generating units including goodwill.

## 12. Intangible Assets (continued)

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. The intangible assets in the table below have been reviewed for indicators of impairment and none were noted. The carrying amount of goodwill and fascia name by cash-generating units, along with the key assumptions used in the value-in-use calculation is as follows:

	Segment	Basic financial information						Impairment model assumptions used				
		Goodwill 2019 £m	Fascia name 2019 £m	Total intangible 2019 £m	Goodwill 2018 £m	Fascia name 2018 £m	Total intangible 2018 £m	Short term growth rate (1) %	Long term growth rate (2) %	Margin rate	Pre Tax Discount rate (3) 2019 %	Pre Tax Discount rate (3) 2018 %
Champion store portfolio	Sports Fashion	9.7	-	9.7	11.2	-	11.2	2.0%	2.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	7.6%	8.0%
Finish Line	Sports Fashion	98.5	66.4	164.9	-	-	-	-	-	Acquired during the financial period ended 2 February 2019	-	-
First Sport store portfolio	Sports Fashion	15.0	-	15.0	15.0	-	15.0	1.0%	1.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	7.6%	8.0%
Mainline Menswear Limited	Sports Fashion	7.4	0.5	7.9	7.4	0.7	8.1	1.0%	1.0%	Gross margins are assumed to improve by 1.5% in the short term to reflect implementation of enhanced group terms and focussed strategy regarding stock and merchandising	9.4%	9.9%
Sport Zone	Sports Fashion	17.5	9.2	26.7	14.7	9.2	23.9	3.0%	2.0%	Gross margins are assumed to improve by 1% in the short term to reflect implementation of a focussed strategy regarding stock	11.6%	17.3%
Sprinter store portfolio	Sports Fashion	6.9	3.8	10.7	6.2	3.8	10.0	2.0%	2.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	10.6%	11.1%
Go Outdoors	Outdoor	44.4	53.2	97.6	44.4	56.1	100.5	2.1%	2.5%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	13.2%	15.2%
Other	Sports Fashion & Outdoor	14.9	8.7	23.6	15.7	8.8	24.5	1.0% - 3.0%	1.0% - 3.0%	A range of gross margin assumptions, from broadly consistent with approved budget levels to improvements of up to 2% in the short term to reflect implementation of enhanced group terms and focussed strategy regarding stock and merchandising	7.5% - 14.3%	7.9% - 14.7%
		214.3	141.8	356.1	114.6	78.6	193.2					



## 12. Intangible Assets (continued)

- (1) The short term growth rate is the Board approved compound annual growth rate for the four year period following the January 2020 financial year currently underway
- (2) The long term growth rate is the rate used thereafter, which is an estimate of the growth based on past experience within the Group taking account of economic growth forecast for the relevant industries
- (3) The discount rate applied is pre-tax and reflects the current market assessments of the time value of money and any specific risk premiums relevant to the individual cash-generating unit. These discount rates are considered to be equivalent to the rates a market participant would use

The cash flow projections used in the value-in-use calculations are all based on actual operating results, together with financial forecasts and strategy plans approved by the Board covering a five year period. These forecasts and plans are based on both past performance and expectations for future market development.

### Sensitivity Analysis

A sensitivity analysis has been performed on the base case assumptions of margin growth used for assessing the goodwill and other intangibles.

The Board has considered the possibility of each business achieving less revenue and gross profit % than forecast. Whilst any reduction in revenue would be partially offset by a reduction in revenue related costs, the Board would also take actions to mitigate the loss of gross profit by reducing other costs. With regards to the assessment of value-in-use of all cash-generating units, with the exceptions of those listed below, the Board believe that there are no reasonably possible changes in any of the key assumptions, which would cause the carrying value of the unit to exceed its recoverable amount.

For the Go Outdoors cash-generating unit, significant changes in key assumptions could cause the carrying value of the unit to exceed its recoverable amount. The following sensitivities were performed:

- Reducing the assumed short term store and online sales growth by 1%, assuming the business would be unable to reduce selling and distribution and administrative costs, would not lead to an impairment.
- Increasing the pre-tax discount rate by 1% would lead to an impairment of £0.3 million. All other assumptions remain unchanged. The discount rate applied pre-sensitivity analysis has reduced by 2% in 2019 when compared to 2018. This is due to a reduction in the Group basic WACC rate and a reduction in the specific risk premium applied to Go Outdoors as the Company has been under Group control for two financial years.
- Reducing the long term growth rate by 1% would not lead to an impairment. All other assumptions remain unchanged.

## 13. Property, Plant and Equipment

	Freehold land, long leasehold & freehold properties £m	Improvements to short leasehold properties £m	Assets under construction £m	Fixtures and fittings £m	Computer equipment £m	Motor vehicles £m	Total £m
<b>Cost</b>							
At 28 January 2017	17.2	44.2	-	329.9	49.7	0.3	441.3
Additions	23.8	12.4	18.4	106.1	8.5	0.1	169.3
Disposals	(4.5)	(1.5)	-	(17.3)	(1.4)	(0.1)	(24.8)
Reclassifications	-	(2.0)	-	0.1	1.0	-	(0.9)
Acquisitions	-	3.6	0.6	30.6	2.6	-	37.4
Exchange differences	-	0.4	-	10.3	0.6	-	11.3
At 3 February 2018	36.5	57.1	19.0	459.7	61.0	0.3	633.6
Additions	1.0	28.8	6.5	124.0	13.2	0.1	173.6
Disposals	-	(1.9)	(0.1)	(22.9)	(2.6)	(0.1)	(27.6)
Reclassifications	-	(14.5)	(24.1)	16.3	(2.9)	-	(25.2)
Acquisitions	15.9	37.7	-	19.4	9.8	0.8	83.6
Exchange differences	1.4	0.8	1.8	24.6	0.9	-	29.5
At 2 February 2019	54.8	108.0	3.1	621.1	79.4	1.1	867.5
<b>Depreciation and impairment</b>							
At 28 January 2017	0.9	15.5	-	150.0	39.0	0.1	205.5
Charge for the period	0.4	5.5	-	44.3	7.3	0.1	57.6
Disposals	-	(1.2)	-	(15.3)	(1.2)	(0.1)	(17.8)
Reclassifications	-	(0.5)	-	1.3	0.8	-	1.6
Impairments	-	0.3	-	4.1	0.2	-	4.6
Exchange differences	-	0.1	-	4.8	0.3	-	5.2
At 3 February 2018	1.3	19.7	-	189.2	46.4	0.1	256.7
Charge for the period	1.4	15.6	-	64.0	11.5	0.3	92.8
Disposals	-	(1.2)	-	(20.1)	(2.4)	(0.1)	(23.8)
Reclassifications	-	(9.3)	-	(6.1)	(3.1)	-	(18.5)
Impairments	-	5.5	-	5.0	-	-	10.5
Exchange differences	-	0.2	-	9.2	0.6	-	10.0
At 2 February 2019	2.7	30.5	-	241.2	53.0	0.3	327.7
<b>Net book value</b>							
At 2 February 2019	52.1	77.5	3.1	379.9	26.4	0.8	539.8
At 3 February 2018	35.2	37.4	19.0	270.5	14.6	0.2	376.9
At 28 January 2017	16.3	28.7	-	179.9	10.7	0.2	235.8

**Owned Assets**

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful economic lives, they are accounted for as separate items.

Legal fees and other costs associated with the acquisition of a leasehold interest are capitalised within non-current other assets (see Note 14). These costs are amortised over the life of the lease.

Rental income from operating leases where the Group is the lessor is recognised on a straight-line basis over the term of the relevant lease.

**13. Property, Plant and Equipment (continued)****Depreciation**

Depreciation is charged to the Consolidated Income Statement over the estimated useful life of each part of an item of property, plant and equipment. The estimated useful economic lives are as follows:

• Freehold land	not depreciated
• Warehouse	15 – 25 years on a straight line basis
• Long leasehold and freehold properties	2% per annum on a straight line basis
• Improvements to short leasehold properties	life of lease on a straight line basis
• Computer equipment	3 – 4 years on a straight line basis
• Fixtures and fittings	5 – 7 years, or length of lease if shorter, on a straight line basis
• Motor vehicles	25% per annum on a reducing balance basis

**Impairment of Property, Plant and Equipment and Non-current Other Assets**

Property, plant and equipment and non-current other assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of an asset or a cash-generating unit is not recoverable. A cash-generating unit is an individual store. The recoverable amount is the greater of the fair value less costs to sell and value-in-use. Impairment losses recognised in prior periods are assessed at each reporting period date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would be held (net of depreciation) if no impairment had been realised.

**Leased Assets**

Assets funded through finance leases and similar hire purchase contracts are capitalised as property, plant and equipment where the Group assumes substantially all of the risks and rewards of ownership. Upon initial recognition, the leased asset is measured at the lower of its fair value and the present value of the minimum lease payments. Future instalments under such leases, net of financing costs, are included within interest-bearing loans and borrowings.

Rental payments are apportioned between the finance element, which is included in finance costs, and the capital element which reduces the outstanding obligation for future instalments so as to give a constant charge on the outstanding obligation.

All other leases are accounted for as operating leases and the rental costs, are charged to the Consolidated Income Statement on a straight line basis over the life of the lease. Contingent rentals payable based on store revenues are accrued in line with the related sales and are charged as expenses in the period to which they relate. The value of any lease incentives is recognised as deferred income and credited to the Consolidated Income Statement against rentals payable on a straight line basis over the life of the lease.

Impairment charges of £10.5 million (2018: £4.6 million) relate to all classes of property, plant and equipment in cash-generating units which are loss making and where it is considered that the position cannot be recovered as a result of a continuing deterioration in the performance in the particular store. The cash-generating units represent individual stores with the loss based on the specific revenue streams and costs attributable to those cash-generating units. Assets in impaired stores are written down to their recoverable amount which is calculated as the greater of the fair value less costs to sell and value-in-use.

Included within the depreciation charge for the period ended 2 February 2019 is accelerated depreciation of £5.2 million (2018: £3.3 million) following a review of the useful economic life of certain items of property, plant and equipment and assets capitalised.

The carrying amount of the Group's property, plant and equipment includes an amount of £9.0 million (2018: £3.9 million) in respect of assets held under finance leases. The depreciation charge on those assets for the current period was £0.7 million (2018: £0.5 million).



#### 14. Non-current Other Assets

**Key Money**

Monies paid in certain countries to give access to retail locations are capitalised within non-current assets. Key money is stated at historic cost less impairment losses. These assets are not depreciated as past experience has shown that the key money is recoverable on disposal of a retail location and is deemed to have an indefinite useful economic life but will be impaired if evidence exists that the market value is less than the historic cost. Gains/losses on key money from the subsequent disposal of these retail locations are recognised in the Consolidated Income Statement.

**Deposits**

Money paid in certain countries as deposits to store landlords as protection against non-payment of rent, is capitalised within non-current assets. A provision for the impairment of these deposits is established when there is objective evidence that the landlord will not repay the deposit in full.

**Legal Fees**

Legal fees and other costs associated with the acquisition of a leasehold interest are capitalised within non-current other assets and amortised over the life of the lease.

**Lease Premia**

Money paid in certain countries specifically to landlords or tenants as an incentive to exit an existing lease commonly referred to as compensation for early termination, to enable acquisition of that lease. These payments are capitalised within other non-current assets and amortised over the life of the lease.

**14. Non-current Other Assets (continued)**

	Key Money £m	Deposits £m	Legal Fees £m	Lease Premia £m	Total £m
<b>Cost</b>					
At 28 January 2017	15.7	10.5	14.7	8.3	49.2
Additions	2.0	4.4	3.3	3.1	12.8
Disposals	-	(0.3)	(1.0)	(0.8)	(2.1)
Acquisitions	-	15.2	-	0.4	15.6
Reclassifications	2.2	-	0.8	-	3.0
Exchange differences	1.2	0.8	0.1	0.3	2.4
<b>At 3 February 2018</b>	<b>21.1</b>	<b>30.6</b>	<b>17.9</b>	<b>11.3</b>	<b>80.9</b>
Additions	0.8	3.6	0.2	0.5	5.1
Disposals	(0.2)	(0.7)	(0.1)	-	(1.0)
Reclassifications	(0.1)	-	7.3	0.5	7.7
Exchange differences	2.5	1.8	0.2	0.7	5.2
<b>At 2 February 2019</b>	<b>24.1</b>	<b>35.3</b>	<b>25.5</b>	<b>13.0</b>	<b>97.9</b>
<b>Depreciation and impairment</b>					
At 28 January 2017	0.5	0.1	8.4	2.1	11.1
Charge for period	-	-	1.6	1.2	2.8
Disposals	-	-	(0.5)	(0.2)	(0.7)
Reclassifications	-	-	0.5	-	0.5
Impairments	0.5	-	-	-	0.5
Exchange differences	-	-	0.1	0.1	0.2
<b>At 3 February 2018</b>	<b>1.0</b>	<b>0.1</b>	<b>10.1</b>	<b>3.2</b>	<b>14.4</b>
Charge for period	-	-	0.4	0.8	1.2
Disposals	-	-	(0.1)	-	(0.1)
Reclassifications	-	-	1.8	0.5	2.3
Impairments	0.4	-	-	0.2	0.6
Exchange differences	0.1	-	0.1	0.2	0.4
<b>At 2 February 2019</b>	<b>1.5</b>	<b>0.1</b>	<b>12.3</b>	<b>4.9</b>	<b>18.8</b>
<b>Net book value</b>					
<b>At 2 February 2019</b>	<b>22.6</b>	<b>35.2</b>	<b>13.2</b>	<b>8.1</b>	<b>79.1</b>
At 3 February 2018	20.1	30.5	7.8	8.1	66.5
At 28 January 2017	15.2	10.4	6.3	6.2	38.1

**15. Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle. Provisions are made for obsolescence, mark downs and shrinkage.

