

jd sports fashion plc

HALF YEAR REPORT

2020/2021



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size?

FOOTPATROL

FINISH LINE

Sprinter

SPORT ZONE



'chausport,



TESSUTI

scotts

MAINLINE



HIGHLIGHTS

REVENUE

£2,544.9m

£2,721.2m

£1,846.3m

£1,367.2m

£970.6m

2020

2019

2018

2017

2016

ADJUSTED BASIC EARNINGS PER ORDINARY SHARE*

6.09p

12.57p

10.05p

8.09p

5.97p

2020

2019

2018

2017

2016

PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS*

£61.9m

£158.6m

£121.9m

£102.7m

£77.4m

2020

2019

2018

2017

2016

NET ASSETS

£1,341.1m

£1,227.3m

£918.9m

£652.0m

£460.1m

2020

2019

2018

2017

2016



* Throughout the Half Year Report '**' indicates the first instance of a term defined and explained in the Glossary on page 40

SPORTS FASHION FASCIAS

JD UK AND ROI	STORES	000 SQ FT
PERIOD END	400	1,652
PERIOD START	402	1,648

JD EUROPE	STORES	000 SQ FT
PERIOD END	315	869
PERIOD START	304	838

JD ASIA PACIFIC	STORES	000 SQ FT
PERIOD END	68	284
PERIOD START	64	268

JD US	STORES	000 SQ FT
PERIOD END	17	65
PERIOD START	11	47

SIZE	STORES	000 SQ FT
PERIOD END	36	52
PERIOD START	37	54

SUB-TOTAL JD AND SIZE	STORES	000 SQ FT
PERIOD END	836	2,922
PERIOD START	818	2,855

FASHION UK	STORES	000 SQ FT
PERIOD END	151	490
PERIOD START	153	494

OTHER EUROPE ⁽ⁱ⁾	STORES	000 SQ FT
PERIOD END	428	2,843
PERIOD START	427	2,825

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

SPORTS FASHION FASCIAS (CONTINUED)

OTHER ASIA PACIFIC ⁽ⁱⁱ⁾	STORES	000 SQ FT
PERIOD END	1	6
PERIOD START	2	8

FINISH LINE (OWN)	STORES	000 SQ FT
PERIOD END	495	1,686
PERIOD START	508	1,722

FINISH LINE (MACY'S ⁽ⁱⁱⁱ⁾)	STORES	000 SQ FT
PERIOD END	295	286
PERIOD START	295	286

LIVESTOCK	STORES	000 SQ FT
PERIOD END	4	8
PERIOD START	-	-

TOTAL	STORES	000 SQ FT
PERIOD END	2,210	8,241
PERIOD START	2,203	8,190

(ii) Hot-T (South Korea) and Glue (Australia) – disposal of Glue business completed 9 August 2019

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

OUTDOOR FASCIAS

BLACKS	STORES	000 SQ FT
PERIOD END	57	204
PERIOD START	57	204

MILLETS	STORES	000 SQ FT
PERIOD END	94	198
PERIOD START	97	203

ULTIMATE OUTDOORS	STORES	000 SQ FT
PERIOD END	5	113
PERIOD START	6	146

TISO	STORES	000 SQ FT
PERIOD END	13	93
PERIOD START	13	93

GO OUTDOORS	STORES	000 SQ FT
PERIOD END	66	1,891
PERIOD START	67	1,945

GO OUTDOORS FISHING	STORES	000 SQ FT
PERIOD END	4	18
PERIOD START	5	22

TOTAL	STORES	000 SQ FT
PERIOD END	239	2,517
PERIOD START	245	2,613

EXECUTIVE CHAIRMAN'S STATEMENT

GROUP DEVELOPMENTS AND PROGRESS

OVERVIEW

Throughout the COVID-19 pandemic, our priorities have been to ensure the safety of our colleagues and customers, to preserve financial resources and limit the impact on profitability. Continuing outbreaks of the virus and periodic strengthening of public safety measures in a number of our global territories, including forced temporary store closures and the ongoing requirement to maintain strict social distancing in our warehouses, makes us cognisant that further challenges lie ahead.

We suffered our first full country closure in Italy on 11 March 2020 with fundamentally all of the Group's stores closed by 23 March 2020. The first stores began to re-open in late April with most stores re-opened by the end of June. Consequently, there were three distinct trading periods in the first half with each geography delivering a very mixed performance reflecting the unique combination of factors in that individual country.

- **Pre-closure Period:** The early weeks of the period were encouraging with the continuation of the positive trends from the previous year in many territories.
- **Closure Period:** The majority of our physical store estate was closed for periods of up to three months. However, demand remained resilient with consumers readily switching to online channels reflecting the benefits of an agile omni-channel approach which has been developed over a number of years. Across the countries where we had to temporarily close stores, approximately 60% of the combined store and online revenues from the prior year were retained through the closure period. Retaining revenues through online channels was important as it enabled us to turn stock and generate cash whilst also ensuring that we maintained our long term relationship and engagement with consumers.

- **Re-opening Period:** The initial trading in stores on re-opening was boosted by a combination of pent-up demand, particularly in those territories where online trading is less mature, and promotional activity as the stores re-opened with ranges, particularly apparel, which lacked seasonal relevance. However, that boost was generally short lived with footfall into physical retail continuing to be significantly weaker than historic levels in all of our geographies but particularly across Europe. Some of the weakness in footfall has been offset through better conversion and higher average transaction values as those consumers who visited physical retail did so with greater intent.

On average across those territories which suffered the temporary store closures, total revenues across physical and digital channels for the period from the respective date of re-opening to the end of the first half were approximately 20% ahead of the same period in the prior year. However, this is very heavily influenced by growth in the United States of nearly 50% which is exceptional and was driven by significant, but temporary, fiscal stimulus made available by the US Government which has now come to an end. Excluding the United States, the composite total revenue growth from re-opening to the end of the period across the remaining territories was approximately 10%.

Ultimately, given the unique circumstances of this trading period, we are reassured by the strength of the JD brand as demonstrated by the retention of more than 90% of the total revenues. However, it should be recognised that this has necessitated additional costs principally relating to the provision of enhanced health and safety measures in all areas of the business together with from increased costs of online fulfilment, including performance marketing. Whilst these additional costs have impacted on the result for the period, the Group has retained a significant level of profitability with a profit before tax and exceptional items of £61.9 million (2019: £158.6 million). On a proforma basis under IAS

17 'Leases', with rents recognised according to contractual terms, the headline profit before tax and exceptional items would have been £10.9 million higher at £72.8 million (2019: £166.2 million).

JD & SIZE? (UK AND REPUBLIC OF IRELAND)

It is perhaps inevitable that the outbreak of COVID-19 will lead to an acceleration in the transfer of revenues from physical retail to online. Therefore, the current situation has brought into sharper focus the need to further enhance the flexibility across our operational infrastructure and, in particular, broaden the fulfilment capabilities of our digital channels. In that regard, we have invested more than £2 million during the period on additional equipment and fixtures with the Kingsway site now having the permanent capacity to handle the volumes that we saw on 'Black Friday' last year, every day whilst maintaining strict social distancing.

We are encouraged by the generally resilient nature of trading in our core UK and Republic of Ireland market since the stores re-opened. However, attracting footfall into major malls and shopping centres remains a significant challenge.

During the period we completed on upsizes in Exeter and Plymouth although a number of other property related projects have now been placed on hold as we continue to assess the post re-opening performance. It is entirely feasible that some planned projects may not proceed under the current lease terms.

JD & SIZE? (EUROPE)

Across Europe, the average retention of sales through the period of the temporary store closures was approximately 35% with a stronger retention in Northern Europe where online is more mature. The stores in Germany and the Netherlands were amongst the first to re-open in Europe commencing at the end of April with the stores in Southern Europe not beginning to re-open until late May. Footfall remains comparatively weak across all countries although, as elsewhere, this is partially offset by better conversion and a higher average transaction value.

Our previously stated ambition of opening one store on average per week across Europe reflects a world before the COVID-19 outbreak. Whilst the number of openings this year will be reduced and will need to be flexed to reflect any local restrictions, we currently still anticipate opening around 30 net new stores during the year, of which 12 opened in the first half complemented by the conversion of one store previously trading as Chausport. Subsequent to the period end, we opened a flagship style store on the key shopping street of Rue de Rivoli in the centre of Paris.

JD (ASIA PACIFIC)

The stores in our largest territories of Australia and South Korea were able to trade throughout the period although, more recently, we have had to temporarily close seven stores in the Melbourne area. We remain encouraged by our potential in Australia with three stores opening in the year to date giving us a total portfolio of 27 stores in the country at the end of the period. Elsewhere, we also opened one additional new store in South Korea at the Lotte World Mall in Seoul.

