

# Annual Report and Accounts 2018









size?

FOOTPATROL

'chausport,

**Sprinter**



NEXT ATHLEISURE

SPORT ZONE

**scotts**

TESSUTI

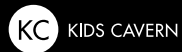
MAINLINE

GET THE  
LABEL



✦ KUKRI

FOCUS  
INTERNATIONAL



Nicholas Deakins  
*Established in England 1991*

⬆ Blacks

⬆ millets

⬆ Ultimate  
Outdoors





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# Overview



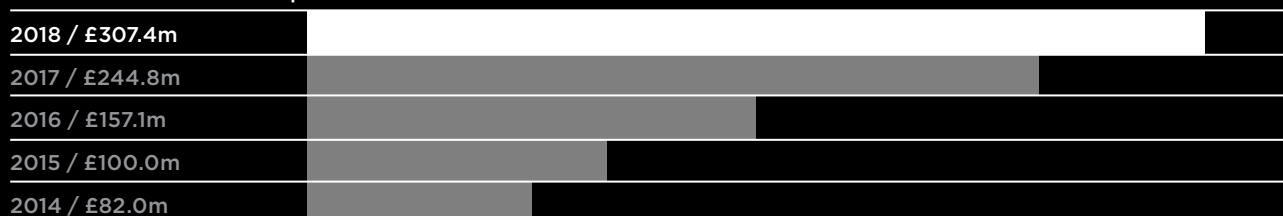
**“Headline profit before tax and exceptional items increasing by a further 26% to £307.4 million.”**

Peter Cowgill

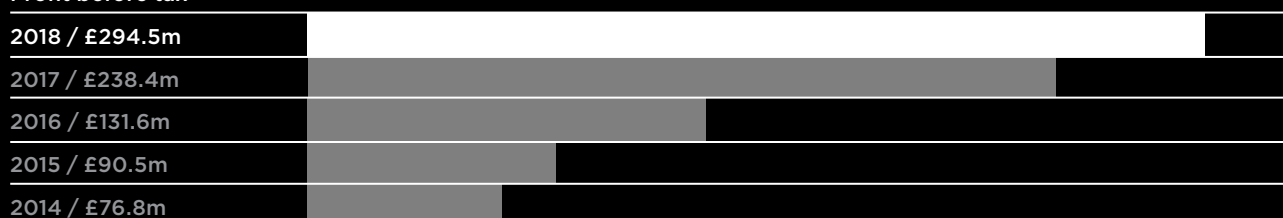
## Revenue



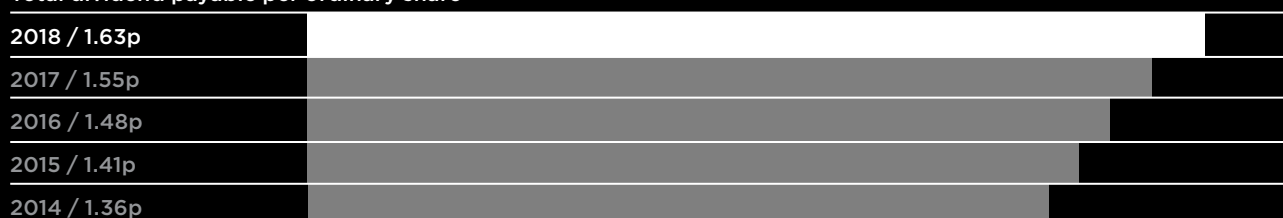
## Profit before tax and exceptional items\*