	2019 £m	2018 £m
Finished goods and goods for resale	763.8	478.0

The cost of inventories recognised as expenses and included in cost of sales for the 52 weeks ended 2 February 2019 was £2,474.5 million (2018: £1,629.8 million).

The Group has £73.9 million (2018: £43.7 million) of stock provisions at the end of the period.

Cost of inventories includes a net charge of £12.9 million (2018: £13.2 million) in relation to net provisions recognised against inventories.

**16. Trade and Other Receivables****Credit Risk**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The trade receivables balances are typically held by the wholesale businesses within the Group. Each subsidiary establishes a credit policy under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. The Group review includes financial statements, credit agency information and industry information. Each subsidiary limits its credit exposure by setting payment periods and, in certain circumstances, these are approved by JD Plc Group management.

Customers are monitored by taking into account their credit characteristics; whether they are a wholesale or retail customer, their geographic location, industry, trading history with the Group and existence of previous financial difficulties.

**Expected Credit Loss Assessment**

Each subsidiary within the Group allocates each exposure to a credit risk grade based on the data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and available press information about customers) and by applying experienced credit judgement.

An allowance matrix is used to measure the expected credit losses (ECL's) of trade receivables from smaller customers, which comprise a very large number of small balances. Loss rates are based on actual credit loss experience over the past 5 years, factoring in other information such as current conditions, age of the customer relationship and the view of the economic conditions over the expected lives of the receivables.

The Group recognises loss allowances for ECL's on financial assets measured at amortised cost and measures the loss allowances at an amount equal to the lifetime ECL's for trade receivables.

	2019 £m	2018 £m
<b>Current assets</b>		
Trade receivables	36.8	27.7
Other receivables	45.5	59.9
Prepayments and accrued income	94.9	58.7
	177.2	146.3

A summary of the Group's exposure to credit risk for trade receivables is as follows:

	2019			2018		
	Gross £m	Provision £m	Net £m	Gross £m	Provision £m	Net £m
Not past due	23.7	(0.3)	23.4	22.0	-	22.0
Past due 0 - 30 days	7.2	(0.1)	7.1	3.6	(0.1)	3.5
Past due 30 - 60 days	2.3	(0.1)	2.2	1.4	(0.3)	1.1
Past 60 days	4.9	(0.8)	4.1	1.8	(0.7)	1.1
	38.1	(1.3)	36.8	28.8	(1.1)	27.7



**16. Trade and Other Receivables (continued)**

At 2 February 2019, the exposure to credit risk for trade receivables by geographic region was as follows:

	As at 2 February 2019 Total £m	As at 3 February 2018 Total £m
UK	12.8	16.3
Europe	13.5	6.7
US	4.7	0.2
Rest of world	7.1	5.6
<b>Total</b>	<b>38.1</b>	<b>28.8</b>

At 2 February 2019, the exposure to credit risk for trade receivables by type of counterparty was as follows:

	As at 2 February 2019 Total £m	As at 3 February 2018 Total £m
Wholesale customers	7.6	5.3
Retail customers	20.1	13.1
End user customers	4.2	1.3
Other	6.2	9.1
<b>Total</b>	<b>38.1</b>	<b>28.8</b>

At 2 February 2019, the carrying amount of the Group's most significant customer was £3.8 million (2018: £0.7 million).

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables as at 2 February 2019:

	Weighted average loss rate %	Gross carrying amount £m	Loss allowance £m	Credit impaired £m
Not past due	1.3%	23.7	(0.3)	-
Past due 0 - 30 days	1.4%	7.2	(0.1)	-
Past due 30 - 60 days	4.3%	2.3	(0.1)	-
Past due 61 - 90 days	22.2%	1.8	(0.4)	-
More than 90 days past due	12.9%	3.1	(0.4)	-
<b>Total</b>	<b>3.4%</b>	<b>38.1</b>	<b>(1.3)</b>	<b>-</b>

Movement on this provision is shown below:

	£m
At 28 January 2017	1.1
Created	0.1
Released	(0.4)
Acquired	0.3
At 3 February 2018 (as per IAS 39)	1.1
On transition	-
At 3 February 2018 (as per IFRS 9)	1.1
Created	0.8
Released	(0.4)
Utilised	(0.2)
<b>At 2 February 2019</b>	<b>1.3</b>

The Group has applied the modified retrospective approach for transition, including no requirement to restate comparative amounts. Comparative amounts were not restated and the effect on initial application was immaterial to the Group financial statements.

The other classes within trade and other receivables do not contain impaired assets.

**17. Cash and Cash Equivalents**

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts are included as a component of cash and cash equivalents for the purpose of the Consolidated Statement of Cash Flows, as these are used as an integral part of the Group's cash management.

	2019 £m	2018 £m
Cash at bank and in hand	251.2	347.5

**18. Interest-bearing Loans and Borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Following the initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Consolidated Income Statement over the period of the borrowings on an effective interest basis.

	2019 £m	2018 £m
<b>Current liabilities</b>		
Finance lease liabilities	2.2	1.2
Bank loans and overdrafts	31.6	25.3
Syndicated bank facility	30.0	-
Other loans	-	0.3
	<b>63.8</b>	<b>26.8</b>
<b>Non-current liabilities</b>		
Finance lease liabilities	5.9	2.6
Bank loans	56.3	8.4
	<b>62.2</b>	<b>11.0</b>

The following provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate risk, see Note 19.

**Bank Facilities**

As at 2 February 2019, the Group has a syndicated committed £400 million bank facility which expires on 29 May 2023.

Under this facility, a maximum of 15 drawdowns can be outstanding at any time with drawdowns made for a period of one, two, three or six months with interest currently payable at a rate of LIBOR plus a margin of 0.9% (2018: 1.1%). The arrangement and underwriting fee payable on the facility is 1.0% and the commitment fee on the undrawn element of the facility is 35% of the applicable margin rate.

This facility encompasses cross guarantees between the Company, Blacks Outdoor Retail Limited, Tessuti Limited, Go Outdoors Limited and The Finish Line, Inc.

At 2 February 2019, £30 million was drawn down on this facility (2018: £nil).

**18. Interest-bearing Loans and Borrowings (continued)****Bank Loans and Overdrafts**

The bank loans and overdrafts attract interest rates at 0.7% - 8.4%. The overdrafts are repayable on demand and the bank loans are repayable over periods between two and 60 months. The maturity of the bank loans and overdrafts is as follows:

	2019 £m	2018 £m
Within one year	31.6	25.3
Between one and five years	56.3	8.4
	87.9	33.7

**Other Loans**

The acquisition of Go Outdoors Topco Limited included term loans with balances remaining of £0.7 million at the time of acquisition. The term loans were repayable over 36 months and attracted interest at 4.9% - 6.2%. As at 2 February 2019, the loans were fully repaid.

The maturity of the other loans is as follows:

	2019 £m	2018 £m
Within one year	-	0.3

**Finance Leases**

As at 2 February 2019, the Group's liabilities under finance leases are analysed as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2019 £m	2018 £m	2019 £m	2018 £m
Amounts payable under finance leases:				
Within one year	2.2	1.3	2.2	1.2
Later than one year and not later than five years	6.0	2.6	5.9	2.6
	8.2	3.9	8.1	3.8

The fair value of the Group's lease obligations approximate to their present value. The Group's obligations under finance leases are secured by the lessors' rights over the leased assets.



## 19. Financial Instruments

Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

### Financial Assets

The Group's financial assets are all categorised as loans and receivables with the exception of derivative assets. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's loans and receivables comprise 'Trade and other receivables' and 'Cash and cash equivalents' in the Consolidated Statement of Financial Position.

Cash and cash equivalents comprise short-term cash deposits with major clearing banks earning floating rates of interest based upon bank base rates or rates linked to LIBOR and EURIBOR.

The currency profile of cash and cash equivalents is shown below:

	2019 £m	2018 £m
Cash and cash equivalents	251.2	347.5
Sterling	37.1	218.7
Euros	136.0	97.4
US Dollars	44.3	12.5
Australian Dollars	20.9	9.2
Danish Krone	3.3	3.7
Other	9.6	6.0
	251.2	347.5

### Financial Liabilities

The Group's financial liabilities are all categorised as other financial liabilities. Other financial liabilities, with the exception of foreign exchange forward contracts and put option liabilities are measured at amortised cost. The Group's other financial liabilities comprise 'Interest-bearing loans and borrowings' and 'Trade and other payables'.

The currency profile of interest-bearing loans and borrowings is shown below:

	2019 £m	2018 £m
Interest-bearing loans and borrowings	126.0	37.8
Sterling	39.7	7.7
Euros	30.2	13.0
US Dollars	37.0	-
Australian Dollars	8.5	7.9
Other	10.6	9.2
	126.0	37.8

### Risk Management

The Group's operations expose it to a variety of financial risks that include the effects of changes in exchange rates, interest rates, credit risk and its liquidity position. The Group manages these risks through the use of derivative instruments, which are reviewed on a regular basis. Derivative instruments are not entered into for speculative purposes. There are no concentrations of risk in the period to 2 February 2019.

## 19. Financial Instruments (continued)

### Interest Rate Risk

The Group finances its operations by a mixture of retained profits and bank borrowings. The Group's borrowings are at floating rates, partially hedged by floating rate interest on deposits, reflecting the seasonality of its cash flow. Interest rate risk therefore arises from bank borrowings. Interest rate hedging has not been put in place on the current facility. The Directors continue to be mindful of the potential volatility in base rates, but at present do not consider a long term interest rate hedge to be necessary given the inherent short term nature of both the revolving credit facility and working capital facility. This position is reviewed regularly, along with the level of facility required.

The Group has potential bank floating rate financial liabilities on the £400 million committed bank facility, together with overdraft facilities in subsidiary companies (see Note 18). At 2 February 2019 £30 million was drawn down from the committed bank facility (2018: £nil). When drawdowns are made, the Group is exposed to cash flow interest risk with interest paid at a rate of LIBOR plus a margin of 0.9% (2018: 1.1%).

As at 2 February 2019 the Group has liabilities of £8.1 million (2018: £3.8 million) in respect of finance lease or similar hire purchase contracts.

A change of 1.0% in the average interest rates during the year, applied to the Group's floating interest rate loans and borrowings as at the reporting date, would change profit before tax by £1.9 million (2018: £0.1 million) and would change equity by £1.9 million (2018: £0.1 million). The calculation is based on any floating interest rate loans and borrowings drawn down at the period end date. Calculations are performed on the same basis as the prior year and assume that all other variables remain unchanged.

### Foreign Currency Risk

#### Foreign Currency Translation

Transactions denominated in foreign currencies are translated into sterling at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange at the reporting date. Exchange differences in monetary items are recognised in the Consolidated Income Statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into sterling at the rate of exchange at the reporting date. Income and expenses are translated at the average exchange rate for the accounting period. Foreign currency differences are recognised in Other Comprehensive Income and are presented in the foreign currency translation reserve.

#### Derivative Financial Instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value and remeasured at each period end. The gain or loss on remeasurement to fair value is recognised immediately in the Consolidated Income Statement.

Interest rate swaps are recognised at fair value in the Consolidated Statement of Financial Position with movements in fair value recognised in the Consolidated Income Statement for the period. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the respective risk profiles of the swap counterparties.

**19. Financial Instruments (continued)****Hedging of Monetary Assets and Liabilities**

Where a derivative financial instrument is used to hedge the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the Consolidated Income Statement.

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than pound sterling. The currencies giving rise to this risk are the Euro and US Dollar with sales made in Euros and purchases made in both Euros and US Dollars (principal exposure). To protect its foreign currency position, the Group sets a buying rate in each country for the purchase of goods in US Dollars at the start of the buying season (typically six to nine months before the product actually starts to appear in the stores) and then enters into a number of local currency/US Dollar contracts whereby the minimum exchange rate on the purchase of dollars is guaranteed.

As at 2 February 2019, options have been entered into to protect approximately 93% of the US Dollar trading requirement for the period to January 2020. The balance of the US Dollar requirement for the period will be satisfied at spot rates.

As at 2 February 2019, the fair value of these instruments was an asset of £9.1 million (2018: liability of £24.8 million) and these are all classified as due within one year. A gain of £33.9 million (2018: loss of £21.5 million) has been recognised in cost of sales within the Consolidated Income Statement for the change in fair value of these instruments.

We have considered the credit risk of the Group's and counterparty's credit risk and this is not expected to have a material effect on the valuation of these options.

A 10.0% strengthening of sterling relative to the following currencies as at the reporting date would have reduced profit before tax and equity as follows:

	Profit before tax		Equity	
	2019 £m	2018 £m	2019 £m	2018 £m
Euros	2.7	2.9	18.6	14.6
US Dollars	0.6	0.9	30.8	0.9
Australian Dollars	1.7	0.7	2.1	1.1
Other	0.5	0.5	1.6	1.8
	5.5	5.0	53.1	18.4

A 10.0% weakening of sterling relative to the following currencies as at the reporting date would have increased profit before tax and equity as follows:

	Profit before tax		Equity	
	2019 £m	2018 £m	2019 £m	2018 £m
Euros	3.3	3.6	22.8	18.7
US Dollars	0.8	1.1	37.7	1.1
Australian Dollars	2.1	0.9	2.6	1.4
Other	0.7	0.5	2.0	2.2
	6.9	6.1	65.1	23.4

Calculations are performed on the same basis as the prior year and the method assumes that all other variables remain unchanged.



**19. Financial Instruments (continued)****Credit Risk**

Credit risk arises from the possibility of customers and counterparties failing to meet their obligations to the Group. Investments of cash surpluses, borrowings and derivative instruments are made through major clearing banks, which must meet minimum credit ratings as required by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and a provision is made for impairment where amounts are not thought to be recoverable (see Note 16). At the reporting date there were no significant concentrations of credit risk and receivables which are not impaired are believed to be recoverable.