JD, FINISH LINE & LIVESTOCK (NORTH AMERICA)

The United States is widely regarded as the most mature market in the world for online trading. As such, it is not surprising that, of all our global businesses, it was Finish Line and JD in the United States that saw the greatest retention rate through the closure period with online revenues equivalent to approximately 75% of the combined physical and digital revenues in the prior year.

With the exception of a small number of stores in the worst affected areas of New York and New Jersey, all stores had re-opened by the end of the period. This re-opening of the stores was staggered over a three month period commencing with the opening of stores in certain southern states in late April. Shortly before the period end, we were forced to close the majority of stores in California again as the State Government re-imposed restrictions.

Consistent with comments from other national retailers in the United States, our businesses benefitted significantly from May onwards from

the fiscal stimulus made available by the US Government. Total revenues across physical and digital channels increased by nearly 50% in this period with gross margins also at elevated levels in this period as many consumers took advantage of their extra spending power and traded up to full price new styles. This stimulus programme ended at the end of July and, to date, there is no agreement for it to be renewed.

The outbreak of COVID-19 has not changed our overall view on the strategic development of JD and Finish Line across the United States and it remains our intention to increase the critical mass of JD in the major metropolitan areas through a combination of opening new stores and converting Finish Line stores where appropriate. Six stores were converted in the period in the 'badge flip' style and it is our current intention to convert up to 30 more stores in the second half with one conversion completed already. The exact number of conversions in the rest of the year will, however, ultimately depend on the extent of any new restrictions in each location. Elsewhere, works continue on our new flagship store in Times Square, New York, with this store scheduled to open in October although the current situation means that the initial footfall into this store will be at lower than expected levels.

At the beginning of the period, we acquired Onepointfive Ventures Limited in Canada which consists of four stores trading as Livestock and a website trading as Deadstock. Based in Vancouver, this business and its management team will provide the platform to develop JD in Canada although the outbreak of COVID-19 means that currently we would not expect to open our first JD store in Canada until the second half of next year.

SPRINTER & SPORT ZONE (IBERIA)

As with JD, online trading is less mature for Sprinter and Sport Zone across Iberia and, consequently, less than 20% of the combined physical and digital revenues in the prior year were retained online in the store closure period. The performance since re-opening has been encouraging with double digit growth across the combination of physical and digital channels relative to the prior year with these businesses having a robust platform for further positive development.

GYMS (UK)

The gyms were temporarily closed on 20 March 2020 with member payments frozen from this date. All sites have now re-opened with clubs reconfigured to facilitate social distancing and to minimise equipment de-commissioning, with new signage and sanitisation stations throughout. Members have, however, been given the opportunity to continue to freeze their memberships whilst confidence rebuilds.

We firmly believe that we have developed a market leading, premium low cost proposition that competes strongly with mid-market and premium gyms and has significant national potential. During the period we increased our critical mass with the acquisition, out of administration, of an initial 50 gyms which had previously traded as Xercise4Less for a total consideration of £24.2 million. Subject to agreeing appropriate leases with landlords, it is our intention to retain the majority of the Xercise4Less estate.

FOOTASYLUM

The Competition and Markets Authority ('CMA') announced in its Final Report on 6 May 2020 that it had decided to prohibit the merger with Footasylum and that, consequently, it required the Group to fully divest its investment. This has surprised experienced market analysts and other observers who are familiar with the Sports Fashion market.

The Group believes that the CMA has fundamentally erred in law and acted irrationally in a number of areas and has subsequently made an application for Judicial Review to the Competition Appeal Tribunal ('CAT'). The main hearing for this application has been listed for 23 September 2020 and the judgement will follow thereafter.

OUTDOOR

The threat to physical retail from COVID-19 was the catalyst for the Group considering options which would address the inflexible and uncompetitive terms of the property leases in Go Outdoors. Having considered a number of strategic options, the Board ultimately concluded that there was a significant risk of Go Outdoors being a material drain on Group profitability for the foreseeable future. Consequently, the Board decided that it was

not in the best interests of the wider Group, and its shareholders, to provide continued financial support to Go Outdoors in its existing form with Go Outdoors entering into Administration on 23 June 2020.

The Group reacquired the trade and assets for a cash consideration of £56.5 million of which £55.2 million returns to the Group as partial repayment against its historic indebtedness, a transaction approved in advance by the independent Pre Pack Pool. One significant loss-making store was closed before the period end with a further store closed subsequently. Negotiations are ongoing with other landlords and, at this stage, subject to agreeing appropriate new terms, it remains our intention to retain the majority of the historic Go Outdoors store portfolio.

The Group has committed to honouring liabilities with regards to branded stock suppliers, employees, HMRC taxation liabilities, customer returns and historic gift card sales. Further, all pre-existing Go Outdoors employees transferred across to the new business with their previous terms and conditions of employment preserved.

Subsequent to the restructuring of Go Outdoors, we have also now merged the stock files of the Blacks and Millets business with that of Go Outdoors to enhance the efficiency of stock management with common merchandising systems and shared commercial resources across the businesses.

SUPPLY CHAIN DEVELOPMENTS & BREXIT

The Kingsway facility has remained open throughout the period and we are indebted to all of our colleagues on site for their resolve and commitment in this difficult time. Their safety and wellbeing has been, and continues to be, our number one priority. We have significantly reduced the number of colleagues on site at any one time to ensure that social distancing can be maintained and we will continue to make further modifications as necessary to our operations to ensure that we are operating safely and effectively. As the facility is the largest single site for employment in the Rochdale area, the local council has carried out numerous unannounced inspections of the site since the start of the

pandemic, to review our operations and ensure our continued compliance with the relevant regulations.

Elsewhere, the 80,000 sqft warehouse in Belgium which, with mezzanines, has an internal footprint in excess of 250,000 sqft is now receiving and fulfilling product to some European stores. This site is not big enough to handle all of our European retail volumes and, currently, is also not able to fulfil orders for online sales. However, it is providing us with a number of significant operational learnings which we are using in the planning for a longer term, more permanent, European supply chain strategy.

We are very conscious that the UK's transition period with the EU ends at the end of this year and, at this stage, there is a significant risk that the UK may exit that transition period with either no agreement or with perhaps just a very basic and limited free trade agreement. Given the current status of our supply chain in Europe and the fact that 90% of our stock is purchased from international brands on a full landed cost basis, where we have no visibility of the original factory cost, there is some risk of duties being payable for goods which transit to / from countries in the EU. We are currently looking at options to mitigate some of this in the short term whilst we establish a more permanent European supply chain infrastructure.

LEASE NEGOTIATIONS

It has been well publicised that we have withheld the payment of some rents across our global retail estate this year. We firmly believe that it cannot be equitable to pay full contractual rents when there is no realistic prospect of any income from a store. It remains our view that rents should reflect the basic economic principles of 'supply and demand' with market rents now falling significantly below those currently being demanded by outdated contractual principles. We have tentatively reached agreement with a number of landlords who acknowledge such principles although others are more intransigent in their approach. Ultimately, it is in our mutual interest to reach a fair and equitable compromise.

EXECUTIVE CHAIRMAN'S STATEMENT

PERIOD TO 1 AUGUST 2020

	Sports Fashion		Outdoor		Unallocated ²	Total	
	IFRS 16	IAS 17	IFRS 16	IAS 17		IFRS 16	IAS 17
	£m	£m	£m	£m	£m	£m	£m
Revenue	2,402.4	2,402.4	142.5	142.5	–	2,544.9	2,544.9
Gross profit %	45.9%	45.9%	40.5%	40.5%	–	45.6%	45.6%
EBITDA*	333.1	157.8	3.9	(8.9)	–	337.0	148.9
Depreciation	(220.8)	(65.3)	(16.9)	(4.0)	–	(237.7)	(69.3)
Amortisation ¹	(2.9)	(2.9)	(1.0)	(1.0)	–	(3.9)	(3.9)
Operating profit / (loss)	109.4	89.6	(14.0)	(13.9)	–	95.4	75.7
Net interest expense	(27.8)	–	(2.8)	–	(2.9)	(33.5)	(2.9)
Profit/ (loss) before tax and exceptional items	81.6	89.6	(16.8)	(13.9)	(2.9)	61.9	72.8
Exceptional items	–	–	(20.4)	(27.9)	–	(20.4)	(27.9)
Profit/ (loss) before tax	81.6	89.6	(37.2)	(41.8)	(2.9)	41.5	44.9