## Profit before tax



## Total dividend payable per ordinary share





## Basic earnings per ordinary share

2018 / 23.83p	
2017 / 18.38p	
2016 / 10.03p	
2015 / 7.03p	
2014 / 5.82p	

## Adjusted basic earnings per ordinary share\*

2018 / 25.15p	
2017 / 19.04p	
2016 / 12.27p	
2015 / 7.78p	
2014 / 6.16p	

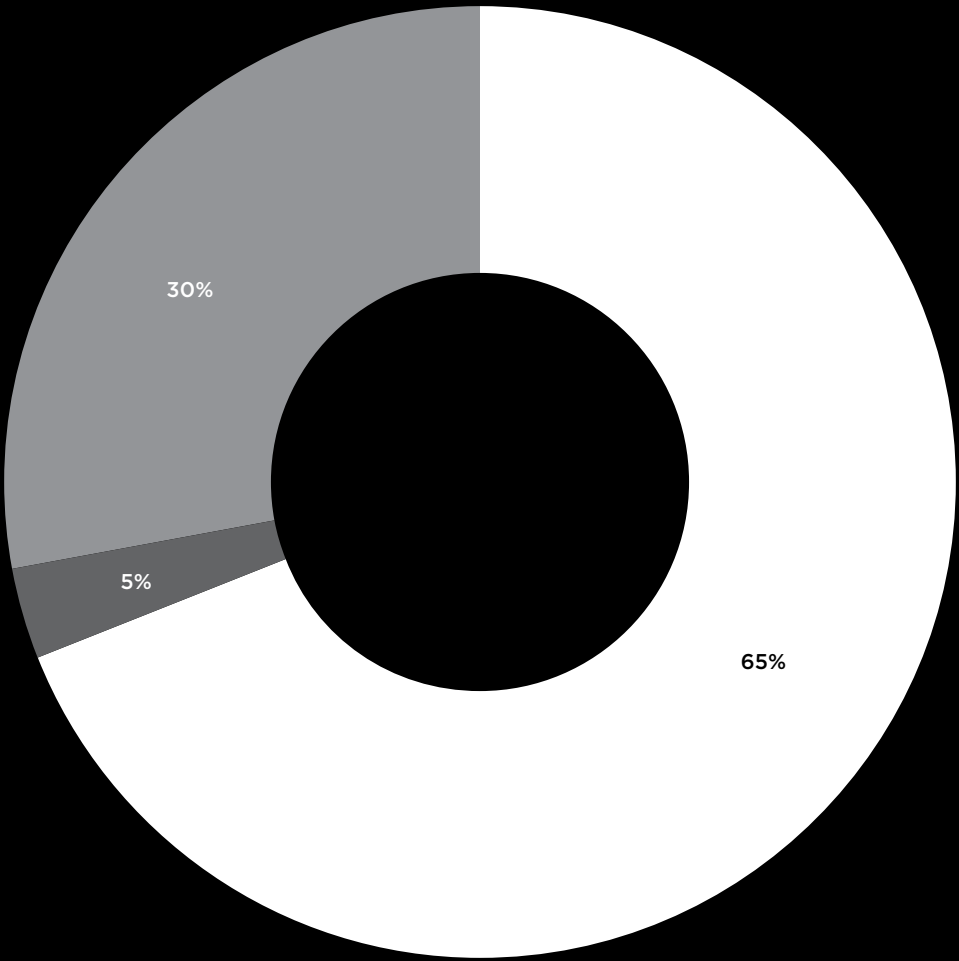
## Net assets

2018 / £834.3m	
2017 / £578.8m	
2016 / £400.8m	
2015 / £310.0m	
2014 / £272.8m	

## Net cash (a)

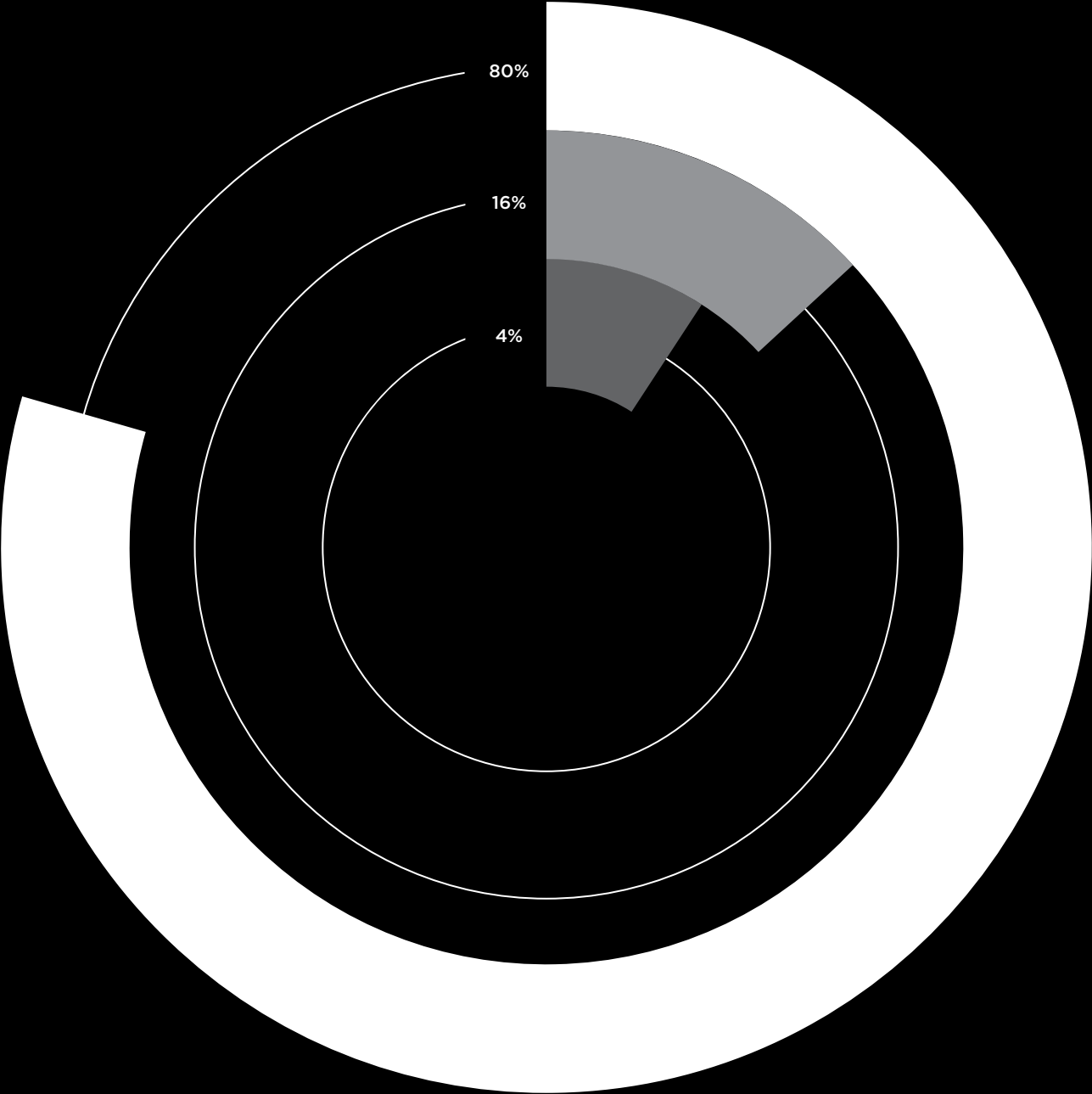
2018 / £309.7m	
2017 / £213.6m	
2016 / £209.4m	
2015 / £84.2m	
2014 / £45.3m	

Throughout the Annual Report \*\*\* indicates first instance of a term defined and explained in the Glossary on page 190.  
a) Net cash consists of cash and cash equivalents together with interest-bearing loans and borrowings



Group Revenue by Geographical Market

UK	65%	<div></div>
Europe	30%	<div></div>
Rest of World	5%	<div></div>



Group Revenue by Channel

■	Retail Stores	80%
■	Multichannel	16%
■	Wholesale	4%

April 2017

The Group opened its first JD store in Australia, a flagship store situated in Melbourne Central. A further four stores opened during the year under the JD fascia.



May 2017

The Group's acquisition of Go Outdoors was given unconditional approval by the Competition and Markets Authority.



September 2017

The Group announced the acquisition of an initial 15% of the multibranded Hot-T fascia in South Korea which, after the period end, has been increased to 50%. Working with our local partner, Shoemaker Inc., we are engaged on a programme of works to convert these stores to JD with the first JD store very recently opened in Gangnam, Seoul.



October 2017

Anthony Joshua, the unified world heavyweight champion, signed a new multi-fight sponsorship with JD. The deal will see Anthony Joshua collaborate with JD on branded content and will also feature in JD's boxing magazine show, JD Undisputed.



December 2017

JD opened its 20,000 sq. ft. flagship store in Liverpool ONE.



November 2017

JD opened its 17,000 sq. ft. flagship store in the Arndale Centre, Manchester.

The Kingsway Distribution Centre was awarded the British Safety Council's 'Sword of Honour' which recognises that JD Sports Fashion Plc is committed to excellent health and safety standards and continuous improvement.