The Group considers its maximum exposure to credit risk to be equivalent to total trade and other receivables of £177.2 million (2018: £146.3 million) and cash and cash equivalents of £251.2 million (2018: £347.5 million).

**Liquidity Risk**

The Group manages its cash and borrowing requirement to minimise net interest expense, whilst ensuring that the Group has sufficient liquid resources to meet the operating needs of the business. The forecast cash and borrowing profile of the Group is monitored on an ongoing basis, to ensure that adequate headroom remains under committed borrowing facilities. The Board review 13 week and annual cash flow forecasts each month.

Information about the maturity of the Group's financial liabilities is disclosed in Note 18.

The commitment fee on these facilities is 0.32% (2018: 0.35%).

**Fair Values**

The fair values together with the carrying amounts shown in the Statement of Financial Position as at 2 February 2019 are as follows:

	Note	Carrying amount 2019 £m	Fair value 2019 £m
Trade and other receivables	16	82.3	82.3
Cash and cash equivalents	17	251.2	251.2
Interest-bearing loans and borrowings - current	18	(63.8)	(63.8)
Interest-bearing loans and borrowings - non-current	18	(62.2)	(50.6)
Trade and other payables - current		(708.7)	(708.7)
Trade and other payables - non-current		(46.6)	(46.5)
		(547.8)	(536.1)
Unrecognised gains			11.7

The comparatives at 3 February 2018 are as follows:

	Note	Carrying amount 2018 £m	Fair value 2018 £m
Trade and other receivables	16	87.6	87.6
Cash and cash equivalents	17	347.5	347.5
Interest-bearing loans and borrowings - current	18	(26.8)	(26.8)
Interest-bearing loans and borrowings - non-current	18	(11.0)	(9.5)
Trade and other payables - current		(548.7)	(548.7)
Trade and other payables - non-current		(40.2)	(39.8)
		(191.6)	(189.7)
Unrecognised gains			1.9

In the opinion of the Board, the fair value of the Group's current financial assets and liabilities as at 2 February 2019 and 3 February 2018 are not considered to be materially different to that of the book value. On this basis, the fair value hierarchy reflects the carrying values. In respect of the Group's non-current financial assets and liabilities as at 2 February 2019 and 3 February 2018, the fair value has been calculated using a pre-tax discount rate of 9.7% (2018: 10.1%) which reflects the current market assessments of the time value of money and the specific risks applicable to the liability.

**19. Financial Instruments (continued)****Estimation of Fair Values**

For trade and other receivables/payables, the notional amount is deemed to reflect the fair value.

**Fair Value Hierarchy**

As at 2 February 2019, the Group held the following financial instruments carried at fair value on the Statement of Financial Position:

- Foreign exchange forward contracts – non-hedged
- Put and call option

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

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

At 2 February 2019	Carrying amount £m	Level 1 £m	Level 2 £m	Level 3 £m
<b>Loans and receivables</b>				
Deposits	35.2	-	35.2	-
Trade and other receivables	73.2	-	73.2	-
Cash and cash equivalents	251.2	-	251.2	-
<b>Financial assets at fair value through profit or loss</b>				
Foreign exchange forward contracts – non-hedged	9.1	-	9.1	-
<b>Other financial liabilities</b>				
Interest-bearing loans and borrowings – current	(63.8)	-	(63.8)	-
Interest-bearing loans and borrowings – non-current	(62.2)	-	(62.2)	-
Trade and other payables – current	(708.7)	-	(708.7)	-
Trade and other payables – non-current	(0.5)	-	(0.5)	-
Put options held by non-controlling interests	(46.1)	-	(46.1)	-

The comparatives at 3 February 2018 are as follows:

At 3 February 2018	Carrying amount £m	Level 1 £m	Level 2 £m	Level 3 £m
<b>Loans and receivables</b>				
Deposits	30.5	-	30.5	-
Trade and other receivables	87.6	-	87.6	-
Cash and cash equivalents	347.5	-	347.5	-
<b>Financial liabilities at fair value through profit or loss</b>				
Foreign exchange forward contracts – non-hedged	(24.8)	-	(24.8)	-
<b>Other financial liabilities</b>				
Interest-bearing loans and borrowings – current	(26.8)	-	(26.8)	-
Interest-bearing loans and borrowings – non-current	(11.0)	-	(11.0)	-
Trade and other payables – current	(523.9)	-	(523.9)	-
Trade and other payables – non-current	(2.2)	-	(2.2)	-
Put options held by non-controlling interests	(38.0)	-	(38.0)	-

**20. Trade and Other Payables****Trade and Other Payables**

Trade and other payables are non-interest-bearing and are stated at their cost. Volume related rebates or other contributions from suppliers are recognised in the Consolidated Financial Statements when it is contractually agreed with the supplier and can be reliably measured. All significant rebates and contributions are agreed with suppliers retrospectively and after the end of the relevant supplier's financial year.

**20. Trade and Other Payables (continued)****Reverse Premia**

Reverse premia represent monies received by the Group on assignment of property leases and are included within other payables and accrued expenses. Reverse premia are amortised over the life of the remaining lease.

	2019 £m	2018 £m
<b>Current liabilities</b>		
Trade payables	366.9	224.2
Other payables and accrued expenses	368.0	337.4
Other tax and social security costs	73.2	61.6
	<b>808.1</b>	<b>623.2</b>
<b>Non-current liabilities</b>		
Other payables and accrued expenses	153.8	91.5

**Put and Call Options**

Put options held by non-controlling interests are accounted for using the present access method. The Group recognises put options held by non-controlling interests in its subsidiary undertakings as a liability in the Consolidated Statement of Financial Position at the present value of the estimated exercise price of the put option. The present value of the non-controlling interests' put options are estimated based on expected earnings in Board approved forecasts and the choice of a suitable discount rate. Upon initial recognition of put options a corresponding entry is made to other equity, and for subsequent changes on remeasurement of the liability the corresponding entry is made to the Income Statement.

Call options held by the Group are also accounted for using the present access method. The Group recognises call options over non-controlling interests in its subsidiary undertakings as a liability in the Consolidated Statement of Financial Position at the present value of the estimated exercise price of the put option. The present value of the non-controlling interests' put options are estimated based on expected earnings in Board approved forecasts and the choice of a suitable discount rate. Upon initial recognition and for subsequent changes on remeasurement of the liability of call options a corresponding entry is made to the Income Statement.

The Group has a number of options to buy the remaining shares in partly-owned subsidiaries from the non-controlling interest. The present value of these options has been estimated as at 2 February 2019 and is included within non-current other payables and accrued expenses.

The present value of the estimated exercise price is calculated using the option price formula agreed on acquisition. All existing option price formulas are based on a profit measure, which is estimated by applying an approved growth assumption to the current budget profit for the January 2020 financial year, if appropriate for the individual business the put or call option directly relates to. A discount rate is also applied to the option price which is pre-tax and reflects the current market assessments of the time value of money and any specific risk premiums relevant to the individual businesses involved. These discount rates are considered to be equivalent to the rates a market participant would use.

	Put Options									Call Option		Total Put and Call Options £m
	Source Lab Limited £m	JD Germany GmbH £m	Tiso Group Limited £m	JD Gyms Limited £m	Iberian Sports Retail Group £m	Dantra Limited £m	Base Childrenswear Limited £m	Tessuti Limited £m	JD Sports Fashion Holdings Australia Pty £m	Total Put Options £m	Sportiberica £m	
<b>Put and call options</b>												
At 3 February 2018	0.1	1.5	0.6	1.6	30.9	0.8	-	-	-	35.5	2.5	38.0
Acquisitions	-	-	-	-	-	-	0.3	0.7	1.5	2.5	-	2.5
Increase/(decrease) in the present value of the existing option liability	-	(0.6)	-	(0.2)	5.2	(0.3)	-	-	-	4.1	1.5	5.6
<b>At 2 February 2019</b>	<b>0.1</b>	<b>0.9</b>	<b>0.6</b>	<b>1.4</b>	<b>36.1</b>	<b>0.5</b>	<b>0.3</b>	<b>0.7</b>	<b>1.5</b>	<b>42.1</b>	<b>4.0</b>	<b>46.1</b>



## 20. Trade and Other Payables (continued)

Company	Options in existence	Exercise periods	Methodology	Maximum price	Recognised as a liability	
					At 2 February 2019 £m	At 3 February 2018 £m
Source Lab Limited	Put and call option, whereby JD Sports Fashion Plc may acquire or be required to acquire (in stages) the remaining 15% of the issued share capital of Source Lab Limited.	Exercisable by either party after the third anniversary of the completion of the initial transaction, during the 30 day period commencing on the date on which the statutory accounts of Source Lab Limited for the relevant financial year have been approved by the Board of Directors.	The option price is calculated based on a multiple of the audited profit before distributions, interest, amortisation and exceptional items but after taxation for the relevant financial year prior to the exercise date.	The option price shall not exceed £12.5 million.	0.1	0.1
JD Germany GmbH	Put option whereby JD Sports Fashion Plc may be required to acquire all or some of the remaining 15% of the issued share capital of JD Germany GmbH, including earn out shares.	The put option is exercisable after a period of five years from the completion date during the 30 days following approval of the shareholders meeting of the audited annual accounts of the Company for the relevant financial year.	The option price is calculated based on a multiple of the average earnings before tax for the relevant two financial years prior to the exercise date.	The put option price shall not exceed €20 million.	0.9	1.5
Tiso Group Limited	Put and call option whereby JD Sports Fashion Plc may acquire or be required to acquire 40% of the issued share capital of Tiso Group Limited.	The call option is exercisable 90 days beginning 30 days after the consolidated accounts of the Company for the financial period ending 3 February 2018 are signed. The put option is exercisable 60 days following the end of the second call option.	The option price is calculated based on a multiple of the average operating profit for the financial ending 3 February 2018 and the prior year.	The option price shall not exceed £8 million or 25p per share.	0.6	0.6
JD Sports Gyms Limited	Put and call option whereby JD Sports Fashion Plc may acquire 12.5% of the issued share capital of JD Sports Gyms Limited in five tranches of 2.5%.	The put and call options are exercisable 30 days after the approval by the Board of the annual audited accounts of: - The year ended 31 January 2019 - The year ended 31 January 2020 - The year ended 31 January 2021 - The year ended 31 January 2022 - The year ended 31 January 2023	The option price is calculated based on a multiple of profit before tax for the relevant financial year prior to the exercise date.	The option price shall not exceed £9 million.	1.4	1.6
Iberian Sports Retail Group	First put option whereby JD Sports Fashion Plc may acquire or be required to acquire 70% of the option holders 20% holding of the issued share capital of Iberian Sports Retail Group. Second put option whereby JD Sports Fashion Plc may acquire or be required to acquire 30% of the option holders 20% holding of the issued share capital of Iberian Sports Retail Group in three tranches of 10%.	The first put option is exercisable after 31 January 2021. The second put option is exercisable after at least one year has lapsed since the first put option was exercised. The 30% option, in three separate tranches of 10%, need not be exercised in consecutive years.	The option price is calculated based on the equity value plus the outstanding loans or financing provided by the option holder with unpaid interest accrued.	The option price shall not exceed £332 million.	36.1	30.9
Dantra Limited	First put and call option whereby JD Sports Fashion Plc may acquire 12.5% of the issued share capital of Dantra Limited. Second put and call option whereby JD Sports Fashion Plc may acquire 12.5% of the issued share capital of Dantra Limited.	The first put option is exercisable for a ten year period beginning the day after the accounts of Dantra Limited are signed by the auditors for the financial year ending 31 January 2022. The second put option is exercisable after at least one year has lapsed since the first put option was exercised.	The option price is calculated based on a multiple of the average earnings before tax for the relevant two financial years prior to the exercise date.	Each put option price shall not exceed £7.8 million.	0.5	0.8

## 20. Trade and Other Payables (continued)

Company	Options in existence	Exercise periods	Methodology	Maximum price	Recognised as a liability	
					At 2 February 2019 €m	At 3 February 2018 €m
Sportibérica Sociedade de Artigos de Desporto, S.A.	Call option whereby JD Sports Fashion Plc may acquire 20% of the issued share capital of Sportiberica Sociedade de Artigos de Desporto, S.A.	The call option is exercisable 3 months after the approval by the Shareholders General Meeting of the annual audited accounts of the period ending 2 February 2019, 1 February 2020 or 30 January 2021.	The option price is calculated based on a multiple of earnings before interest, tax, depreciation and amortisation for the relevant financial period plus a % of post completion cash.	The minimum option price is €6 million; €6.1 million and €6.2 million for the financial period ending 2 February 2019; 1 February 2020 and 30 January 2021 respectively.  The maximum option price is €11 million; €12 million and €13 million for the financial period ending 2 February 2019; 1 February 2020 and 30 January 2021 respectively.	4.0	2.5
Base Childrenswear Limited	Put and call options whereby JD Sports Fashion Plc may acquire or be required to acquire 20% of the issued share capital in Base Childrenswear Limited.	The put and call options are exercisable 3 months after the approval by the auditors of the annual accounts of:  - The year ended 31 January 2021 - The year ended 31 January 2022 - The year ended 31 January 2023 - The year ended 31 January 2024	The option price is calculated based on the lower of average earnings before interest, tax, depreciation and amortisation or forecast earnings before interest, tax, depreciation and amortisation for the relevant financial period.	The maximum option price is €20 million.	0.3	-
Tessuti Limited	First put and call option whereby JD Sports Fashion Plc may acquire or be required to acquire 100% of the option holders 7.1% of the issued share capital of Tessuti Limited over four separate tranches.  Second put and call option whereby JD Sports Fashion Plc may acquire or be required to acquire 100% of the option holders 1.7% of the issued share capital of the issued share capital of Tessuti Limited in one tranche.	The first put option is exercisable 30 days after the approval by the auditors of the annual Tessuti Limited accounts of:  - The year ended 31 January 2021 - The year ended 31 January 2022 - The year ended 31 January 2023 - The year ended 31 January 2024  The second is exercisable three months after the approval by the auditors of the annual accounts of:  - The year ended 31 January 2024	The option price is calculated based on a multiple of earnings before interest, tax, depreciation and amortisation for the relevant two financial years prior to the exercise date.	The option price shall not exceed €30 million.	0.7	-
JD Sports Fashion Holdings Australia Pty	Put option whereby JD Sports Fashion Plc may acquire 20% of the issued share capital of Next Athleisure Limited in tranches of 10%.	The put option is exercisable after 26 August 2019 and is only exercisable once per annum, 30 days after the approval of the annual consolidated accounts of JD Sports Fashion Holdings Australia Pty.	The option price is calculated based on a multiple of earnings before interest, tax, depreciation and amortisation for the relevant financial period, less net debt as a % of the total number of shares in issue as at the date of the proposed completion.	The maximum option price is €20 million.	1.5	-
					46.1	38.0

## 21. Provisions

A provision is recognised in the Consolidated Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of economic benefits will be required to settle the obligation and the obligation can be estimated reliably.