PERIOD TO 3 AUGUST 2019

	Sports Fashion		Outdoor		Unallocated ²	Total	
	IFRS 16	IAS 17	IFRS 16	IAS 17		IFRS 16	IAS 17
	£m	£m	£m	£m	£m	£m	£m
Revenue	2,517.1	2,517.1	204.1	204.1	–	2,721.2	2,721.2
Gross profit %	47.4%	47.4%	40.6%	40.6%	–	46.9%	46.9%
EBITDA*	398.5	246.7	4.4	(11.5)	–	402.9	235.2
Depreciation	(179.9)	(56.2)	(18.8)	(4.7)	–	(198.7)	(60.9)
Amortisation ¹	(2.4)	(2.4)	(2.0)	(2.0)	–	(4.4)	(4.4)
Operating profit / (loss)	216.2	188.1	(16.4)	(18.2)	–	199.8	169.9
Net interest expense	(33.8)	–	(3.7)	–	(3.7)	(41.2)	(3.7)
Profit/ (loss) before tax and exceptional items	182.4	188.1	(20.1)	(18.2)	(3.7)	158.6	166.2
Exceptional items	(3.6)	(3.6)	(25.1)	(25.1)	–	(28.7)	(28.7)
Profit/ (loss) before tax	178.8	184.5	(45.2)	(43.3)	(3.7)	129.9	137.5

¹ This is a non-trading charge relating to the amortisation of various fascia names and brand names which arise consequent to the accounting of acquisitions made over a number of years.

² The Group consider that net funding costs are cross divisional in nature and cannot be allocated between the segments on a meaningful basis.

SPORTS FASHION

Whilst our global Sports Fashion businesses have inevitably suffered in the first half from the adverse impacts of the COVID-19 outbreak, we should not forget that, fundamentally, our world class retail businesses offer a dynamic multichannel proposition which marries the best of physical and digital retail enabling customers to interact with us where and when they want and through the channel of their choice.

We firmly believe that the relevance of our Sports Fashion fascias to consumers will not be diminished by the current situation, although it will inevitably slow our momentum this year with the profit before tax and exceptional items in the first half decreasing to £81.6 million (2019: £182.4 million). On a proforma basis under IAS 17 'Leases' the profit before tax and exceptional items was £89.6 million (2019: £188.1 million).

Included within the result is a very positive performance in the United States with the temporary Government stimulus driving a material, but temporary, impact on performance with total revenues across all fascias in the United States increasing to £825.5 million (2019: £725.2 million) and the profit before tax and exceptional items increasing significantly to £73.4 million (2019: £35.7 million).

The overall gross margin in Sports Fashion decreased slightly to 45.9% (2019: 47.4%) principally from the promotional activity which took place in stores after re-opening to clear non-seasonally relevant products, particularly apparel.

There were no exceptional items in the period (2019: £3.6 million) and so the profit before tax in Sports Fashion was £81.6 million (2019: £178.8 million).

OUTDOOR

We acknowledge that the restructuring of our Outdoor businesses in the last two years has been a difficult process. However, coming out of this process, we are increasingly confident that we are developing a proposition which helps customers get the most out of their time outdoors and that we are well placed to take advantage of the opportunities in general fitness and local holidaying which will likely prevail in the future in a world changed by COVID-19.

The impact of the restructuring in the prior year is reflected in the fact that, even with the stores closed for a number of weeks and a relatively weak transfer of sales to online when compared to the Sports Fashion fascia, Outdoor reduced its loss before exceptional items in the period to £16.8 million (2019: loss of £20.1 million). On a proforma basis under IAS 17 'Leases' the loss before tax was £13.9 million (2019: loss of £18.2 million).

After recognising an exceptional charge of £20.4 million (2019: £25.1 million) relating to the restructuring of Go Outdoors in the period, the loss before tax in Outdoor was £37.2 million (2019: loss of £45.2 million).

FINANCIAL PERFORMANCE

	IFRS16		Proforma IAS 17	
	2020	2019	2020	2019
	£m	£m	£m	£m
Revenue	2,544.9	2,721.2	2,544.9	2,721.2
Gross profit %	45.6%	46.9%	45.6%	46.9%
EBITDA	337.0	402.9	148.9	235.2
Depreciation / amortisation	(241.6)	(203.1)	(73.2)	(65.3)
Operating profit (before exceptional items)	95.4	199.8	75.7	169.9
Net interest expense	(33.5)	(41.2)	(2.9)	(3.7)
Profit before tax and exceptional items	61.9	158.6	72.8	166.2
Exceptional items	(20.4)	(28.7)	(27.9)	(28.7)
Profit before tax	41.5	129.9	44.9	137.5
Basic earnings per ordinary share	3.85p	9.67p	4.08p	10.46p
Adjusted earnings per ordinary share	6.09p	12.57p	6.32p	13.36p
Interim dividend payable per ordinary share	-	0.28p	-	0.28p
Net cash at period end	764.9	118.1	764.9	118.1

Throughout the Half Year Report "*" indicates the first instance of a term defined and explained in the Glossary on page 40.

REVENUE AND GROSS MARGIN

Total revenue decreased by 6.5% in the period to £2,544.9 million (2019: £2,721.2 million) which was split as follows:

- Sports Fashion reduced by 4.6% to £2,402.4 million (2019: £2,517.1 million)
- Outdoor reduced by 30.2% to £142.5 million (2019: £204.1 million)

Given the impact of COVID-19 on the performance in the period, presenting revenues in like for like terms is not appropriate.

Total gross margin in the period across the Group of 45.6% was 1.3% lower than the prior year (2019: 46.9%). This primarily reflects the promotional activity in stores in the UK and Europe after re-opening to clear non-seasonally relevant products.

PROFIT BEFORE TAX

Profit before tax and exceptional items decreased by £96.7 million to £61.9 million (2019: £158.6 million). Within this, the profit before tax and exceptional items of the Group's businesses in the United States has increased significantly to £73.4 million (2019: £35.7 million) reflecting the positive impact of the temporary Government stimulus in the country.

On a proforma basis under IAS 17 'Leases', with rents recognised according to contractual terms, the headline profit before tax and exceptional items to 1 August 2020 for the Group would have been £10.9 million higher at £72.8 million (2019: £166.2 million).

There were exceptional items in the period of £20.4 million (2019: £28.7 million) relating to the restructure of the Go Outdoors business in the period:

	2020	2019
	£m	£m
Restructuring of Go Outdoors ⁽¹⁾	20.4	-
Non-cash impairment of intangible assets ^(2*)	-	20.7
Movement in fair value of put and call options ⁽³⁾	-	3.6
Integration and consolidation of Outdoor fascias ⁽⁴⁾	-	4.4
Total exceptional charge	20.4	28.7

1. The net impact consequent to the restructuring of Go Outdoors in the period including a charge of £33.3 million in relation to the impairment of intangible assets, a charge of £4.9 million in relation to the impairment of leasehold improvements and a credit of £17.8 million in relation to the extinguishment of lease commitments.

2. The impairment in the prior period relates to the impairment of the goodwill arising in prior years on the acquisition of Go Outdoors Topco Limited (* included within (1) above in relation to 2020).

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

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

Group profit before tax ultimately decreased to £41.5 million (2019: £129.9 million).

CASH AND WORKING CAPITAL

The net cash balance at the end of the period was £764.9 million (2019: £118.1 million) with very strong cash generation in the United States in particular reflecting the exceptional trading in that country since the temporary Government stimulus was made available. We are conscious that the net cash position at the period end includes a number of temporary factors which, in aggregate, total in excess of £200 million and will likely reverse in the second half. This total includes short term extensions to the payment terms on branded suppliers where these were agreed with the relevant suppliers at the start of the COVID-19 outbreak and the payment of deferred rents as we continue to reach agreements with the relevant landlords.

Stocks at the end of the period of £764.7 million are significantly lower than the prior year (2019: £913.2 million) with the flow of product into our businesses taking time to gain traction as the international brands recommenced their global supply chain operations. This situation is particularly evident in the United States after the period of strong

trading, with period end stocks of \$191.3 million approximately 40% lower than the previous year (2019: \$327.8 million). We continue to work with our international brand partners on detailed exercises to re-range the rest of the year and, where possible, are pushing for forward orders to be made available early.

The outbreak of COVID-19 has inevitably had a significant impact on the projects which we have undertaken in the period with gross capital expenditure (excluding disposal costs) decreased to £52.3 million (2019: £69.8 million). The primary focus of our capital expenditure remains our retail fascias with a spend in the period of £33.8 million (2019: £41.5 million). We now expect that the capital expenditure for the full year will be in the range of £110 million to £140 million (52 weeks to 1 February 2020: £177.2 million).

We will continue to use our cash resources to make selective acquisitions and investments where they benefit our strategic development.