January 2018

The Group received unconditional clearance from the European Commission and formally completed its acquisition of Sport Zone, one of the largest sports retailers in Spain and Portugal. This acquisition will give the Group an enhanced presence across Iberia.



March 2018

The Group announced it had entered into a conditional acquisition agreement to acquire The Finish Line, Inc. ('Finish Line'). Finish Line is one of the largest retailers of premium multibranded athletic footwear, apparel and accessories in the United States.

**We remain committed to giving consumers a digitally integrated multibrand experience where the product offering retains a high degree of exclusivity.**





THE KING OF TRAINERS

JD

JD  
UNDISPUTED  
KING OF TRAINERS

CLOTHING ↓

FOOTWEAR ↑



WELCOME TO  
JD SPORTS  
FOOTWEAR  
CLOTHING  
ACCESSORIES  
CLUBS  
JD SPORTS







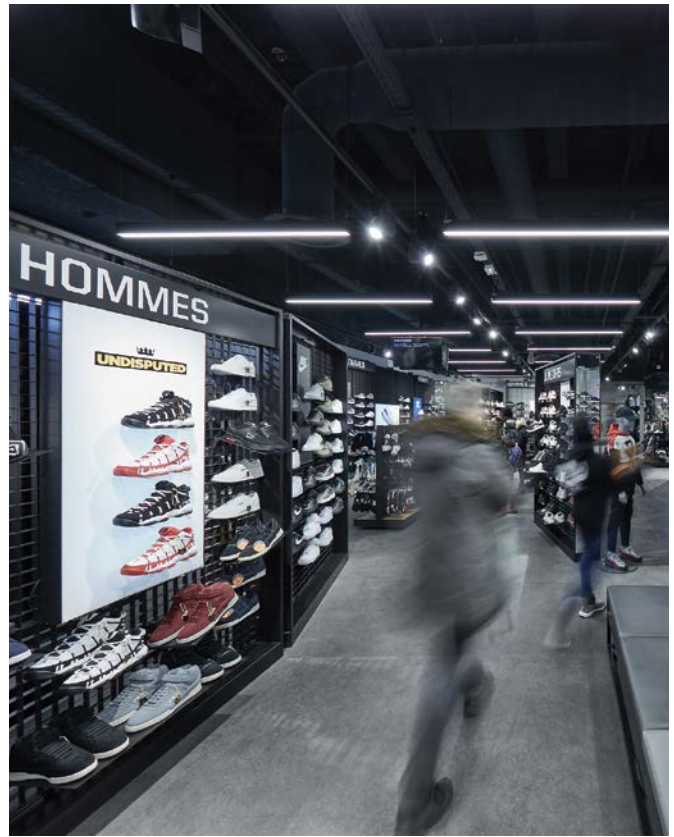




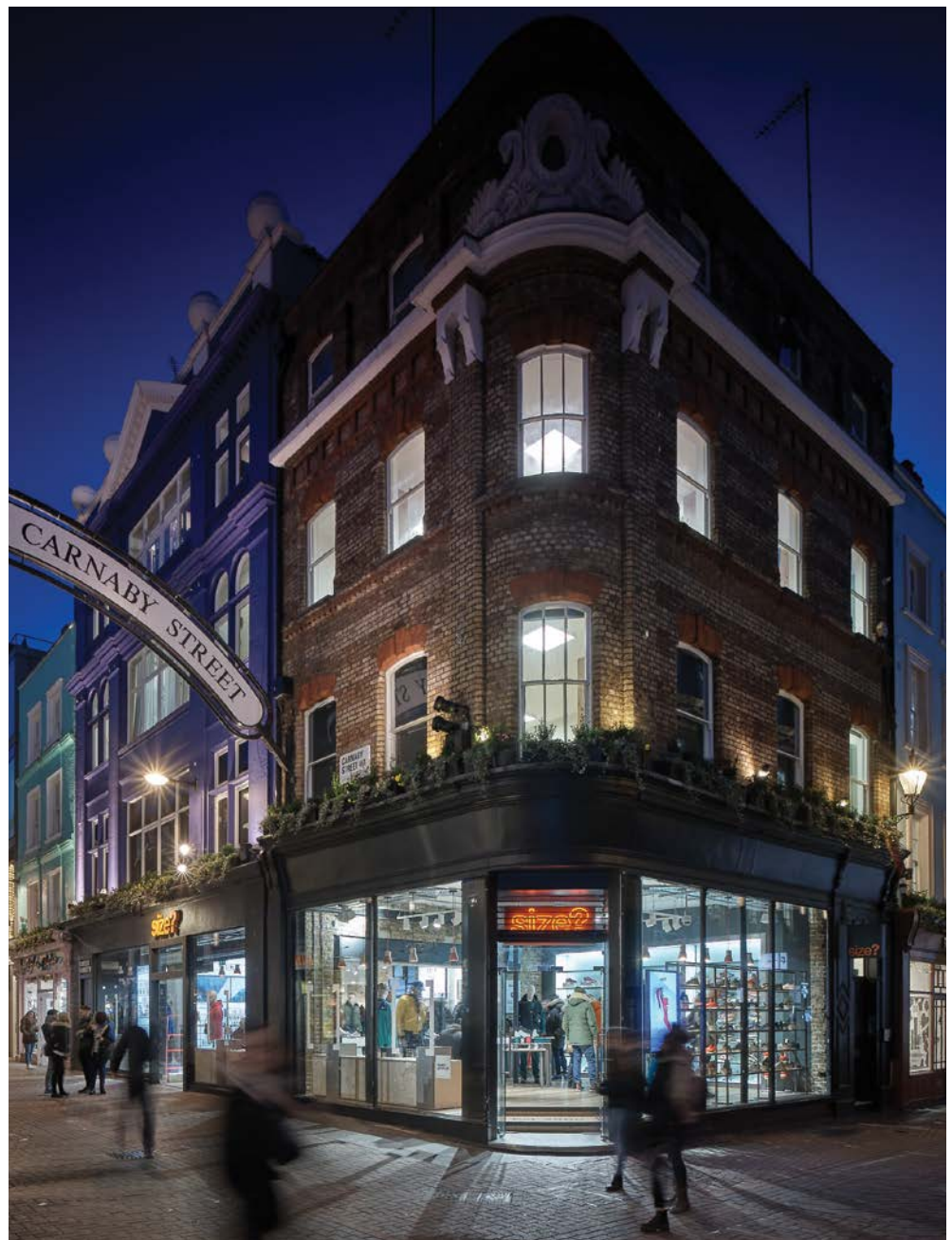






























**Established in 1981 with a single store in the North West of England, JD Sports Fashion Plc is a leading international multichannel retailer of sports, fashion and outdoor brands.**



JD is a specialist multiple retailer of fashionable branded and own brand sports and casual wear combining globally recognised brands such as Nike, adidas and The North Face with strong own brand labels such as Pink Soda, Supply & Demand and The Duffer of St George. JD continues to invest in brand relationships with new ranges introduced in the period from Sik Silk, Tommy Hilfiger and Calvin Klein with further brand partnerships under constant review. 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.