### Onerous Lease Provision

The Group makes a provision for onerous property leases on specific stores based on the anticipated future cash outflows relating to the contractual lease cost less potential sublease income. The estimation of sublease income is based on historical experience and knowledge of the retail property market in the area around each property. Assumptions and judgements are used in making these estimates and changes in assumptions and future events could cause the value of these provisions to change. This would include sublet premises becoming vacant, the liquidation of an assignee resulting in a property reverting to the Group or closing an uneconomic store and subletting at below contracted rent. Within the onerous lease provision, management have provided against the minimum contractual lease cost less potential sublease income for vacant stores. For loss making trading stores and for stores where there is a probable risk of the store returning to the Group under privity of contract, a provision is made to the extent that the lease is deemed to be onerous.

### Onerous Contracts Provision

Within the onerous contracts provision, management have provided against the minimum contractual cost for the remaining term on non-cancellable sponsorship contracts. For contracts where there is probable risk that the costs to fulfil the terms of the contract are higher than the income received, a provision is made to the extent that the contract is deemed onerous.

The provisions are discounted where the effect is material. The pre-tax discount rate used is 9.7% (2018: 10.1%) which reflects the current market assessments of the time value of money and the specific risks applicable to the liability.

	Onerous property leases £m	Onerous contracts £m	Total £m
Balance at 3 February 2018	3.9	-	3.9
Provisions created during the period	0.3	0.1	0.4
Provisions utilised during the period	(1.9)	-	(1.9)
Provisions acquired on acquisition	0.1	-	0.1
<b>Balance at 2 February 2019</b>	<b>2.4</b>	<b>0.1</b>	<b>2.5</b>

Provisions have been analysed between current and non-current as follows:

	2019 £m	2018 £m
Current	1.3	2.1
Non-current (within five years)	1.2	1.8
	<b>2.5</b>	<b>3.9</b>



## 22. Deferred Tax Assets and Liabilities

### Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2019 £m	Assets 2018 £m	Liabilities 2019 £m	Liabilities 2018 £m	Net 2019 £m	Net 2018 £m
Property, plant and equipment	1.2	1.8	-	-	1.2	1.8
Fascia name	-	-	(13.6)	(14.7)	(13.6)	(14.7)
Other short term timing differences	-	4.9	0.6	-	0.6	4.9
Tax losses	0.8	2.7	-	-	0.8	2.7
<b>Tax assets/(liabilities)</b>	<b>2.0</b>	<b>9.4</b>	<b>(13.0)</b>	<b>(14.7)</b>	<b>(11.0)</b>	<b>(5.3)</b>

Deferred tax assets on losses of £0.4 million (2018: £0.4 million) within Focus Brands Limited (and its subsidiaries); £3.6 million (2018: £4.0 million) within Kooga Rugby Limited; £0.7 million (2018: £0.7 million) within Blacks Outdoor Retail Limited; £3.7 million (2018: £3.3 million) within Champion Retail Limited; £2.1 million (2018: £2.1 million) within Ark Fashion Limited, £0.1 million (2018: £0.4 million) within Kukri Sports Limited (and its subsidiaries); £1.6 million (2018: £2.7 million) within Tiso Group Limited (and its subsidiaries), £4.6 million (2018: £4.6 million) within Clothingsites.co.uk Limited and £0.5 million (2018: £0.5 million) within 2 Squared Agency Limited have not been recognised as there is uncertainty over the utilisation of these losses.

### Movement in Deferred Tax during the Period

	Property, plant and equipment £m	Fascia name £m	Other £m	Tax losses £m	Total £m
Balance at 28 January 2017	2.2	(15.9)	3.6	1.9	(8.2)
Recognised on acquisition	-	(2.1)	-	-	(2.1)
Recognised in income	(0.4)	3.4	1.3	0.7	5.0
Foreign exchange movements	-	(0.1)	-	0.1	-
<b>Balance at 3 February 2018</b>	<b>1.8</b>	<b>(14.7)</b>	<b>4.9</b>	<b>2.7</b>	<b>(5.3)</b>
Recognised on acquisition	(0.2)	(0.3)	(4.5)	-	(5.0)
Recognised in income	(0.5)	1.3	0.4	(2.0)	(0.8)
Foreign exchange movements	0.1	0.1	(0.2)	0.1	0.1
<b>Balance at 2 February 2019</b>	<b>1.2</b>	<b>(13.6)</b>	<b>0.6</b>	<b>0.8</b>	<b>(11.0)</b>

As at 2 February 2019, the Group has no recognised deferred income tax liability (2018: £nil) in respect of taxes that would be payable on the unremitted earnings of certain overseas subsidiaries. As at 2 February 2019, the unrecognised gross temporary difference in respect of overseas subsidiaries is £92.9 million (2018: £48.5 million). No deferred income tax liability has been recognised in respect of this temporary timing difference due to the foreign profits exemption, the availability of double tax relief and the ability to control the remittance of earnings.

There are no income tax consequences attached to the payment of dividends by the Group to its shareholders.

The UK corporation tax rate reduced to 19% with effect from 1 April 2017 and will reduce to 17% with effect from 1 April 2020. This will reduce the Group's future current tax charge accordingly. The deferred tax liability at 2 February 2019 has been calculated based on a rate of 17% as this is the prevailing rate at which the Group expects the deferred tax liability to reverse.

### 23. Capital and Reserves

#### Issued Ordinary Share Capital

The total number of authorised ordinary shares was 1,243,000,000 (2018: 1,243,000,000) with a par value of 0.25p per share (2018: 0.25p per share). All issued shares are fully paid.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued share capital, share premium and retained earnings.

It is the Board's policy to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The processes for managing the Group's capital levels are that the Board regularly monitors the net cash/debt in the business, the working capital requirements and forecast cash flows. Based on this analysis, the Board determines the appropriate return to equity holders while ensuring sufficient capital is retained in the business to meet its strategic objectives.

The Board consider the capital of the Group as the net cash/debt at the year end (see Note 28) and the Board review the gearing position of the Group which as at 2 February 2019 was 2.7% (2018: 8.0%). There were no changes to the Group's approach to capital management during the period.

Full disclosure on the rights attached to shares is provided in the Directors' Report on page 88.

	Number of ordinary share thousands	Ordinary share capital £m
At 3 February 2018 and 2 February 2019	973,233	2.4

#### Treasury Reserve

The reserve for the Group's treasury shares comprised the cost of the shares of a subsidiary, Iberian Sports Retail Group SL, held by the Group. On 31 January 2018, the treasury shares were transferred to the minority interests as part of the consideration for the acquisition of Sport Zone Portugal. At 2 February 2019, the Group held no Treasury shares in relation to Iberian Sports Retail Group SL (2018: nil).

#### Foreign Currency Translation Reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

## 24. Non-controlling Interests

The following disclosure provides summarised financial information for investments that have non-controlling interests. Non-controlling interest is initially measured at the proportionate interest in identifiable net assets of the acquiree.

The table below provides a list of the subsidiaries which include non-controlling interests at 2 February 2019 and 3 February 2018:

	Country of incorporation	% of non-controlling interests and non-controlling voting rights at 2 February 2019	% of non-controlling interests and non-controlling voting rights at 3 February 2018	Net income/(loss) attributable to non-controlling interests for 52 weeks ending 2 February 2019 £m	Non-controlling interests at 2 February 2019 £m	Net income/(loss) attributable to non-controlling interests for 53 weeks ending 3 February 2018 £m	Non-controlling interests at 3 February 2018 £m
Name of subsidiary: Iberian Sports Retail Group SL	Spain/Portugal/ Canaries	50.0%	50.0%	4.7	53.2	2.8	46.5
JD Sports Fashion Korea	Korea	50.0%	15.0%	(2.4)	13.2	0.2	14.4
Other	UK/Malaysia/India/ Germany/Australia	15% - 50%	15% - 50%	0.1	1.6	1.5	3.0
				2.4	68.0	4.5	63.9

During the period, the Group has increased its shareholding in four non-wholly owned subsidiaries. For newly acquired non-wholly owned subsidiaries, further details are provided in Note 11.

The table below provides summarised financial information for significant non-controlling interests at 2 February 2019 and 3 February 2018. The comparative column below includes Iberian Sports Retail Group SL (ISRG) whereas the prior year accounts showed the results of Sprinter only as, until 31 January 2018, this was the main component of the ISRG sub-group. The Sport Zone entities were acquired on 31 January 2018 and included within ISRG therefore it was deemed appropriate for the financial period ended 2 February 2019 to summarise the results of ISRG for both financial years for comparability.

Summarised statement of financial position	Iberian Sports Retail Group SL 2019 £m	Iberian Sports Retail Group SL 2018 £m
Current assets	156.5	104.6
Non-current assets	148.3	135.5
Total assets	304.8	240.1
Current liabilities	(158.1)	(130.0)
Non-current liabilities	(27.4)	(14.7)
Net assets	119.3	95.4

Summarised results of operations	Iberian Sports Retail Group SL 52 weeks to 2 February 2019 £m	Iberian Sports Retail Group SL 53 weeks to 3 February 2018 £m
Revenue	533.7	283.1
Profit for the period, net of tax	13.4	11.3

Summarised statement of cash flows	Iberian Sports Retail Group SL 52 weeks to 2 February 2019 £m	Iberian Sports Retail Group SL 53 weeks to 3 February 2018 £m
Net cash provided by/(used in) operating activities	42.0	(7.6)
Net cash used in investing activities	(16.1)	(13.1)
Net cash from financing activities	22.6	12.1
Cash and cash equivalents: At the beginning of the period	13.6	22.2
At the end of the period	62.1	13.6



**25.Dividends**

Dividend distribution to the Company's shareholders is recognised as a liability in the Group and Company financial statements in the period in which it is approved.

After the reporting date the following dividends were proposed by the Directors. The dividends were not provided for at the reporting date.

	52 weeks to 2 February 2019 £m	53 weeks to 3 February 2018 £m
1.44p per ordinary share (2018: 1.37p)	14.0	13.3

**Dividends on Issued Ordinary Share Capital**

	52 weeks to 2 February 2019 £m	53 weeks to 3 February 2018 £m
Final dividend of 1.37p (2018: 1.30p) per qualifying ordinary share paid in respect of prior period, but not recognised as a liability in that period	13.3	12.7
Interim dividend of 0.27p (2018: 0.26p) per qualifying ordinary share paid in respect of current period	2.6	2.5
	15.9	15.2

**26.Commitments****(i) Capital Commitments**

As at 2 February 2019, the Group had entered into contracts to purchase property, plant and equipment as follows:

	2019 £m	2018 £m
Contracted	8.2	18.9

**(ii) Operating Lease Commitments**

The Group leases various retail outlets, offices, warehouses, plant and equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

Undiscounted total future minimum rentals payable under non-cancellable operating leases are as follows:

	Land and buildings 2019 £m	Plant and equipment 2019 £m	Land and buildings 2018 £m	Plant and equipment 2018 £m
Within one year	315.1	3.0	208.4	2.4
Later than one year and not later than five years	821.7	3.0	594.0	2.5
After five years	478.5	-	432.8	0.4
	1,615.3	6.0	1,235.2	5.3

The future minimum rentals payable on land and buildings represent the base rents that are due on each property over the non-cancellable lease term, being usually the earliest date at which the lease can be exited. Certain properties have rents which are partly dependent on turnover levels in the individual store concerned.

**26. Commitments (continued)****(iii) Sublease Receipts**

The Group subleases various retail outlets under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The total future minimum operating sublease receipts expected to be received at 2 February 2019 are as follows:

	2019 £m	2018 £m
Within one year	1.1	0.9
Later than one year and not later than five years	1.2	1.4
After five years	-	0.1
	<b>2.3</b>	<b>2.4</b>

**27. Pension Schemes**

The Group operates defined contribution pension schemes, the assets of which are held separately from those of the Group in independently administered funds. Obligations for contributions to the defined contribution schemes are recognised as an expense in the Consolidated Income Statement when incurred.

The pension charge for the period represents contributions payable by the Group of £11.8 million (2018: £7.3 million) in respect of employees. Disclosure of the pension contributions payable in respect of the Directors is included in the Directors' Remuneration Report. The amount owed to the schemes at the period end was £1.1 million (2018: £0.8 million).

**28. Analysis of Net Cash**

Net cash consists of cash and cash equivalents together with other borrowings from bank loans and overdrafts, other loans, loan notes, finance leases and similar hire purchase contracts.