STORE PORTFOLIO

During the period, store numbers have moved as follows:

SPORTS FASHION

	Period Start	New Stores	Transfers	Acquired	Closures	Period End
JD & Size?						
UK & Republic of Ireland	402	2	–	–	(4)	400
Europe	304	12	1	–	(2)	315
Asia Pacific	64	4	–	–	–	68
United States	11	–	6	–	–	17
Size?	37	1	–	–	(2)	36
JD & Size?	818	19	7	–	(8)	836
Finish Line & Livestock						
Finish Line (own)	508	–	(6)	–	(7)	495
Finish Line (Macy's)	295	–	–	–	–	295
Livestock	–	–	–	4	–	4
Finish Line & Livestock	803	–	(6)	4	(7)	794
Fashion: UK	153	–	–	–	(2)	151
Other Europe ⁽ⁱ⁾	427	4	(1)	–	(2)	428
Other Asia Pac ⁽ⁱⁱ⁾	2	–	–	–	(1)	1
Total Sports Fashion	2,203	23	–	4	(20)	2,210

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

(ii) Hot-T (South Korea)

OUTDOOR

	Period Start	New Stores	Closures	Period End
Blacks	57	–	–	57
Millets	97	1	(4)	94
Ultimate Outdoors	6	–	(1)	5
Tiso	13	–	–	13
Go Outdoors	67	–	(1)	66
Go Fishing	5	–	(1)	4
Total Outdoor	245	1	(7)	239

DIVIDENDS AND EARNINGS PER ORDINARY SHARE

Given the uncertain impact that COVID-19 may have on the peak trading period ahead, the Board continues to believe that it is in the best interests of shareholders if the Group maintains its cash reserves. Accordingly, it does not believe that it is appropriate to pay an interim dividend (2019: 0.28p). It is the Board's intention that we would look to resume dividend payments as soon as conditions allow, although it is important that we maintain flexibility around the timing and quantum of this commitment. Notwithstanding this, we continue to believe that it is in the longer term interests of all shareholders to keep future dividend growth restrained so as to maximise the available funding for our further development opportunities.

The basic earnings per ordinary share decreased to 3.85p (2019: 9.67p).

The adjusted earnings per ordinary share decreased to 6.09p (2019: 12.57p).

PEOPLE

We are indebted to all of our teams in our different territories for their enthusiastic approach in reconfiguring the stores as necessary to satisfy local legislation and for embracing the new ways of working required as a consequence of COVID-19. The Group also recognises the positive impact that the Coronavirus Job Retention Scheme in the UK, together with similar initiatives in other territories, had in preventing significant redundancies across the business. The Group

voluntarily enhanced the payments in the UK for those colleagues paid above the £2,500 monthly cap to help minimise the financial impact. With the exception of a very small number of colleagues, principally those who are classified as vulnerable or at a higher risk of infection, all remaining colleagues have now returned to work.

The talented individuals working with the Group are integral to our continued success, delivering exceptional results year after year. We aim to attract, retain and develop the best talent at every level throughout the Group and believe that an engaged workforce is vital to achieving our aims. We strive to create a workplace in which everyone is safe; supported and respected; treated fairly and taken care of; listened to; and motivated to achieve their full potential. We are committed to achieving excellence in the areas of health and safety and the protection of our colleagues in their working environment.

The Group is also absolutely committed to promoting policies which ensure that colleagues and customers are treated equally regardless of ethnic or social origin, race, gender, sexual orientation, disability or age. Following the tragic death of George Floyd in the United States, we are working with our teams around the world and with both the JD Foundation and the Finish Line Youth Foundation to ensure that, across the Group, we play a full part in what is hopefully a united global approach to eradicate not just racism but all forms of discrimination from society.

CURRENT TRADING AND OUTLOOK

We are generally encouraged by our performance since the stores re-opened and with our performance in the first few weeks of the second half. However, retail footfall remains comparatively weak and the recent strengthening of measures in many countries and the subsequent temporary closure of some stores reminds us that COVID-19 remains an ongoing challenge. Nonetheless, we remain absolutely confident in our strengths in consumer engagement, key brand relationships and globally consistent multichannel retail standards. These, combined with an agile operational infrastructure provide us with a robust platform for further positive development.

We also believe that it is appropriate for the Group to reinstate guidance for the full year. Assuming a prudent but realistic set of assumptions for the peak trading period that reflect an uncertain outlook for consumer confidence, the ongoing challenges of attracting footfall to stores and the potential for further operational restrictions; we would presently anticipate delivering a headline profit before tax for the full year of at least £265 million when calculated under IFRS 16 'Leases'.

We next intend to provide an update on trading in early January after our key Christmas trading period.

Peter Cowgill
Executive Chairman
8 September 2020

I AM **JD**



OWN THE STREETS

FINANCIAL
STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE 26 WEEKS TO 1 AUGUST 2020

		26 weeks to 1 August 2020	26 weeks to 3 August 2019	52 weeks to 1 February 2020
	Note	£m	£m	£m
Revenue		2,544.9	2,721.2	6,110.8
Cost of sales		(1,383.4)	(1,446.1)	(3,236.0)
Gross profit		1,161.5	1,275.1	2,874.8
Selling and distribution expenses – normal		(913.0)	(919.1)	(2,020.2)
Selling and distribution expenses – exceptional	3	–	–	–
Selling and distribution expenses		(913.0)	(919.1)	(2,020.2)
Administrative expenses – normal		(164.9)	(160.8)	(348.6)
Administrative expenses – exceptional	3	(20.4)	(28.7)	(90.3)
Administrative expenses		(185.3)	(189.5)	(438.9)
Other operating income		11.8	4.6	10.9
Operating profit		75.0	171.1	426.6
Before exceptional items		95.4	199.8	516.9
Exceptional items	3	(20.4)	(28.7)	(90.3)
Operating profit		75.0	171.1	426.6
Financial income		0.7	0.4	1.7
Financial expenses		(34.2)	(41.6)	(79.8)
Profit before tax		41.5	129.9	348.5
Income tax expense	4	(14.4)	(31.9)	(97.8)
Profit for the period		27.1	98.0	250.7
Attributable to equity holders of the parent		37.5	94.1	246.1
Attributable to non-controlling interest		(10.4)	3.9	4.6
		27.1	98.0	250.7
Basic earnings per ordinary share	6	3.85p	9.67p	25.29p
Diluted earnings per ordinary share	6	3.85p	9.67p	25.29p

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 26 WEEKS TO 1 AUGUST 2020

	26 weeks to 1 August 2020	26 weeks to 3 August 2019	52 weeks to 1 February 2020
	£m	£m	£m
Profit for the period	27.1	98.0	250.7
Other comprehensive income:			
Items that may be classified subsequently to the Consolidated Income Statement:			
Exchange differences on translation of foreign operations	25.5	65.7	(21.5)
Total other comprehensive income for the period	25.5	65.7	(21.5)
Total comprehensive income and expense for the period (net of income tax)	52.6	163.7	229.2
Attributable to equity holders of the parent	58.5	155.5	227.2
Attributable to non-controlling interest	(5.9)	8.2	2.0
	52.6	163.7	229.2

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 1 AUGUST 2020

	As at 1 August 2020	As at 3 August 2019	As at 1 February 2020
	£m	£m	£m
Assets			
Intangible assets	404.6	463.8	413.7
Property, plant and equipment	2,243.5	2,693.2	2,420.1
Other assets	62.9	72.6	47.9
Investment in associate	2.6	2.6	2.6
Total non-current assets	2,713.6	3,232.2	2,884.3
Inventories	764.7	913.2	811.8
Trade and other receivables	193.8	255.5	183.9
Cash and cash equivalents	1,078.1	346.6	465.9
Total current assets	2,036.6	1,515.3	1,461.6
Total assets	4,750.2	4,747.5	4,345.9
Liabilities			
Interest-bearing loans and borrowings	(251.6)	(187.5)	(20.4)
Lease liabilities	(273.4)	(489.5)	(285.0)
Trade and other payables	(1,171.8)	(922.3)	(900.7)
Provisions	-	(2.2)	-
Income tax liabilities	(24.1)	(18.7)	(34.3)
Total current liabilities	(1,720.9)	(1,620.2)	(1,240.4)
Interest-bearing loans and borrowings	(61.6)	(41.0)	(15.6)
Lease liabilities	(1,517.7)	(1,747.9)	(1,707.7)
Other payables	(99.1)	(93.9)	(80.5)
Provisions	-	(1.0)	-
Deferred tax liabilities	(9.8)	(16.2)	(12.5)
Total non-current liabilities	(1,688.2)	(1,900.0)	(1,816.3)
Total liabilities	(3,409.1)	(3,520.2)	(3,056.7)
Total assets less total liabilities	1,341.1	1,227.3	1,289.2
Capital and reserves			
Issued ordinary share capital	2.4	2.4	2.4
Share premium	11.7	11.7	11.7
Retained earnings	1,283.2	1,096.4	1,245.7
Other reserves	(19.6)	39.2	(40.6)
Total equity attributable to equity holders of the parent	1,277.7	1,149.7	1,219.2
Non-controlling interest	63.4	77.6	70.0
Total equity	1,341.1	1,227.3	1,289.2