The JD fascia continues to expand its store and multichannel consumer reach and brand influence globally. JD's acknowledged strength in its core UK and Republic of Ireland markets are increasingly being complemented with significant international progression, instore and online, in Europe and, increasingly, in markets further afield including Malaysia, Australia and, very recently, South Korea.

## 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? now has stores in Denmark, France, Germany, Italy, the Netherlands and Spain.

## FOOTPATROL

Footpatrol is London's best-known destination sneaker store, with a history in supplying the most exclusive footwear. It has been at the heart of 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, Footpatrol is based in the heart of Soho on Berwick Street.





### ‘ chausport ,

Chausport operates throughout France retailing through a network of 79 stores and a website, leading international footwear brands such as adidas, Nike and Timberland together with brands more specific to the local market such as Le Coq Sportif.

### ***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 multibranded sports retailer in Portugal, with a presence in mainland Spain and the Canary Islands. With 138 stores in Iberia, Sport Zone offers a multisport product range with a wide apparel, footwear, accessories and equipment offering.



## NEXT ATHLEISURE

Next Athleisure operates in Australia under the Glue and Superglue retail fascias and Trend Imports wholesale fascia. Glue and Superglue stores offer cutting-edge streetwear and youth fashion from aspirational brands such as Nike, adidas, Stussy and Deus. Trend Imports specialises in sales, production, distribution, retail and marketing offering a diverse range of highly sought after international and local brands including Kappa, Ivy Park, Superga, Nude Lucy and Article No.1 to a vast network of major department stores, multi-national and independent retailers.