	At 3 February 2018 £m	On acquisition of subsidiaries £m	Cash flow £m	Non-cash movements £m	At 2 February 2019 £m
Cash at bank and in hand	347.5	51.9	(148.3)	0.1	251.2
Overdrafts	(12.9)	-	(0.6)	-	(13.5)
<b>Cash and cash equivalents</b>	<b>334.6</b>	<b>51.9</b>	<b>(148.9)</b>	<b>0.1</b>	<b>237.7</b>
Interest-bearing loans and borrowings:					
Bank loans	(20.8)	(1.2)	(52.4)	-	(74.4)
Syndicated bank facility	-	-	(30.0)	-	(30.0)
Finance lease liabilities	(3.8)	-	(4.3)	-	(8.1)
Other loans	(0.3)	-	0.3	-	-
	<b>309.7</b>	<b>50.7</b>	<b>(235.3)</b>	<b>0.1</b>	<b>125.2</b>

## 29. Related Party Transactions and Balances

Transactions and balances with each category of related parties during the period are shown below. Transactions were undertaken in the ordinary course of business on an arm's length basis. Outstanding balances are unsecured (unless otherwise stated) and will be settled in cash.

### Transactions with Related Parties Who Are Not Members of the Group

#### Pentland Group Plc

Pentland Group Plc owns 57.5% (2018: 57.5%) of the issued ordinary share capital of JD Sports Fashion Plc. The Group made purchases of inventory from Pentland Group Plc in the period and the Group also sold inventory to Pentland Group Plc. The Group also paid royalty costs to Pentland Group Plc for the use of a brand.

During the period, the Group entered into the following transactions with Pentland Group Plc:

	Income from related parties 2019 £m	Expenditure with related parties 2019 £m	Income from related parties 2018 £m	Expenditure with related parties 2018 £m
Sale of inventory	3.3	-	0.4	-
Purchase of inventory	-	(42.9)	-	(26.3)
Royalty costs	-	(4.9)	-	(3.4)
Marketing costs	0.8	-	-	(0.6)
Other income	0.1	-	0.1	-

At the end of the period, the following balances were outstanding with Pentland Group Plc:

	Amounts owed by related parties 2019 £m	Amounts owed to related parties 2019 £m	Amounts owed by related parties 2018 £m	Amounts owed to related parties 2018 £m
Trade receivables/(payables)	0.6	(0.1)	-	-

Other than the remuneration of Directors as shown in Note 5 and in the Directors' Remuneration Report on page 106 there have been no other transactions with Directors in the year (2018: nil)

## 30. Post Balance Sheet Events

### Footasylum Plc ('Footasylum')

On 18 February 2019, JD Sports Fashion Plc acquired 19,579,964 Footasylum shares at prices between 50 pence and 75 pence per share, representing 18.7% of the issued ordinary share capital.

On 18 March 2019, in conjunction with the board at Footasylum Plc, JD Sports Fashion Plc announced the terms of an offer to be made for the remaining 81.3% of the ordinary share capital of Footasylum at a price of 82.5 pence per ordinary share. This offer was declared unconditional on 12 April 2019 with acceptances received for a total of 78,176,481 shares representing a further 74.8% of the issued ordinary share capital.

Footasylum is a UK-based fashion retailer founded in 2005 focusing on the footwear and apparel market. The company operates a multi channel model which combines a store estate of 69 stores in a variety of high street, mall and retail park locations in cities and towns throughout Great Britain, with a strong online platform and a recently launched wholesale arm for distributing its own brand ranges via a network of partners.

The Board believes that Footasylum is a well-established business with a strong reputation for lifestyle fashion and, with its offering targeted at a slightly older consumer to JD's existing offering, it is complementary to JD. The Board also believes that there will be significant operational and strategic benefits from a combination of the two businesses.

### PG2019 Limited (Pretty Green)

On 4 April 2019, the Group acquired, via its 100% subsidiary PG2019 Limited, the business and certain assets of Pretty Green Limited (in administration), the boutique men's clothing brand, from its administrator. The acquisition included the business, brand and website as well as a flagship store in Manchester. Cash consideration of £1.5 million was paid on completion with the Group also assuming a further £1.8 million of debt.

Due to the proximity of the date of the acquisition and the date of this announcement, it is not possible to present a provisional goodwill calculation or the provisional fair values of the assets and liabilities acquired. The provisional goodwill calculation and fair value table will be presented in the announcement of our Interim Results on the 10 September 2019.



### 31. Subsidiary Undertakings

The following companies were the subsidiary undertakings of JD Sports Fashion Plc at 2 February 2019.

Name of subsidiary	Place of registration	Registered address	Nature of business and operation	Ownership & voting rights interest
2Squared Agency Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor of fashion clothing and accessories	80.0%
2Squared Retail Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor of fashion clothing and accessories	100.0%
ActivInstinct Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%
ActivInstinct Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
Allsports (Retail) Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
Allsports.co.uk Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
Alpine Bikes Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Dormant company	60.0%
Alpine Group (Scotland) Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Intermediate holding company	60.0%
Ark Fashion Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
Aspecto (Holdings) Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
Aspecto Trading Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
Athleisure Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%
Base Childrenswear Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of children's fashion clothing and footwear	80.0%
Blacks Outdoor Retail Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of outdoor footwear, apparel and equipment	100.0%
Blue Retail Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	91.2%
C.C.C. (Camping & Caravan Centre) Limited*	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Dormant company	100.0%
C.C.C. (Wholesale Leisure) Limited*	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Dormant company	100.0%
Capso Holdings Limited*	Isle of Man	33-37 Athol Street, Isle Of Man, IM1 1LB	Intermediate holding company	100.0%
Castlebrook Management Company Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Combined facilities support activities	100.0%
CCC Outdoors Limited*	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Dormant company	100.0%
Champion Retail Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68	Retailer of sports and leisure goods	100.0%
Champion Sports (Holdings) Unlimited*	Ireland	3 Burlington Road, Dublin 4, D04RD68	Dormant company	100.0%
Champion Sports Group Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68	Intermediate holding company	100.0%
Champion Sports Ireland*	Ireland	3 Burlington Road, Dublin 4, D04RD68	Retailer of sports and leisure goods	100.0%
Champion Sports Newco Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68	Dormant company	100.0%
Choice 33 Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	91.2%
Choice Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion clothing and footwear	91.2%
Cloggs Online Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
Clothingsites Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%

\*Indirect holding of the Company

## 31. Subsidiary Undertakings (continued)

Name of subsidiary	Place of registration	Registered address	Nature of business and operation	Ownership & voting rights interest
Clothingsites.co.uk Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion clothing and footwear	100.0%
Dantra Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of children's fashion clothing and footwear	75.0%
Duffer of St George Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Licensor of a fashion brand	100.0%
Exclusive Footwear Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	90.0%
First Sport Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
Focus Brands Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%
Focus Equipment Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
Focus Group Holdings Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%
Focus International Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor of sports clothing and footwear	100.0%
Focus Italy S.pa.*	Italy	Viale Majno Luigi 17/A, 20122 Milano	Distributor of sports clothing and footwear	100.0%
Focus Sports & Leisure International Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
Footpatrol London 2002 Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
Frank Harrison Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	90.0%
Genesis Finco Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%
Genesis Holdings Inc	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Intermediate holding company	100.0%
George Fisher Holdings Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	60.0%
George Fisher Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of outdoor footwear, apparel and equipment	60.0%
GetTheLabel.com Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80.0%
Go Explore Consulting Limited*	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Dormant company	100.0%
Go Outdoors Fishing Limited*	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Retailer of outdoor leisure equipment and apparel	100.0%
Go Outdoors Limited*	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Retailer of outdoor footwear, apparel and equipment	100.0%
Go Outdoors Topco Limited	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Intermediate holding company	100.0%
Graham Tiso Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Retailer of outdoor footwear, apparel and equipment	60.0%
Henleys Clothing Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
Hip Store Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion clothing and footwear	100.0%
Iberian Sports Retail Group SL	Spain	Poligono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114.	Intermediate holding company	50.0%
Il Sarto Milano Limited	UK	Tanzaro House, Ardwick Green N, Manchester, M12 6HD	Retailer of fashion clothing	24.0%
Infinites Retail Group Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%
Infinites Retail Group Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%

\*Indirect holding of the Company

**31. Subsidiary Undertakings (continued)**

Name of subsidiary	Place of registration	Registered address	Nature of business and operation	Ownership & voting rights interest
IRG Altrincham Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
IRG Birkenhead Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
IRG Blackburn Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
IRG Bradford Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
IRG Bury Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
IRG Chesterfield Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
IRG Denton Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
IRG Derby Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
IRG Stockport Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
IRG Stoke Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
IRG Warrington Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
J D Sports Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
J.D Sports Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68	Intermediate holding company	100.0%
Jandernama	Spain	Polígono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114.	Intermediate holding company	100.0%
JD Canary Islands Sports SL*	Spain	Polígono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114.	Retailer of sports inspired footwear and apparel	65.0%
JD Size GmbH	Germany	Schloßstraße 107-108, 12163 Berlin	Retailer of sports inspired footwear and apparel	100.0%
JD Spain Sports Fashion 2010 SL*	Spain	Polígono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114.	Retailer of sports inspired footwear and apparel	65.0%
JD Sports (Thailand) Limited	Thailand	Room No. TT04 No. 1106 Sukhumvit Road, Phrakhanong Sub-district, Klongtoey District, Bangkok	Retailer of sports inspired footwear and apparel	80.0%
JD Sports Active Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
JD Sports Fashion (France) SAS	France	96 R Du Pont Rompu, 59200 Tourcoing	Intermediate holding company	100.0%
JD Sports Fashion Aus Pty*	Australia	Level 12, 54 Park Street, Sydney NSW 2000	Retailer of sports inspired footwear and apparel	80.0%
JD Sports Fashion Belgium BVBA	Belgium	Wiegstraat 21, 2000 Antwerpen	Retailer of sports inspired footwear and apparel	100.0%
JD Sports Fashion BV		Oosteinderweg 247 B 1432 AT Aalsmeer	Retailer of sports inspired footwear and apparel	100.0%
JD Sports Fashion Denmark APS	Denmark	c/o Harbour House, Sundkrogsgade 21, 2100 Copenhagen	Retailer of sports inspired footwear and apparel	100.0%
JD Sports Fashion Finland OY	Finland	c/o Intertrust Finland Oy, Lautatarhankatu 6, 00580, Helsinki	Retailer of sports inspired footwear and apparel	100.0%
JD Sports Fashion Germany GmbH	Germany	Lap Street 107-108, 12163 Berlin	Retailer of sports inspired footwear and apparel	85.0%
JD Sports Fashion Holdings Aus Pty	Australia	Level 12, 54 Park Street, Sydney NSW 2000	Intermediate holding company	80.0%

\*Indirect holding of the Company



## 31. Subsidiary Undertakings (continued)

Name of subsidiary	Place of registration	Registered address	Nature of business and operation	Ownership & voting rights interest
JD Sports Fashion India LLP	India	B-808 The Platina, Gachibawli, Hyderabad, Telangana	Outsourced multi channel operations	100.0%
JD Sports Fashion Korea Inc	Korea	6F Yoonik Bldg. 430 Eonju-ro, Gangnam-gu, Seoul	Retailer of sports inspired footwear and apparel	50.0%
JD Sports Fashion PTE LTD*	Singapore	190 Middle Road, 14-05, Fortune Centre	Retailer of sports inspired footwear and apparel	80.0%
JD Sports Fashion SDN BHD	Malaysia	Suite D23, 2ND Floor, Plaza Pekeliling, No. 2, Jalan Tun Razak, 50400 Kuala Lumpur	Retailer of sports inspired footwear and apparel	80.0%
JD Sports Fashion SRL	Italy	Via Montenapoleone n. 29 - 20121 Milan	Retailer of sports inspired footwear and apparel	100.0%
JD Sports Fashion Sweden AB	Sweden	C/o Intertrust CN (Sweden) AB, PO Box 16285, 103 25 Stockholm,	Retailer of sports inspired footwear and apparel	100.0%
JD Sports Gyms Acquisitions Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	87.5%
JD Sports Gyms Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Operator of fitness centres	87.5%
John David Sports Fashion (Ireland) Limited	Ireland	3 Burlington Road, Dublin 4, D04RD68	Retailer of sports inspired footwear and apparel	100.0%
Kooga Rugby Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor of rugby clothing and accessories	100.0%
Kukri (Asia) Limited*	Hong Kong	Unit 4, 27th Floor, Global Trade Square, 21 Wong Chuk Hang Road	Distributor of sports clothing and accessories	100.0%
Kukri (HK) Limited*	Hong Kong	Unit 4, 27th Floor, Global Trade Square, 21 Wong Chuk Hang Road	Dormant company	100.0%
Kukri Australia Pty Limited*	Australia	39 Charles Street, Norwood, SA 5067	Distributor of sports clothing and accessories	100.0%
Kukri Events Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
Kukri GB Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor and retailer of sports clothing and accessories	100.0%
Kukri NZ Limited*	New Zealand	Unit 2, 45 The Boulevard, Te Rapa Park, Hamilton	Distributor of sports clothing and accessories	75.0%
Kukri Pte Limited*	Singapore	10 Anson Road, 19-15 International Plaza, Singapore 079903	Distributor of sports clothing and accessories	100.0%
Kukri Shanghai Limited*	China	Room 221-225, No. 2 Building, No.38 Debao Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, 200131	Distributor of sports clothing and accessories	100.0%
Kukri Sports Canada Inc*	Canada	106-1533 Broadway St, Port Coquitlam, British Columbia, V3c 6P3	Distributor of sports clothing and accessories	75.0%
Kukri Sports Ireland Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68	Distributor of sports clothing and accessories	100.0%
Kukri Sports Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%
Kukri Sports Middle East JLT*	Middle East	Lakeview Tower, Jumeirah Lake Towers, Dubai, United Arab Emirates	Distributor of sports clothing and accessories	100.0%
Le Coq Sportif Oceania Pty Ltd*	Australia	Level 12, 54 Park St, Sydney, NSW 2000	Retailer of sports inspired footwear and apparel	56.0%
Mainline Menswear Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	80.0%
Mainline Menswear Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of premium branded men's apparel and footwear	80.0%
Marathon Sports Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68	Dormant company	100.0%