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 26 WEEKS TO 1 AUGUST 2020

	Ordinary share capital	Share premium	Retained earnings	Other equity	Foreign currency translation reserve	Total equity attributable to equity holders of the parent	Non- controlling interest	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 1 February 2020	2.4	11.7	1,245.7	(36.4)	(4.2)	1,219.2	70.0	1,289.2
Profit for the period	-	-	37.5	-	-	37.5	(10.4)	27.1
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	-	21.0	21.0	4.5	25.5
Total other comprehensive income	-	-	-	-	21.0	21.0	4.5	25.5
Total comprehensive income for the period	-	-	37.5	-	21.0	58.5	(5.9)	52.6
Dividends to equity holders	-	-	-	-	-	-	(1.0)	(1.0)
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-
Non controlling interest arising on acquisition	-	-	-	-	-	-	0.3	0.3
Balance at 1 August 2020	2.4	11.7	1,283.2	(36.4)	16.8	1,277.7	63.4	1,341.1

FOR THE 26 WEEKS TO 3 AUGUST 2019

	Ordinary share capital	Share premium	Retained earnings	Other equity	Foreign currency translation reserve	Total equity attributable to equity holders of the parent	Non- controlling interest	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 2 February 2019	2.4	11.7	1,016.3	(36.3)	14.7	1,008.8	68.0	1,076.8
Profit for the period	-	-	94.1	-	-	94.1	3.9	98.0
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	-	61.4	61.4	4.3	65.7
Total other comprehensive income	-	-	-	-	61.4	61.4	4.3	65.7
Total comprehensive income for the period	-	-	94.1	-	61.4	155.5	8.2	163.7
Dividends to equity holders	-	-	(14.0)	-	-	(14.0)	-	(14.0)
Acquisition of non-controlling interest	-	-	-	(0.6)	-	(0.6)	-	(0.6)
Non controlling interest arising on acquisition	-	-	-	-	-	-	1.4	1.4
Balance at 3 August 2019	2.4	11.7	1,096.4	(36.9)	76.1	1,149.7	77.6	1,227.3

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 26 WEEKS TO 1 AUGUST 2020

		26 weeks to 1 August 2020	26 weeks to 3 August 2019	52 weeks to 1 February 2020
	Note	£m	£m	£m
Cash flows from operating activities				
Profit for the period		27.1	98.0	250.7
Income tax expense	4	14.4	31.9	97.8
Financial expenses		34.2	41.6	79.8
Financial income		(0.7)	(0.4)	(1.7)
Depreciation and amortisation of non-current assets		241.6	203.1	450.0
Forex losses / (gains) on monetary assets and liabilities		17.1	6.8	9.9
Impairment of other intangibles and non-current assets		4.9	0.2	12.9
Loss on disposal of non-current assets		0.2	2.2	6.3
Other exceptional items		(17.8)	8.0	47.2
Impairment of goodwill and fascia names		33.3	20.7	43.1
Decrease / (increase) in inventories		57.7	(59.1)	(9.5)
Increase in trade and other receivables		(36.1)	(53.5)	(13.0)
Increase in trade and other payables		248.6	100.8	58.1
Interest paid		(3.6)	(4.1)	(7.9)
Lease interest		(30.6)	(37.5)	(71.9)
Income taxes paid		(27.2)	(39.4)	(97.8)
Net cash from operating activities		563.1	319.3	854.0
Cash flows from investing activities				
Interest received		0.7	0.4	1.7
Proceeds from sale of non-current assets		0.4	1.9	3.1
Investment in software development		(8.9)	(7.0)	(23.2)
Acquisition of property, plant and equipment		(41.5)	(58.3)	(147.2)
Acquisition of non-current other assets		(1.9)	(4.5)	(6.8)
Acquisition of subsidiaries, net of cash acquired		(32.0)	(89.3)	(89.3)
Net cash used in investing activities		(83.2)	(156.8)	(261.7)
Cash flows from financing activities				
Drawdown of interest-bearing loans and borrowings	9	269.1	72.7	(88.6)
Repayment of lease liabilities		(146.2)	(160.6)	(264.8)
Equity dividends paid		-	-	(16.7)
Dividends paid to non-controlling interest in subsidiaries		(1.0)	-	(1.3)
Net cash provided by / (used in) financing activities		121.9	(87.9)	(371.4)
Net increase in cash and cash equivalents	9	601.8	74.6	220.9
Cash and cash equivalents at the beginning of the period	9	460.3	237.7	237.7
Foreign exchange gains on cash and cash equivalents		6.7	11.2	1.7
Cash and cash equivalents at the end of the period	9	1,068.8	323.5	460.3

1. Basis of Preparation

JD Sports Fashion Plc (the 'Company') is a company incorporated and domiciled in the United Kingdom. The unaudited half year financial report for the 26 week period to 1 August 2020 represents that of the Company and its subsidiaries (together referred to as the 'Group').

This half year financial report is an interim management report as required by DTR 4.2.3 of the Disclosure and Transparency Rules of the UK's Financial Conduct Authority and was authorised for issue by the Board of Directors on 8 September 2020.

The condensed set of financial statements included in this half year financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU. The annual financial statements of the Group are prepared in accordance with IFRS's as adopted by the EU. The comparative figures for the 52 week period to 1 February 2020 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group's Auditor and delivered to the Registrar of Companies. The Report of the Auditor was (i) unqualified, (ii) did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 of the Companies Act 2006.

The information contained in the half year financial report for the 26 week period to 1 August 2020 and 3 August 2019 has been reviewed and the independent review report for the 26 week period to 1 August 2020 is set out in the half year financial report.

As required by the Disclosure and Transparency Rules of the UK's Financial Conduct Authority, the half year financial report has been prepared by applying the same accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the 52 week period to 1 February 2020.

ADOPTION OF NEW AND REVISED STANDARDS

The Group continues to monitor the potential impact of other new standards and interpretations which have been or 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.

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 period. Further information can be found in the Glossary at the end of the report. Terms are listed in alphabetical order.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of interim financial statements 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

1. Basis of Preparation (continued)

of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the 52 week period to 1 February 2020.

RISKS AND UNCERTAINTIES

The Board has considered the risks and uncertainties for the remaining 26 week period to 30 January 2021 and determined that the risks presented in the Annual Report and Accounts 2020, noted below, remain relevant:

- Key suppliers and brands
- Intellectual property
- Warehouse operations
- Environmental – climate change
- Environmental – biodiversity, resources and water security
- Social – human rights, labour standards and responsibility
- Governance – anti-corruption, risk management, regulatory and compliance
- Retail property factors
- IT systems
- Cyber security
- COVID-19
- Personnel
- Brexit
- Treasury and financial

A major variable, and therefore risk, to the Group's financial performance for the remainder of the financial period is the sales and margin performance in the retail fascias, particularly in December and January. Further comment on this and other risks and uncertainties faced by the Group is provided in the Executive Chairman's statement included within this half year financial report.

GOING CONCERN

At 1 August 2020, the Group had net cash balances of £765 million (1 Feb 2020: £430 million) with available committed borrowing facilities in the UK of £700 million (1 Feb 2020: £700 million) of which £190 million (1 Feb 2020: £nil) has been drawn down (See Note 9) and Asset Based Lending facilities in the United States of up to \$300million of which \$nil was drawn down (1 Feb 2020: \$300m facilities, \$nil drawn down). These facilities are subject to certain covenants. In addition, the Group also has access to £300 million of additional funding through the Bank of England's Covid Corporate Financing Facility (1 Feb 2020: £nil). With the facility in the UK of £700 million available up to 6 November 2024, the facility in the United States of up to \$300m available up until 18 June 2023 and the Covid Corporate Financing Facility of £300 million available to March 2021, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

1. Basis of Preparation (continued)

Notwithstanding the Group's strong financial position at the end of the period, it is clear that the effects of Covid-19 will likely result in a material reduction in revenue and profit for the period ending 30 January 2021 when compared against the expectations at the start of the financial year. To date, we have seen a decline in physical store revenue as stores have had to close which has been only partially countered by a strong online revenue performance as our customers have moved even more online. Only a relatively short period of time has elapsed since the re-opening of stores in our core markets although we are encouraged by the performance to date. However, we believe it is inevitable that there will be some level of permanent transfer from physical retail to online as a consequence of Covid-19.