\*Indirect holding of the Company

**31. Subsidiary Undertakings (continued)**

Name of subsidiary	Place of registration	Registered address	Nature of business and operation	Ownership & voting rights interest
Millet Sports Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
Millets Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
Mitchell's Practical Campers Limited*	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Dormant company	100.0%
Nanny State Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
Next Athleisure Pty Ltd*	Australia	Level 12, 54 Park St, Sydney, NSW 2000	Retailer of sports inspired footwear and apparel	80.0%
Nicholas Deakins Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor of fashion footwear	100.0%
Old Brown Bag Clothing Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
OneTrueSaxon Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
Open Fashion Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
Oswald Bailey Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
Outdoor Cycling Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
Outdoorclearance Company Limited*	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Dormant company	100.0%
PCPONE*	Ireland	3 Burlington Road, Dublin 4, D04RD68	Intermediate holding company	100.0%
Peter Werth Limited*	UK	Millar & Bryce Limited, Bonnington Bond, 2 Anderson Place, Edinburgh, EH6 5NP	Dormant company	100.0%
Pink Soda Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%
Premium Fashion Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
Prima Designer Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	91.2%
R.D. Scott Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion clothing and footwear	100.0%
SDSR - Sports Division SR, S.A.*	Portugal	Rua Joao Mendoca, nº 505, Matosinhos Freguesia, São Mamede de Infesta e Senhora da Hora, 4464 503 Matosinhos	Retailer of sports and leisure goods	50.0%
Shanghai Go Outdoors Limited*	China	Room A1412, 1 Building, No. 5500 Yuanjiang Road, Minhang, Shanghai	Sourcing of products and management of supplier relationships	100.0%
Simon & Simon Fashion Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion clothing	100.0%
Size? Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of sports inspired footwear and apparel	100.0%
Sonneti Fashions Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
Source Lab Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Design and distributor of sportswear	85.0%
Spikes Holding LLC*	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Dormant company	100.0%
Spodis SA*	France	96 R Du Pont Rompu, 59200 Tourcoing	Retailer of sports and leisure goods	100.0%
Sport Zone Canarias (SL)*	Spain	Avenida el Paso, 10, 1º, Edificio Multiusos, Polígono Industrial Los Majuelos, La Laguna 38201, Santa Cruz de Tenerife	Retailer of sports and leisure goods	30.0%

\*Indirect holding of the Company

## 31. Subsidiary Undertakings (continued)

Name of subsidiary	Place of registration	Registered address	Nature of business and operation	Ownership & voting rights interest
Sportiberica – Sociedade de Arigos de Desporto S.A.	Portugal	Avenida das Indústrias, n.º 63, Agualva do Cacém, Sintra	Retailer of sports and leisure goods	52.0%
Sports Unlimited Retail BV	Netherlands	Oosteinderweg 247 B 1432 AT Aalsmeer,	Retailer of sports and leisure goods	100.0%
Sprinter Megacentros Del Deporte SLU*	Spain	Polígono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114.	Retailer of sports and leisure goods	50.0%
Squirrel Sports Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
Streamdata Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Business support service activities	100.0%
Sundown Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Dormant company	60.0%
Tessuti Group Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	91.2%
Tessuti Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion clothing and footwear	91.2%
Tessuti Retail Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	91.2%
The Alpine Group Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Intermediate holding company	60.0%
The Alpine Store Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Dormant company	60.0%
The Couture Club Ltd*	UK	Tanzaro House, Ardwick Green N, Manchester, M12 6HD	Retailer of fashion clothing	32.0%
The Finish Line Distribution, Inc*	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Distribution company	100.0%
The Finish Line MA, Inc	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Dormant company	100.0%
The Finish Line Puerto Rico, Inc*	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Retailer of sports inspired footwear and apparel	100.0%
The Finish Line Transportation, Inc*	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Shared services entity	100.0%
The Finish Line USA, Inc*	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Shared services entity	100.0%
The Finish Line, Inc*	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Retailer of sports inspired footwear and apparel	100.0%
The John David Group Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
Tiso Group Limited	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Intermediate holding company	60.0%
Topgrade Sportswear Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80.0%
Topgrade Sportswear Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor and multichannel retailer of sports and fashion clothing and footwear	80.0%
Topgrade Trading Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80.0%
Touchwood Sports Limited	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Dormant company	100.0%
Trend Imports (NZ) Pty Limited*	New Zealand	Level 2, Fidelity House, 81 Carlton Gore Rd, Newmarket, Auckland	Distributor of sports inspired footwear and apparel	80.0%
Trend Imports Pty Ltd*	Australia	Level 12, 54 Park St, Sydney, NSW 2000	Distributor of sports inspired footwear and apparel	80.0%
Ultimate Outdoors Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
Varsity Kit Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%
Weavers Door Ltd	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion clothing and footwear	100.0%

\*Indirect holding of the Company



## As at 2 February 2019

	Note	As at 2 February 2019 £m	As at 3 February 2018 £m
<b>Assets</b>			
Intangible assets	C5	26.0	21.8
Property, plant and equipment	C6	158.4	125.1
Investment property	C7	3.2	3.4
Other assets	C8	12.8	8.9
Investments	C9	520.7	213.1
Deferred tax assets	C16	1.7	2.2
<b>Total non-current assets</b>		<b>722.8</b>	<b>374.5</b>
Stocks	C10	169.8	144.0
Debtors	C11	449.5	374.1
Cash and cash equivalents	C12	81.2	260.9
<b>Total current assets</b>		<b>700.5</b>	<b>779.0</b>
<b>Total assets</b>		<b>1,423.3</b>	<b>1,153.5</b>
<b>Liabilities</b>			
Interest-bearing loans and borrowings	C12	(30.0)	-
Creditors: amounts falling due within one year	C13	(345.9)	(288.5)
Provisions	C15	(0.3)	(0.3)
Income tax liabilities		(25.3)	(26.8)
<b>Total current liabilities</b>		<b>(401.5)</b>	<b>(315.6)</b>
Creditors: amounts falling due after more than one year	C14	(33.4)	(62.7)
Provisions	C15	(0.2)	(0.5)
<b>Total non-current liabilities</b>		<b>(33.6)</b>	<b>(63.2)</b>
<b>Total liabilities</b>		<b>(435.1)</b>	<b>(378.8)</b>
<b>Total assets less total liabilities</b>		<b>988.2</b>	<b>774.7</b>
<b>Capital and reserves</b>			
Issued ordinary share capital	C17	2.4	2.4
Share premium		11.7	11.7
Retained earnings		974.1	760.6
<b>Total equity</b>		<b>988.2</b>	<b>774.7</b>

These financial statements were approved by the Board of Directors on 16 April 2019 and were signed on its behalf by:



**N Greenhalgh**  
**Director**  
Registered number: 1888425

Company Statement of Changes in Equity

For the 52 weeks ended 2 February 2019

	Ordinary share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 28 January 2017	2.4	11.7	578.2	592.3
Total comprehensive income for the period	-	-	197.6	197.6
Dividends to equity holders	-	-	(15.2)	(15.2)
Balance at 3 February 2018	2.4	11.7	760.6	774.7
Total comprehensive income for the period	-	-	229.4	229.4
Dividends to equity holders	-	-	(15.9)	(15.9)
<b>Balance at 2 February 2019</b>	<b>2.4</b>	<b>11.7</b>	<b>974.1</b>	<b>988.2</b>

### **C1. Basis of Preparation**

The parent company financial statements of JD Sports Fashion Plc were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of JD Sports Fashion Plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company has taken advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes. The total recognised comprehensive income for the parent included in these consolidated financial statements is £229.4 million (2018: £197.6 million).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared on a going concern basis under the historical cost convention except as disclosed in the accounting policies in Note 1 of the Group financial statements. The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are the same for the Company as they are for the Group. For further details, see page 130 to 131 in the Group financial statements.

### **C2. Directors’ Remuneration**

The remuneration of Executive Directors for both the Company and Group are disclosed in Note 5 of the Group financial statements.

### **C3. Auditor’s Remuneration**

Fees payable to the Company’s auditor for the audit of the Company and Group financial statements are disclosed in Note 3 of the Group financial statements.



**C4. Staff Numbers and Costs**

The average number of persons employed by the Company (including Directors) during the period, analysed by category, was as follows:

	2019	2018
Sales and distribution	14,416	13,541
Administration	839	427
	15,255	13,968
Full time equivalents	9,853	8,619

The aggregate payroll costs of these persons were as follows:

	52 weeks to 2 February 2019 £m	53 weeks to 3 February 2018 £m
Wages and salaries	202.9	180.0
Social security costs	13.6	11.7
Pension costs	2.4	1.8
Other employed staff costs	1.0	0.8
	219.9	194.3

**C5. Intangible Assets**

Goodwill in the Company comprises the goodwill on acquisition of First Sport (£15.0 million) and Allsports (£0.9 million).

Brand names in the Company comprise all brand names included in the Group table (Note 12) within the Sport Fashion segment with the exclusion of the Duffer brand name which is included within Duffer of St George Limited and the Doone brand name which is included in the Sport Zone group.

	Goodwill £m	Brand licences £m	Brand names £m	Software development £m	Total £m
<b>Cost or valuation</b>					
At 3 February 2018	19.9	11.7	7.4	15.2	54.2
Additions	-	-	-	7.7	7.7
Disposals	-	-	-	(0.1)	(0.1)
At 2 February 2019	19.9	11.7	7.4	22.8	61.8
<b>Amortisation and impairment</b>					
At 3 February 2018	4.0	9.5	7.4	11.5	32.4
Charge for the period	-	0.8	-	2.5	3.3
Disposals	-	-	-	(0.1)	(0.1)
Other	-	-	-	0.2	0.2
At 2 February 2019	4.0	10.3	7.4	14.1	35.8
<b>Net book value</b>					
At 2 February 2019	15.9	1.4	-	8.7	26.0
At 3 February 2018	15.9	2.2	-	3.7	21.8

**C6. Property, Plant and Equipment**

	Land £m	Improvements to short leasehold properties £m	Computer equipment £m	Fixtures and fittings £m	Motor vehicles £m	Total £m
<b>Cost</b>						
At 3 February 2018	13.0	17.7	36.1	214.4	0.1	281.3
Additions	-	7.3	6.1	50.0	-	63.4
Disposals	-	(1.1)	(0.2)	(4.9)	-	(6.2)
Other	-	(5.9)	-	-	-	(5.9)
<b>At 2 February 2019</b>	<b>13.0</b>	<b>18.0</b>	<b>42.0</b>	<b>259.5</b>	<b>0.1</b>	<b>332.6</b>
<b>Depreciation and impairment</b>						
At 3 February 2018	-	13.2	32.8	110.1	0.1	156.2
Charge for period	-	3.3	4.0	17.6	-	24.9
Disposals	-	(0.9)	(0.1)	(4.6)	-	(5.6)
Other	-	(1.2)	(0.1)	-	-	(1.3)
<b>At 2 February 2019</b>	<b>-</b>	<b>14.4</b>	<b>36.6</b>	<b>123.1</b>	<b>0.1</b>	<b>174.2</b>
<b>Net book value</b>						
At 2 February 2019	13.0	3.6	5.4	136.4	-	158.4
At 3 February 2018	13.0	4.5	3.3	104.3	-	125.1

**C7. Investment Property**

Investment property, which is property held to earn rentals, is stated at cost less accumulated depreciation and impairment losses. Investment property is depreciated over a period of 50 years on a straight line basis, with the exception of freehold land, which is not depreciated. The Company has not elected to revalue investment property annually but to disclose the fair value in the Consolidated Financial Statements. An external valuation to determine the fair value is prepared every three years by persons having the appropriate professional experience. When an external valuation is not prepared, an annual assessment is conducted using internal expertise.

	£m
<b>Cost</b>	
3 February 2018 and 2 February 2019	4.8
<b>Depreciation and impairment</b>	
At 3 February 2018	1.4
Charge for period	0.2
<b>At 2 February 2019</b>	<b>1.6</b>
<b>Net book value</b>	
At 2 February 2019	3.2
At 3 February 2018	3.4

The investment properties brought forward relate to properties leased to Focus Brands Limited (£4.2 million) and Kukri Sports Limited (£0.6 million).

These properties remain Investment Properties from the Company perspective as at 2 February 2019.

Based on an external valuation prepared as at 31 December 2018, the fair value of the investment properties as at that date was £4.5 million.

Management do not consider either of the investment properties to be impaired as the future rental income supports the carrying value.

**C8. Non-current Other Assets**

	Legal fees £m	Lease premia £m	Total £m
<b>Cost</b>			
At 3 February 2018	13.6	5.0	18.6
Reclassifications	5.9	-	5.9
<b>At 2 February 2019</b>	<b>19.5</b>	<b>5.0</b>	<b>24.5</b>
<b>Depreciation and impairment</b>			
At 3 February 2018	7.7	2.0	9.7
Charge for period	-	0.7	0.7
Reclassifications	1.3	-	1.3
<b>At 2 February 2019</b>	<b>9.0</b>	<b>2.7</b>	<b>11.7</b>
<b>Net book value</b>			
<b>At 2 February 2019</b>	<b>10.5</b>	<b>2.3</b>	<b>12.8</b>
At 3 February 2018	5.9	3.0	8.9

**C9. Investments**

In the Company's accounts all investments in subsidiary undertakings and joint ventures are stated at cost less provisions for impairment losses.

	£m
<b>Cost</b>	
At 3 February 2018	218.6
Additions	307.6
<b>At 2 February 2019</b>	<b>526.2</b>
<b>Impairment</b>	
At 3 February 2018 and 2 February 2019	5.5
<b>Net book value</b>	
<b>At 2 February 2019</b>	<b>520.7</b>
At 3 February 2018	213.1

The additions to investments in the current year comprise the following. Unless otherwise stated the investment is 100% owned.

	2019 £m
Genesis Holdings Inc.	141.8
Genesis Finco Limited	146.9
JD Sports Fashion Korea Inc (50% owned)	14.3
JD Sports Fashion India LLP	1.4
JD Sports Fashion SRL	1.3
Other	1.9
<b>Total additions</b>	<b>307.6</b>

A list of subsidiaries is shown in Group Note 31.



**C10. Stocks**

	2019 £m	2018 £m
Finished goods and goods for resale	169.8	144.0

The Company has £18.3 million (2018: £17.1 million) of stock provisions at the end of the period.

**C11. Trade and Other Receivables**

	2019 £m	2018 £m
<b>Current assets</b>		
Trade receivables	2.4	5.3
Other receivables	21.2	0.4
Prepayments and accrued income	23.5	19.0
Amounts owed by other Group companies	402.4	349.4
	<b>449.5</b>	<b>374.1</b>

A summary of the Company's exposure to credit risk for trade receivables is as follows:

	2019			2018		
	Gross £m	Provision £m	Net £m	Gross £m	Provision £m	Net £m
Not past due	1.8	-	1.8	1.5	-	1.5
Past due 0 - 30 days	0.3	-	0.3	0.3	-	0.3
Past due 30 - 60 days	0.1	-	0.1	0.4	-	0.4
Past 60 days	0.4	(0.2)	0.2	3.3	(0.2)	3.1
	<b>2.6</b>	<b>(0.2)</b>	<b>2.4</b>	<b>5.5</b>	<b>(0.2)</b>	<b>5.3</b>

At 2 February 2019, the exposure to credit risk for trade receivables by geographic region was as follows:

	As at 2 February 2019 £m	As at 3 February 2018 £m
UK	1.0	5.4
Europe	1.6	0.1
<b>Total</b>	<b>2.6</b>	<b>5.5</b>

At 2 February 2019, the exposure to credit risk for trade receivables by type of counterparty was as follows:

	As at 2 February 2019 £m	As at 3 February 2018 £m
Supplier rebates and royalties	2.6	5.5
<b>Total</b>	<b>2.6</b>	<b>5.5</b>

At 2 February 2019, the carrying amount of the Company's most significant customer was £1.0 million (2018: £0.5 million).

**C11. Trade and Other Receivables (continued)**

A summary of the Company's exposure to credit risk for trade receivables is as follows:

As at 2 February 2019	Weighted average loss rate %	Gross carrying amount £m	Loss allowance £m	Credit impaired £m
Not past due	0.0%	1.8	-	-
Past due 0 - 30 days	0.0%	0.3	-	-
Past due 30 - 60 days	0.0%	0.1	-	-
Past due 61 - 90 days	50.0%	0.4	(0.2)	-
More than 90 days past due	0.0%	-	-	-
<b>Total</b>	<b>7.7%</b>	<b>2.6</b>	<b>(0.2)</b>	<b>-</b>

As at 3 February 2018	Weighted average loss rate %	Gross carrying amount £m	Loss allowance £m	Credit impaired £m
Not past due	0.0%	1.6	-	-
Past due 0 - 30 days	0.0%	0.3	-	-
Past due 30 - 60 days	0.0%	0.4	-	-
Past due 61 - 90 days	0.0%	0.4	-	-
More than 90 days past due	7.1%	2.8	(0.2)	-
<b>Total</b>	<b>3.6%</b>	<b>5.5</b>	<b>(0.2)</b>	<b>-</b>

Movement on this provision is shown below:

	£m
At 28 January 2017	0.5
Released	(0.3)
At 3 February 2018 (as per IAS 39)	0.2
On transition	-
At 3 February 2018 (as per IFRS 9)	0.2
At 2 February 2019	0.2

The Company has applied the modified retrospective approach for transition, including no requirement to restate comparative amounts. Comparative amounts were not restated and the effect on the trade receivables balance on initial application was immaterial to the Company financial statements. The impact on other receivables on initial application of IFRS 9 was £43.7 million.

The other classes within trade and other receivables do not contain impaired assets.

## C12. Financial Instruments

### Financial Assets

The currency profile of cash and cash equivalents is shown below:

	2019 £m	2018 £m
Bank balances and cash floats	81.2	260.9
Sterling	24.2	206.4
Euros	24.4	31.5
US Dollars	8.1	9.8
Australian Dollars	18.7	8.1
Other	5.8	5.1
	81.2	260.9

### Financial Liabilities

See Note 18 of the Group accounts for information on the bank facilities. The maturity of the bank loans and overdrafts are as follows:

	2019 £m	2018 £m
Current liabilities (within one year)		
Bank loans and overdrafts	(30.0)	-

### Credit Risk

The Company has provided guarantees on working capital and other banking facilities entered into by Spodis SA (€6.6 million), Next Athleisure Pty Limited (AUS\$15.3 million), and Kukri Sports Limited and Kukri GB Limited (£1.0 million). As at 2 February 2019, these facilities were drawn down by £30 million (2018: £7.1 million). In addition, the syndicated committed £400 million bank facility, which was in place as at 2 February 2019, encompassed cross guarantees between the Company, Blacks Outdoor Retail Limited, Tessuti Limited, Go Outdoors Limited and The Finish Line, Inc. to the extent to which any of these companies were overdrawn.

### Fair Values

The fair values together with the carrying amounts shown in the Balance Sheet as at 2 February 2019 are as follows:

	Note	Carrying amount 2019 £m	Fair value 2019 £m
Trade and other debtors	C11	426.0	426.0
Cash and cash equivalents	C12	81.2	81.2
Trade and other creditors - current		(287.6)	(287.6)
Trade and other creditors - non-current		(3.1)	(3.1)
		216.5	216.5
Unrecognised gains			-

### Fair Value Hierarchy

For information on Company balances which are categorised at the same level as for Group, see Note 19. In addition, investment property held in the Company of £3.2 million (2018: £3.4 million) is categorised as Level 3 within the fair value hierarchy.



**C13. Creditors: amounts falling due within one year**

	2019 £m	2018 £m
Trade creditors	126.8	98.5
Other creditors and accrued expenses	166.6	173.9
Other tax and social security costs	6.9	8.8
Amounts payable to other Group companies	45.6	7.3
	<b>345.9</b>	<b>288.5</b>

**C14. Creditors: amounts falling due after more than one year**

	2019 £m	2018 £m
Other creditors and accrued expenses	33.4	62.7

Included within other creditors and accrued expenses are put option liabilities of £3.1 million (2018: £38.0 million). Put options are held at fair value through profit or loss. The amounts previously recognised in the Company accounts in relation to the put options are the gross liabilities that arise on consolidation. These have been reversed in the current year Company only accounts. The prior period has not been adjusted on the grounds of materiality.

**C15. Provisions**

	Onerous property leases £m
Balance at 3 February 2018	0.8
Provisions released during the period	(0.1)
Provisions utilised during the period	(0.2)
<b>Balance at 2 February 2019</b>	<b>0.5</b>

	2019 £m	2018 £m
Current	0.3	0.3
Non-current	0.2	0.5
	<b>0.5</b>	<b>0.8</b>

**C16. Deferred Tax Assets and Liabilities****Recognised Deferred Tax Assets and Liabilities**

Deferred tax assets and liabilities are attributable to the following:

	Assets 2019 £m	Assets 2018 £m	Liabilities 2019 £m	Liabilities 2018 £m	Net 2019 £m	Net 2018 £m
Property, plant and equipment	-	0.2	(0.6)	-	(0.6)	0.2
Other	2.3	2.0	-	-	2.3	2.0
<b>Tax assets/(liabilities)</b>	<b>2.3</b>	<b>2.2</b>	<b>(0.6)</b>	<b>-</b>	<b>1.7</b>	<b>2.2</b>

**C16. Deferred Tax Assets and Liabilities (continued)****Movement in Deferred Tax during the Period**

	Property, plant and equipment £m	Other £m	Total £m
Balance at 28 January 2017	1.3	2.4	3.7
Recognised in income	(1.1)	(0.4)	(1.5)
Balance at 3 February 2018	0.2	2.0	2.2
Recognised in income	(0.8)	0.3	(0.5)
<b>Balance at 2 February 2019</b>	<b>(0.6)</b>	<b>2.3</b>	<b>1.7</b>

**C17. Capital**

Issued Ordinary Share Capital for both the Company and Group is disclosed in Note 23 of the Group financial statements.

**C18. Dividends**

After the reporting date the dividends proposed by both Company and Group Directors is disclosed in Note 25 of the Group financial statements.

**C19. Commitments****(i) Capital Commitments**

As at 2 February 2019, the Company had entered into contracts to purchase property, plant and equipment as follows:

	2019 £m	2018 £m
Contracted	7.8	1.4

**(ii) Operating Lease Commitments**

The Company leases various retail outlets, offices, warehouses, and plant and equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

Undiscounted total future minimum rentals payable under non-cancellable operating leases are as follows:

	Land and buildings 2019 £m	Plant and equipment 2019 £m	Land and buildings 2018 £m	Plant and equipment 2018 £m
Within one year	74.9	0.9	70.9	1.0
Later than one year and not later than five years	244.0	0.7	236.1	1.2
After five years	237.7	-	198.3	-
	<b>556.6</b>	<b>1.6</b>	<b>505.3</b>	<b>2.2</b>

**(iii) Sublease Receipts**

The Company subleases various retail outlets under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The total future minimum operating sublease receipts expected to be received at 2 February 2019 are as follows:

	2019 £m	2018 £m
Within one year	0.5	0.3
Later than one year and not later than five years	0.9	1.2
	<b>1.4</b>	<b>1.5</b>

**C20. Related Party Transactions and Balances**

The Company made purchases of inventory from Pentland Group Plc in the period. During the period, the Company entered into the following transactions with Pentland Group Plc:

	Income from related parties 2019 £m	Expenditure with related parties 2019 £m	Income from related parties 2018 £m	Expenditure with related parties 2018 £m
Purchase of inventory	-	(23.5)	-	(20.7)
Other income	0.1	-	0.1	-

At the end of the period, the Company had the following balances outstanding with Pentland Group Plc:

	Amounts owed by related parties 2019 £m	Amounts owed to related parties 2019 £m	Amounts owed by related parties 2018 £m	Amounts owed to related parties 2018 £m
Trade receivables/(payables)	-	(0.5)	-	(0.5)

**Transactions with Related Parties Who Are Members of the Group****Subsidiaries**

In the disclosure below the Company has applied the exemptions available under FRS 101 in respect of transactions with wholly owned subsidiaries.

Loans represent historic intercompany balances and initial investment in subsidiary undertakings to enable them to purchase other businesses. For subsidiaries with a non-controlling interest, these long term loans attract interest at the UK base rate plus an applicable margin.

Other intercompany balances and trade receivables/payables relates to:

- The sale and purchase of stock between the Company and its subsidiaries on arm's length terms; and
- Recharges for administrative overhead and distribution costs.

Other intercompany balances are settled a month in arrears. These balances do not accrue interest. In certain circumstances where the subsidiaries have not repaid these balances, they have been reclassified to long term loans, and therefore accrue interest as applicable.

During the period, the Company entered into the following transactions with subsidiaries not wholly owned:

	Income from related parties 2019 £m	Expenditure with related parties 2019 £m	Income from related parties 2018 £m	Expenditure with related parties 2018 £m
Sale/(purchase) of inventory	125.7	(1.8)	85.6	(0.5)
Interest receivable	2.3	-	1.4	-
Dividend income received	16.0	-	23.5	-
Rental income	0.3	-	-	-
Royalty income	0.9	-	0.7	-
Management charge receivable	4.1	-	2.9	-

At the end of the period, the Company had the following balances outstanding with subsidiaries not wholly owned:

	Amounts owed by related parties 2019 £m	Amounts owed to related parties 2019 £m	Amounts owed by related parties 2018 £m	Amounts owed to related parties 2018 £m
Non-trading loan receivable	28.6	-	10.0	-
Non-trading loan receivable (interest bearing)	67.2	-	54.4	-
Trade receivables	30.7	-	19.3	-
Other intercompany balances	1.0	(2.1)	8.9	(0.8)
Income tax group relief	1.6	(1.6)	0.6	(0.6)



**C21. Contingent Liabilities**

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

The Company has provided the following guarantees:

- Guarantee on the working capital facilities and bonds and guarantees in Spodis SA of €6.6 million (2018: €6.6 million)
- Guarantee on the working capital and other banking facilities in relation to the Next Athleisure Pty Limited of \$15.3 million (2018: \$15.3 million)
- Guarantee on the working capital facilities of Kukri Sports Limited and Kukri GB Limited of £1.0 million (2018: £1.0 million)
- Guarantee to Kiddicare Properties Limited in relation to the rental commitments on four stores assigned to Blacks Outdoor Retail Limited. The total value of the remaining rental commitments at 2 February 2019 was £5.3 million (2018: £7.7 million)

**C22. Ultimate Parent Company**

The Company is a subsidiary undertaking of Pentland Group Plc which is also the ultimate parent Company. Pentland Group Plc is incorporated in England and Wales.

The largest group in which the results of the Company are consolidated is that headed by Pentland Group Plc. The results of Pentland Group Plc may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The Consolidated Financial Statements of JD Sports Fashion Plc are available to the public and may be obtained from The Company Secretary, JD Sports Fashion Plc, Hollinsbrook Way, Pilsworth, Bury, BL9 8RR or online at [www.jdplc.com](http://www.jdplc.com).