To date we have taken a number of actions to strongly control cash and as at 1 September 2020 the Group had net cash balances of £711 million following a drawdown of £190 million from the available committed facilities in the UK of £700 million. The \$300 million Asset Based Lending facility in the United States and the £300 million Covid Corporate Financing Facility remain undrawn.

Based on our experience of trading to date, the Group has reforecast and modelled a base case and a number of severe but plausible scenarios taking account of the length of any potential additional localised lockdowns, transition from physical sales to online, the resulting impact on margin and management's controllable mitigating actions on costs. These reforecasts cover the period to 30 September 2021 and on the base case and sensitised basis show that the Group will be able to operate within the levels of its agreed facilities and covenant requirements to 30 September 2021, being a period of at least 12 months from the date of approval of the interim statements.

Whilst the Directors consider that there is a degree of subjectivity involved in the assumptions that have modelled on the basis of the above, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence to 30 September 2021 being a period of at least 12 months from the date of approval of these Interim Statements. Accordingly, they continue to adopt the going concern basis of accounting in preparing the Interim Statements.

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 focused more on the nature of the businesses within the Group.

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.

2. Segmental Analysis (continued)

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. Drawdowns from the Group's syndicated borrowing facility of £190.0m (2019: £125.0m) and liabilities for taxation of £33.9 (2019: £34.9m) are included within the unallocated segment.

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 operating segments for the 26 weeks to 1 August 2020 is reported below:

INCOME STATEMENT

	Sports Fashion	Outdoor	Unallocated	Total
Income statement	£m	£m	£m	£m
Revenue	2,402.4	142.5	–	2,544.9
Operating profit / (loss) before exceptional items	109.4	(14.0)	–	95.4
Exceptional items	–	(20.4)	–	(20.4)
Operating profit / (loss)	109.4	(34.4)	–	75.0
Financial income	–	–	0.7	0.7
Financial expenses	(27.8)	(2.8)	(3.6)	(34.2)
Profit / (loss) before tax	81.6	(37.2)	(2.9)	41.5
Income tax expense				(14.4)
Profit for the period				27.1

TOTAL ASSETS AND LIABILITIES

	Sports Fashion	Outdoor	Unallocated	Eliminations	Total
Total assets and liabilities	£m	£m	£m	£m	£m
Total assets	4,572.0	268.3	–	(90.1)	4,750.2
Total liabilities	(3,068.7)	(206.6)	(223.9)	90.1	(3,409.1)
Total segment net assets / (liabilities)	1,503.3	61.7	(223.9)	–	1,341.1

2. Segmental Analysis (continued)

The comparative segmental results for the 26 weeks to 3 August 2019 are as follows:

INCOME STATEMENT

	Sports Fashion	Outdoor	Unallocated	Total
Income statement	£m	£m	£m	£m
Revenue	2,517.1	204.1	–	2,721.2
Operating profit / (loss) before exceptional items	216.2	(16.4)	–	199.8
Exceptional items	(3.6)	(25.1)	–	(28.7)
Operating profit / (loss)	212.6	(41.5)	–	171.1
Financial income	–	–	0.4	0.4
Financial expenses	(33.8)	(3.7)	(4.1)	(41.6)
Profit / (loss) before tax	178.8	(45.2)	(3.7)	129.9
Income tax expense				(31.9)
Profit for the period				98.0

TOTAL ASSETS AND LIABILITIES

	Sports Fashion	Outdoor	Unallocated	Eliminations	Total
Total assets and liabilities	£m	£m	£m	£m	£m
Total assets	4,407.6	493.5	–	(153.6)	4,747.5
Total liabilities	(3,058.8)	(455.1)	(159.9)	153.6	(3,520.2)
Total segment net assets / (liabilities)	1,348.8	38.4	(159.9)	–	1,227.3

GEOGRAPHICAL INFORMATION

The Group's operations are located in the UK, Australia, Austria, Belgium, Canada, Denmark, Dubai, Finland, France, Germany, Hong Kong, India, Italy, Malaysia, the Netherlands, New Zealand, Portugal, Republic of Ireland, Singapore, South Korea, Spain and the Canary Islands, 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

	26 weeks to 1 August 2020	26 weeks to 3 August 2019
	£m	£m
UK	963.2	1,120.7
Europe	622.5	727.0
United States	834.3	730.3
Rest of world	124.9	143.2
	2,544.9	2,721.2

The revenue from any individual country, with the exception of the UK and the US, is not more than 10% of the Group's total revenue.

2. Segmental Analysis (continued)

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

	26 weeks to 1 August 2020	26 weeks to 3 August 2019
	£m	£m
UK	1,089.4	1,328.2
Europe	1,040.7	1,213.5
United States	464.0	558.0
Rest of world	119.5	132.5
	2,713.6	3,232.2

3. Exceptional Items

	26 weeks to 1 August 2020	26 weeks to 3 August 2019	52 weeks to 1 February 2020
	£m	£m	£m
Impairment of goodwill, brand names and fascia names ^(1*)	-	20.7	43.1
Movement in fair value of put and call options ⁽²⁾	-	3.6	31.4
Integration and consolidation of Outdoor Fascia ⁽³⁾	-	4.4	7.2
Integration of Sport Zone into Sprinter infrastructure ⁽⁴⁾	-	-	8.6
Restructuring of Go Outdoors ⁽⁵⁾	20.4	-	-
Administrative expenses – exceptional	20.4	28.7	90.3

(1) The impairment in the prior period relates to the impairment of the goodwill arising in prior years on the acquisition of Go Outdoors Topco Limited (* included within (5) above in relation to 2020) and Choice Limited.

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

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

(4) Costs associated with transferring the stocks and other operations of Sport Zone into the Sprinter infrastructure.

(5) The net impact consequent to the restructuring of Go Outdoors in the period including a charge of £33.3 million in relation to the impairment of intangible assets, a charge of £4.9 million in relation to the impairment of leasehold improvements and a credit of £17.8 million in relation to the extinguishment of lease commitments.

Items (1), (2) and (5) are exceptional items as they are not considered to be reflective of the underlying trading performance of the Group. Item (3) and (4) are presented as an exceptional item as these costs relate to one off projects.

4. Income Tax Expense

	26 weeks to 1 August 2020	26 weeks to 3 August 2019	52 weeks to 1 February 2020
	£m	£m	£m
Current tax			
UK Corporation tax at 19% (2019: 19%)	17.9	34.4	106.7
Adjustment relating to prior periods	3.4	(0.7)	(2.6)
Total current tax charge – continuing operations	21.3	33.7	104.1
Deferred tax			
Deferred tax (origination and reversal of temporary differences)	(2.5)	(0.3)	(4.7)
Adjustment relating to prior periods	(4.4)	(1.5)	(1.6)
Total deferred tax charge / (credit) – continuing operations	(6.9)	(1.8)	(6.3)
Income tax expense – continuing operations	14.4	31.9	97.8

5. Dividends

After the reporting date the following dividends were proposed by the Directors. The dividends were not provided for at the reporting date.

	26 weeks to 1 August 2020	26 weeks to 3 August 2019	52 weeks to 1 February 2020
	£m	£m	£m
Nil per ordinary share (1 August 2019: 0.28p, 1 February 2020: nil)	–	2.7	–

DIVIDENDS ON ISSUED ORDINARY SHARE CAPITAL

	26 weeks to 1 August 2020	26 weeks to 3 August 2019	52 weeks to 1 February 2020
	£m	£m	£m
Final dividend of nil (2019: 1.44p) per qualifying ordinary share paid in respect of prior period but not recognised as a liability in that period	–	14.0	14.0
Interim dividend of nil per qualifying share paid in respect of the 26 week period to 1 August 2020	–	–	2.7
	–	14.0	16.7

6. Earnings Per Ordinary Share

BASIC AND DILUTED EARNINGS PER ORDINARY SHARE

The calculation of basic and diluted earnings per ordinary share at 1 August 2020 is based on the profit for the period attributable to equity holders of the parent of £37.5 million (26 weeks to 3 August 2019: £94.1 million; 52 weeks to 1 February 2020: £246.1 million).

NON-CURRENT ASSETS

	26 weeks to 1 August 2020	26 weeks to 3 August 2019	52 weeks to 1 February 2020
	£m	£m	£m
Issued ordinary shares at beginning and end of period	973,233,160	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 meaningful measure of the underlying performance of the Group.

	26 weeks to 1 August 2020	26 weeks to 3 August 2019	52 weeks to 1 February 2020
	£m	£m	£m
Profit for the period attributable to equity holders of the parent	37.5	94.1	246.1
Exceptional items excluding loss on disposal of non-current assets	20.4	28.7	90.3
Tax relating to exceptional items	1.4	(0.5)	(3.0)
Profit for the period attributable to equity holders of the parent excluding exceptional items	59.3	122.3	333.4
Basic and diluted earnings per ordinary share	3.85p	9.67p	25.29p
Adjusted basic and diluted earnings per ordinary share	6.09p	12.57p	34.26p

7. Acquisitions

CURRENT PERIOD ACQUISITIONS

ONEPOINTFIVE VENTURES LIMITED TRADING AS LIVESTOCK (“LIVESTOCK”)

On 10 February 2020, the Group acquired 100% of the issued share capital of Onepointfive Ventures Limited DBA Livestock (“Livestock”) through a newly established Canadian holdco structure (JDSF Holdings (Canada) Inc “Holdco”). Consideration was comprised of £7.0 million in cash and 20% of the equity in Holdco. Effectively, the Group acquired 80% of Livestock. Based in Vancouver, this business and its management will provide the platform to develop JD in Canada.

Included within the provisional fair value of the net identifiable assets on acquisition is an intangible asset of £1.2 million, representing the “Livestock” fascia name. The Board believes that the excess of consideration paid over net assets on acquisition of £6.7 million is best considered as goodwill on acquisition representing future operating synergies. The provisional goodwill calculation is summarised below:

	Book value	Measurement adjustments	Provisional fair value at 1 August 2020
	£m	£m	£m
Acquiree's net assets at acquisition date:			
Intangible assets	–	1.2	1.2
Property, plant and equipment	0.4	–	0.4
Right of use assets	0.5	–	0.5
Inventories	0.5	–	0.5
Cash and cash equivalents	(0.8)	–	(0.8)
Trade and other receivables	0.1	–	0.1
Trade and other payables	(0.4)	–	(0.4)
Deferred tax liability	–	(0.3)	(0.3)
Lease liabilities	(0.5)	–	(0.5)
Corporation tax	(0.3)	–	(0.3)
Net identifiable assets	(0.5)	0.9	0.4
Non-controlling interest	0.1	(0.2)	(0.1)
Goodwill on acquisition			6.7
Consideration paid – satisfied in cash			7.0

Included in the 26 week period ended 1 August 2020 is revenue of £3.7 million and a profit before tax of £0.4 million in respect of Livestock.

7. Acquisitions (continued)

CURRENT PERIOD ACQUISITIONS (CONTINUED)

X4L (IN ADMINISTRATION)

On 22 July 2020, the Group acquired, via its 100% subsidiary X4L Gyms Limited, the business and certain assets of Wright Leisure Limited t/a Xercise4less following the Group being placed into administration on the same date.

Xercise4less is a UK-based value-gym chain with 50 operational clubs at the date of administration. The company offers low-cost contract and non-contract memberships to its members from large operational facilities nationwide.

The Board believes that Xercise4Less further strengthens the Group's presence in the growing UK fitness market with the acquisition providing immediate reach to a wider membership base as well as facilitating the Group's geographical presence in the market. Xercise4less is a well-established business with a wealth of knowledge in the UK fitness market which the board believes will be complementary to JD. The Board also believes that there will be significant operational and strategic benefits from a combination of the two businesses.

The Board believes the excess of cash consideration paid over the net identifiable assets on acquisition of £18.8 million is best considered as goodwill representing future operating synergies.

The provisional goodwill calculation is summarised below:

	Book value	Measurement adjustments	Provisional fair value at 1 August 2020
	£m	£m	£m
Acquiree's net assets at acquisition date:			
Intangible assets	16.3	(16.3)	-
Property, plant and equipment	7.8	(0.1)	7.7
Trade and other receivables	0.1	-	0.1
Trade and other payables	-	(2.4)	(2.4)
Net identifiable assets	24.2	(18.8)	5.4
Goodwill on acquisition			18.8
Consideration paid – satisfied in cash			24.2

No revenue or profit was included in the 26 week period ended 1 August 2020.

7. Acquisitions (continued)

PRIOR PERIOD ACQUISITIONS

FOOTASYLUM PLC

On 18 February 2019, JD Sports Fashion Plc acquired 19,579,964 Footasylum Plc 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 of 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 in all respects 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. On 26 April 2019, the first bulk transfer was made to acquire an additional 80.5m shares (in addition to the 19.5m already owned). The formal process to acquire the remaining Footasylum shares (incl the dissenting shareholders) was completed on 4 June 2019. Footasylum was delisted on 16 May 2019 and is expected to be converted from an unlisted Plc to a private company by 13 September 2019.

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.

Included within the provisional fair value of the net identifiable assets on acquisition is an intangible asset of £34.3 million representing the Footasylum fascia name and an intangible asset of £3.0 million for Footasylum exclusive brands. The Board believes the excess of cash consideration paid over the net identifiable assets on acquisition of £27.3 million is best considered as goodwill representing future operating synergies.

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.

	Book value	Measurement adjustments	Fair value at 1 August 2020
	£m	£m	£m
Acquiree's net assets at acquisition date:			
Intangible assets	-	37.3	37.3
Property, plant and equipment	29.1	(3.5)	25.6
Right of use assets	100.4	-	100.4
Inventories	39.6	-	39.6
Cash and cash equivalents	5.7	-	5.7
Trade and other receivables	19.4	-	19.4
Deferred tax assets / (liabilities)	0.2	(6.3)	(6.1)
Trade and other payables - current	(42.0)	-	(42.0)
Trade and other payables - non current	(0.2)	-	(0.2)
Lease liabilities	(107.5)	-	(107.5)
Interest bearing loans and borrowings	(13.5)	-	(13.5)
Net identifiable assets	31.2	27.5	58.7
Goodwill on acquisition			27.3
Consideration paid - satisfied in cash			86.0

7. Acquisitions (continued)

PRIOR PERIOD ACQUISITIONS (CONTINUED)

Given that this transaction was reviewed by the Competition and Markets Authority ('CMA'), the Directors of the company have had to assess whether or not the Group had control over Footasylum. In making their judgement, the Board considered the Group's ability to direct the relevant activities of Footasylum during the investigation period. Ultimately, after careful consideration, the Board concluded that the Group had control and, accordingly, Footasylum should be consolidated from the date of acquisition.

The CMA subsequently announced in its Final Report on 6 May 2020 that it was prohibiting the merger and that, consequently, it required the Group to fully divest its investment. The Group is currently in negotiations with the CMA as to how the disposal process will be conducted and monitored and has also made a claim for Judicial Review to the Competition Appeal Tribunal. Consequently, at the date of this announcement, the exact nature and timing of the disposal process is unknown and the Group may not recover the carrying value as part of this disposal.

RASCAL CLOTHING LIMITED

On 5 February 2019, the Group acquired 50% of the issued share capital of Rascal Clothing Limited ('Rascal') for cash consideration of £2.5 million with additional consideration of up to £1.0 million payable if certain performance criteria were achieved. Rascal is a wholesaler and online retailer of sports inspired leisurewear. At acquisition, management believed that Rascal was on course to meet the performance criteria for the maximum contingent consideration to be payable and therefore the fair value of the contingent consideration at this time was £1.0 million.

The Group has the ability to direct the relevant activities of Rascal Clothing and there are restrictions on the existing shareholders via a shareholder agreement. Accordingly, the Board have concluded that the Group has control and that Rascal Clothing should be consolidated from the date of acquisition.

The Board believes that the excess of consideration paid over the net assets on acquisition of £2.2 million is best considered as goodwill on acquisition representing future operating synergies.

PRETTY GREEN LIMITED

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.

Included within the provisional fair value of the net identifiable assets on acquisition is an intangible asset of £1.0 million representing the Pretty Green fascia name and an intangible asset of £0.7 million representing the Pretty Green brand name. The Board believes the excess of cash consideration paid over the net identifiable assets on acquisition of £2.7 million is best considered as goodwill representing future operating synergies.

GIULIO FASHION LIMITED

On 30 April 2019, the Group acquired 80% of the issued share capital of Giulio Fashion Limited including two wholly owned subsidiaries, Giulio Limited (a trading company) and Giulio Woman Limited (a dormant company) for cash consideration of £3.0 million. The acquisition included put and call options over the remaining stores exercisable after 3 years.

The Board believes the excess of cash consideration paid over the net identifiable assets on acquisition of £2.7 million is best considered as goodwill representing future operating synergies.

OTHER ACQUISITIONS

During the period, the Group made several small acquisitions, these transactions were not material.