# Group Information





adidas



ONLY AT





## Financial Calendar

Final Results Announced	16 April 2019
Financial Statements Published	24 May 2019
Final Dividend Record Date	28 June 2019
Annual General Meeting	3 July 2019
Final Dividend Payable	5 August 2019
Interim Results Announced	10 September 2019
Period End (52 Weeks)	1 February 2020
Final Results Announced	April 2020

**Registered office**

JD Sports Fashion Plc  
Hollinsbrook Way  
Pilsworth  
Bury  
Lancashire BL9 8RR

**Financial advisers  
and stockbrokers**

Investec  
2 Gresham Street  
London EC2V 7QP

**Principal bankers**

Barclays Bank Plc  
43 High Street  
Sutton  
Surrey SM1 1DR

**Solicitors**

DLA Piper UK LLP  
Princes Exchange  
Princes Square  
Leeds LS1 4BY

Peel Hunt LLP  
Moor House  
120 London Wall  
London EC2Y 5ET

Addleshaw Goddard LLP  
1 St. Peter's Square  
Manchester M2 3DE

**Company number**

Registered in England  
and Wales  
Number 1888425

**Financial public relations**

MHP Communications  
60 Great Portland Street  
London W1W 7RT

**Registrars**

Equiniti Limited  
Aspect House  
Spencer Road  
Lancing  
West Sussex BN99 6DA

**Auditor**

KPMG LLP  
1 St. Peter's Square  
Manchester M2 3AE

The Board wishes to express its thanks to the finance and marketing departments for the in-house production of this Annual Report and Accounts.



	(iv) 52 weeks to 31 January 2015 £m	52 weeks to 30 January 2016 £m	52 weeks to 28 January 2017 £m	53 weeks to 3 February 2018 £m	52 weeks to 2 February 2019 £m
<b>Revenue</b>	1,522.3	1,821.7	2,378.7	3,161.4	4,717.8
Cost of sales	(782.7)	(937.5)	(1,215.1)	(1,629.8)	(2,474.5)
<b>Gross profit</b>	739.6	884.2	1,163.6	1,531.6	2,243.3
Selling and distribution expenses – normal	(564.3)	(648.3)	(813.0)	(1,080.5)	(1,632.9)
Selling and distribution expenses – exceptional	(4.5)	-	-	-	-
<b>Selling and distribution expenses</b>	<b>(568.8)</b>	<b>(648.3)</b>	<b>(813.0)</b>	<b>(1,080.5)</b>	<b>(1,632.9)</b>
Administrative expenses – normal	(74.0)	(78.2)	(106.2)	(144.7)	(253.6)
Administrative expenses – exceptional	(5.0)	(25.5)	(6.4)	(12.9)	(15.3)
<b>Administrative expenses</b>	<b>(79.0)</b>	<b>(103.7)</b>	<b>(112.6)</b>	<b>(157.6)</b>	<b>(268.9)</b>
Other operating income	0.9	1.2	1.8	2.4	4.7
<b>Operating profit</b>	<b>92.7</b>	<b>133.4</b>	<b>239.8</b>	<b>295.9</b>	<b>346.2</b>
Before exceptional items	102.2	158.9	246.2	308.8	361.5
Exceptional items	(9.5)	(25.5)	(6.4)	(12.9)	(15.3)
<b>Operating profit before financing</b>	<b>92.7</b>	<b>133.4</b>	<b>239.8</b>	<b>295.9</b>	<b>346.2</b>
Financial income	0.6	0.4	0.8	0.6	1.2
Financial expenses	(2.8)	(2.2)	(2.2)	(2.0)	(7.5)
<b>Profit before tax</b>	<b>90.5</b>	<b>131.6</b>	<b>238.4</b>	<b>294.5</b>	<b>339.9</b>
Income tax expense	(20.7)	(31.0)	(53.8)	(58.1)	(75.7)
<b>Profit for the period</b>	<b>69.8</b>	<b>100.6</b>	<b>184.6</b>	<b>236.4</b>	<b>264.2</b>
<b>Discontinued operation</b>					
Loss from discontinued operation, net of tax	(15.8)	-	-	-	-
Attributable to equity holders of the parent	52.7	97.6	178.9	231.9	261.8
Attributable to non-controlling interest	1.3	3.0	5.7	4.5	2.4
<b>Basic earnings per ordinary share from continuing operations (i)</b>	<b>7.03p</b>	<b>10.03p</b>	<b>18.38p</b>	<b>23.83p</b>	<b>26.90p</b>
<b>Adjusted basic earnings per ordinary share from continuing operations (i) (ii)</b>	<b>7.78p</b>	<b>12.27p</b>	<b>19.04p</b>	<b>25.15p</b>	<b>28.44p</b>
<b>Dividends per ordinary share (i) (iii)</b>	<b>1.41p</b>	<b>1.48p</b>	<b>1.55p</b>	<b>1.63p</b>	<b>1.71p</b>

- (i) Basic and adjusted earnings per ordinary share and dividends per ordinary share have been adjusted to reflect the two share splits (see note 23), effective 30 June 2014 and 24 November 2016, as if the event had occurred at the beginning of the earliest period presented.
- (ii) Adjusted basic earnings per ordinary share is based on earnings excluding the post-tax effect of certain exceptional items (see note 10).
- (iii) Represents dividends declared for the year. Under IFRS dividends are only accrued when approved.
- (iv) In accordance with IFRS 5, the results of Bank Fashion Limited ('Bank') are presented as a discontinued activity in the 52 weeks to 31 January 2015 as Bank was a separate major line of business.



**(Terms listed in alphabetical order)**

The Directors measure the performance of the Group based on a range of financial measures, including measures not recognised by EU-adopted IFRS. These alternative performance measures may not be directly comparable with other companies' alternative performance measures and the Directors do not intend these to be a substitute for, or superior to, IFRS measures. The Directors believe that these alternative performance measures assist in providing additional useful information on the underlying performance of the Group.

Alternative Performance Measures are also used to enhance the comparability of information between reporting periods, by adjusting for exceptional items. Exceptional items are disclosed separately as they are not considered reflective of the year on year trading performance of the Group. The separate reporting of exceptional items, which are presented as exceptional within the relevant category in the Consolidated Income Statement, helps provide an indication of the Group's underlying business performance. The principal items which may be included as exceptional items are listed in Note 4.

**Adjusted Earnings Per Ordinary Share Before Exceptionals**

The calculation of basic earnings per share is detailed in Note 10. Adjusted basic earnings per ordinary share has been based on the profit for the period attributable to equity holders of the parent for each financial period but excluding the post-tax effect of certain exceptional items. A reconciliation between basic earnings per share and adjusted earnings per share is shown below:

	2019	2018
Basic earnings per share	26.90p	23.83p
Exceptional items excluding loss on disposal of non-current assets	1.57p	1.32p
Tax relating to exceptional items	(0.03)p	-
<b>Adjusted earnings per ordinary share</b>	<b>28.44p</b>	<b>25.15p</b>

**Core**

The Group's core Sports Fashion fascia is JD and the Group's core market is the UK and Republic of Ireland.

**Effective Core Rate of Taxation**

A reconciliation between the UK main rate of corporation tax and the effective core rate from continuing activities is as follows:

	2019 %	2018 %
UK main rate of corporation tax	19.0	19.2
Depreciation and impairment of non-qualifying non-current assets	0.5	(0.3)
Effect of tax rates in foreign jurisdictions	1.2	0.5
Expenses not deductible and income not taxable	(0.4)	0.2
Recognition of previously unrecognised tax losses/movement in unrecognised deferred tax assets	(0.1)	(0.3)
Other	1.3	0.1
<b>Effective core rate of taxation</b>	<b>21.5</b>	<b>19.4</b>

**EBITDA**

Earnings before exceptional items, interest, tax, depreciation and amortisation.

	2019 £m	2018 £m
Profit for the period	264.2	236.4
Addback:		
Financial expenses	7.5	2.0
Income tax expense	75.7	58.1
Depreciation, amortisation and impairment of non-current assets	126.9	76.4
Exceptional items	15.3	12.9
Deduct:		
Financial income	(1.2)	(0.6)
<b>EBITDA</b>	<b>488.4</b>	<b>385.2</b>

**LFL (Like for Like)**

The percentage change year-on-year, removing the impact of new store openings and closures in the current or previous financial year.

**Like for Like Sports Fashion Businesses**

The performance in the Sports Fashion segment excluding acquisitions in the current financial year and the annualisation period of businesses acquired in the previous financial year.

**Net Cash**

Net cash consists of cash and cash equivalents together with interest-bearing loans and borrowings.

**Operating Profit Before Exceptional Items**

A reconciliation between operating profit and exceptional items can be found in the Consolidated Income Statement.

**Profit Before Tax and Exceptional Items**

A reconciliation between profit before tax and profit before tax and exceptional items is as follows:

	2019 £m	2018 £m
Profit before tax	339.9	294.5
Exceptional items	15.3	12.9
<b>Profit before tax and exceptional items</b>	<b>355.2</b>	<b>307.4</b>

## Sports Fashion

---

### JD UK & International

[www.jdsports.co.uk](http://www.jdsports.co.uk)  
[www.jdsports.fr](http://www.jdsports.fr)  
[www.jdsports.nl](http://www.jdsports.nl)  
[www.jdsports.ie](http://www.jdsports.ie)  
[www.jdsports.de](http://www.jdsports.de)  
[www.jdsports.es](http://www.jdsports.es)  
[www.jdsports.be](http://www.jdsports.be)  
[www.jdsports.it](http://www.jdsports.it)  
[www.jdsports.se](http://www.jdsports.se)  
[www.jdsports.dk](http://www.jdsports.dk)  
[www.jdsports.fi](http://www.jdsports.fi)  
[www.jdsports.my](http://www.jdsports.my)  
[www.jdsports.kr](http://www.jdsports.kr)  
[www.jd-sports.com.au](http://www.jd-sports.com.au)  
[www.jdsports.com.sg](http://www.jdsports.com.sg)  
[www.jdgyms.co.uk](http://www.jdgyms.co.uk)  
[www.size.co.uk](http://www.size.co.uk)  
[www.sizeofficial.ie](http://www.sizeofficial.ie)  
[www.sizeofficial.fr](http://www.sizeofficial.fr)  
[www.sizeofficial.nl](http://www.sizeofficial.nl)  
[www.sizeofficial.se](http://www.sizeofficial.se)  
[www.sizeofficial.de](http://www.sizeofficial.de)  
[www.sizeofficial.it](http://www.sizeofficial.it)  
[www.sizeofficial.dk](http://www.sizeofficial.dk)  
[www.sizeofficial.se](http://www.sizeofficial.se)  
[www.footpatrol.co.uk](http://www.footpatrol.co.uk)  
[www.supplyanddemand.co.uk](http://www.supplyanddemand.co.uk)  
[www.scotlandfootballshop.co.uk](http://www.scotlandfootballshop.co.uk)  
[www.walesfootballshop.co.uk](http://www.walesfootballshop.co.uk)  
[www.northernirelandfootballshop.co.uk](http://www.northernirelandfootballshop.co.uk)

### Other UK Fascias

[www.scottsmenswear.com](http://www.scottsmenswear.com)  
[www.tessuti.co.uk](http://www.tessuti.co.uk)  
[www.mainlinemenswear.co.uk](http://www.mainlinemenswear.co.uk)  
[www.thehipstore.co.uk](http://www.thehipstore.co.uk)  
[www.woodhouseclothing.com](http://www.woodhouseclothing.com)  
[www.bbclothing.co.uk](http://www.bbclothing.co.uk)  
[www.kidscavern.co.uk](http://www.kidscavern.co.uk)  
[www.topgradesportswear.com](http://www.topgradesportswear.com)  
[www.getthelabel.com](http://www.getthelabel.com)  
[www.kukrisports.com](http://www.kukrisports.com)  
[www.nicholasdeakins.com](http://www.nicholasdeakins.com)  
[www.basefashion.co.uk](http://www.basefashion.co.uk)  
[www.choicestore.com](http://www.choicestore.com)  
[www.weaversdoor.com](http://www.weaversdoor.com)  
[www.xileclothing.com](http://www.xileclothing.com)

### Other International Fascias

[www.chausport.com](http://www.chausport.com)  
[www.sprinter.es](http://www.sprinter.es)  
[www.sportzone.es](http://www.sportzone.es)  
[www.sportzone.pt](http://www.sportzone.pt)  
[www.aktiesport.nl](http://www.aktiesport.nl)  
[www.perrysport.nl](http://www.perrysport.nl)  
[www.gluestore.com.au](http://www.gluestore.com.au)  
[www.finishline.com](http://www.finishline.com)  
[www.hot-t.co.kr](http://www.hot-t.co.kr)

## Outdoor

---

[www.blacks.co.uk](http://www.blacks.co.uk)  
[www.millets.co.uk](http://www.millets.co.uk)  
[www.tiso.com](http://www.tiso.com)  
[www.georgefisher.co.uk](http://www.georgefisher.co.uk)  
[www.ultimateoutdoors.com](http://www.ultimateoutdoors.com)  
[www.activinstinct.co.uk](http://www.activinstinct.co.uk)  
[www.activinstinct.com.au](http://www.activinstinct.com.au)  
[www.brasher.co.uk](http://www.brasher.co.uk)  
[www.eurohike.co.uk](http://www.eurohike.co.uk)  
[www.peterstorm.com](http://www.peterstorm.com)  
[www.gooutdoors.co.uk](http://www.gooutdoors.co.uk)  
[www.fishingrepublic.co.uk](http://www.fishingrepublic.co.uk)

## Non Trading

---

[www.uksourcelab.com](http://www.uksourcelab.com)  
[www.kooga-rugby.com](http://www.kooga-rugby.com)  
[www.fly53.com](http://www.fly53.com)  
[www.peterwerth.co.uk](http://www.peterwerth.co.uk)  
[www.cloggs.co.uk](http://www.cloggs.co.uk)  
[www.2squaredagency.co.uk](http://www.2squaredagency.co.uk)