8. Financial instruments

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of put options are calculated by management based on the contractual agreement, board forecasts and an appropriate discount rate in order to calculate present value.

The fair value of forward exchange contracts is calculated by management based on external valuations received from the Group's bankers and is based on forward exchange rates and anticipated future interest yield respectively.

For trade and other receivables / payables (as adjusted for the fair value of foreign exchange contracts) and interest bearing loans and borrowings, the notional amount is deemed to reflect the fair value.

FAIR VALUE HIERARCHY

As at 1 August 2020, the Group held the following financial instruments carried at fair value on the Statement of Financial Position:

(a) Foreign exchange forward contracts – non-hedged

(b) Put and call options

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

	Carrying amount	Level 1	Level 2	Level 3
At 1 August 2020	£m	£m	£m	£m
Loans and receivables				
Deposits	40.6	–	40.6	–
Trade and other receivables	82.0	–	82.0	–
Cash and cash equivalents	1,078.1	–	1,078.1	–
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts – non-hedged	(34.9)	–	(34.9)	–
Other financial liabilities				
Interest-bearing loans and borrowings – current	(251.6)	–	(251.6)	–
Interest-bearing loans and borrowings – non-current	(61.6)	–	(61.6)	–
Trade and other payables – current	(1,026.0)	–	(1,026.0)	–
Trade and other payables – non-current	(7.1)	–	(7.1)	–
Put options held by non-controlling interests	(73.2)	–	–	(73.2)

8. Financial instruments (continued)

	Carrying amount	Level 1	Level 2	Level 3
At 3 August 2019	£m	£m	£m	£m
Loans and receivables				
Deposits	35.2	–	35.2	–
Trade and other receivables	126.0	–	126.0	–
Cash and cash equivalents	346.6	–	346.6	–
Financial assets at fair value through profit or loss				
Foreign exchange forward contracts – non-hedged	22.6		22.6	
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts – non-hedged	(44.1)	–	(44.1)	–
Other financial liabilities				
Interest-bearing loans and borrowings – current	(187.5)	–	(187.5)	–
Interest-bearing loans and borrowings – non-current	(41.0)	–	(41.0)	–
Trade and other payables – current	(838.7)	–	(838.7)	–
Trade and other payables – non-current	(8.1)	–	(8.1)	–
Put options held by non-controlling interests	(50.1)	–	–	(50.1)

	Carrying amount	Level 1	Level 2	Level 3
At 1 February 2020	£m	£m	£m	£m
Loans and receivables				
Deposits	26.4	–	26.4	–
Trade and other receivables	70.8	–	70.8	–
Cash and cash equivalents	465.9	–	465.9	–
Financial assets at fair value through profit or loss				
Foreign exchange forward contracts – non-hedged	10.8	–	10.8	–
Other financial liabilities				
Interest-bearing loans and borrowings – current	(20.4)	–	(20.4)	–
Interest-bearing loans and borrowings – non-current	(15.6)	–	(15.6)	–
Trade and other payables – current	(806.1)	–	(806.1)	–
Put options held by non-controlling interests	(73.2)	–	–	(73.2)

9. Analysis of Net Cash

	At 1 February 2020	On acquisition of subsidiaries	Cashflow	Non-cash movements	At 1 August 2020
	£m	£m	£m	£m	£m
Cash at bank and in hand	465.9	(0.8)	606.3	6.7	1,078.1
Overdrafts	(5.6)	-	(3.7)	-	(9.3)
Cash and cash equivalents	460.3	(0.8)	602.6	6.7	1,068.8
Interest-bearing loans and borrowings:					
Bank loans	(29.7)	-	(79.1)	(4.4)	(113.2)
Syndicated bank facility	-	-	(190.0)	-	(190.0)
Other loans	(0.7)	-	-	-	(0.7)
Net cash / (financial debt)	429.9	(0.8)	333.5	2.3	764.9
Lease liabilities	(1,992.7)	-	146.2	55.4	(1,791.1)
Net debt	(1,562.8)	(0.8)	479.7	57.7	(1,026.2)

10. Related Party Transactions and Balances

Transactions and balances with 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.

During the period, the Group entered into the following transactions with related parties who are not members of the Group.

	Income from related parties 26 weeks to 1 August 2020	Expenditure with related parties 26 weeks to 1 August 2020	Income from related parties 26 weeks to 3 August 2019	Expenditure with related parties 26 weeks to 3 August 2019
	£m	£m	£m	£m
Pentland Group Plc				
Sale of inventory	1.3	-	0.2	-
Purchase of inventory	-	(10.2)	-	(17.3)
Royalty costs	-	(2.2)	-	1.6
Other costs	-	0.1	-	0.1
Other income	-	-	(0.1)	-

At the end of the period, the following balances were outstanding:

	Amounts owed by related parties 2020	Amounts owed to related parties 2020	Amounts owed by related parties 2019	Amounts owed to related parties 2019
	£m	£m	£m	£m
Pentland Group Plc				
Trade receivables / (payables)	0.9	(2.4)	0.7	(0.8)

Pentland Group Limited owns 55% (2019: 57.5%) of the issued ordinary share capital of JD Sports Fashion Plc. The Group made purchases from Pentland Group Limited in the period and paid royalties for the use of a brand. The other income represents payments received for statutory reporting fees, marketing contributions and contractor fees.

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU;
- The interim management report includes a fair review of the information required by:
 - a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first 26 weeks of the financial year and their impact on the condensed set of financial statements; and a description of principal risks and uncertainties for the remaining 26 weeks of the year; and
 - b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first 26 weeks of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board

Neil Greenhalgh
Chief Financial Officer
8 September 2020

INDEPENDENT REVIEW REPORT TO JD SPORTS FASHION PLC

CONCLUSION

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the period ended 1 August 2020 which comprises a Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Statement of Cash Flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the period ended 1 August 2020 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting and the Disclosure Guidance and Transparency Rules (“the DTR”) of the UK’s Financial Conduct Authority (“the UK FCA”).

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

DIRECTORS’ RESPONSIBILITIES

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the company are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The Directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

OUR RESPONSIBILITY

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

THE PURPOSE OF OUR REVIEW WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Stuart Burdass

for and on behalf of KPMG LLP

Chartered Accountants

1 St. Peter's Square Manchester, M2 3AE

FINANCIAL CALENDAR

Interim Results Announced	8 September 2020
Period End (52 weeks)	30 January 2021
Final Results Announced	13 April 2021

SHAREHOLDER INFORMATION

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AUDITOR

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GLOSSARY (TERMS ARE 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.

ADJUSTED EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is detailed in Note 6. 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. A reconciliation between basic earnings per share and adjusted earnings per share is shown below:

	26 weeks to 1 August 2020	26 weeks to 3 August 2019	52 weeks to 1 February 2020
	£m	£m	£m
Basic earnings per share	3.85p	9.67p	25.29p
Exceptional items excluding loss on disposal of non-current assets	2.10p	2.95p	9.27p
Tax relating to exceptional items	0.14p	(0.05p)	(0.30p)
Adjusted earnings per share	6.09p	12.57p	34.26p

COMPARABLE ACCOUNTING BASIS

Restating the performance using property lease costs under IAS 17 'Leases'.

CORE

The Group's core Sports Fashion fascia is JD and the Group's core market is the UK and Republic of Ireland.

EBITDA BEFORE EXCEPTIONAL ITEMS

Earnings before interest, tax, depreciation and amortisation.

	26 weeks to 1 August 2020	26 weeks to 3 August 2019	52 weeks to 1 February 2020
	£m	£m	£m
Profit for the period	27.1	98.0	250.7
Addback:			
Financial expenses	34.2	41.6	79.8
Income tax expense	14.4	31.9	97.8
Depreciation, amortisation and impairment of non-current assets	241.6	203.1	462.9
Exceptional items	20.4	28.7	90.3
Deduct:			
Financial income	(0.7)	(0.4)	(1.7)
EBITDA before exceptional items	337.0	402.9	979.8

GLOSSARY (TERMS ARE LISTED IN ALPHABETICAL ORDER)

LFL (LIKE FOR LIKE) SALES

The percentage change in the year-on-year sales, removing the impact of new store openings and closures in the current or 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 Condensed 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:

	26 weeks to 1 August 2020	26 weeks to 3 August 2019	52 weeks to 1 February 2020
	£m	£m	£m
Profit before tax	41.5	129.9	348.5
Exceptional items	20.4	28.7	90.3
Profit before tax and exceptional items	61.9	158.6	438.8

jd sportsfashion plc

ANNUAL REPORT AND ACCOUNTS



size?

FOOTPATROL

FINISH LINE

Sprinter

SPORT ZONE



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TESSUTI

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MAINLINE