JD Gyms offers seriously stylish, seriously affordable, award-winning gym membership across thirteen prime locations. JD Gyms plays host to a bespoke mix of the industry's leading fitness equipment, alongside our unique JD Burn areas, providing a wide range of exciting fitness classes. Our friendly expert support and advice will allow you to maximise your potential.



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.





## 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.

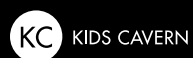
## TESSUTI

Tessuti's vision is to become the first choice retailer for branded premium menswear fashion in the UK. With 36 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.



## 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.



KIDS CAVERN

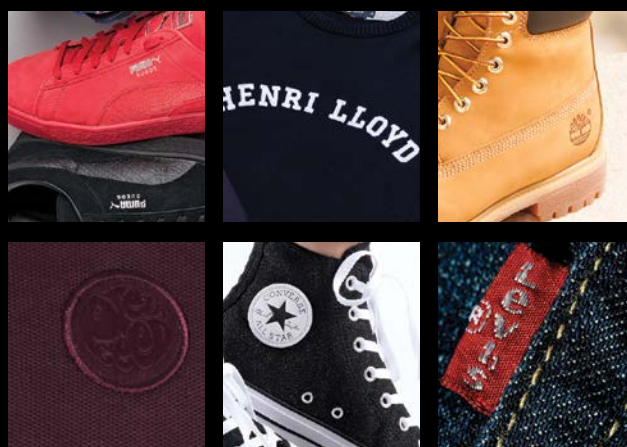
With three stores and a trading website, Kids Cavern offers award winning childrenswear featuring brands such as Armani, Moncler, Gucci, Fendi and many more.

## Nicholas Deakins

*Established in England 1991*

Established over 25 years ago, the Nicholas Deakins business continues to combine innovative yet practical designs with quality manufacture to produce aspirational collections of casual and formal designer footwear.





## KUKRI

Kukri Sports is an international sportswear manufacturer supplying bespoke teamwear to many leading schools, colleges and universities. In addition, Kukri is sole kit supplier to a number of high profile professional teams and was once again the official kit supplier to Team England for the 2018 Commonwealth Games.



Source Lab is a football license business in the UK working with some of the biggest and best known names in world football, designing, sourcing and distributing mono branded apparel as well as supplying club retail operations. Source Lab has an impressive license portfolio which includes Chelsea, Arsenal, Manchester City, Real Madrid and Barcelona.

## FOCUS

INTERNATIONAL

Focus are involved in the design, sourcing and distribution of footwear and apparel both for own brand and licensed brands, such as Ellesse, Certified, Henley's, Peter Werth, and Starter, for both Group and external customers.



Getthelabel.com is an online business which offers customers significant savings on branded fashion and footwear.



## millets

Trading from 100 stores, 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.



Tiso is Scotland's leading adventure sports retailer specialising in outdoor, mountain, skiing and cycling. Their reputation for quality has been established over 56 years. The Tiso group is based in Scotland, but includes the iconic George Fisher store in the English Lake District.

## Blacks

Blacks is a long established retailer of specialist outdoor apparel, footwear and equipment. Trading online and from 57 stores, 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.





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.



Ultimate Outdoors is the ultimate destination for the outdoor consumer offering high quality and technical product from the biggest names in outdoors at the best prices.

**The Group has almost 1,500 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 instore digital technology providing it with a truly multichannel, international platform for future growth.**

Europe

- |                     |          |
|---------------------|----------|
| United Kingdom      | Portugal |
| Republic of Ireland | Belgium  |
| France              | Italy    |
| Germany             | Sweden   |
| Netherlands         | Denmark  |
| Spain               | Finland  |



Asia Pacific

- Malaysia  
Australia

## Introduction

I am delighted to report that this has been another period of significant progress for the Group with headline profit before tax and exceptional items increasing by a further 26% to £307.4 million (2017: £244.8 million). This is an excellent result demonstrating our capacity for continuing growth in both existing and new markets, and the strength of our offer in store and online.

After delivering a headline profit of £100 million for the first time in the year to January 2015, the headline profit has increased by more than £200 million over the subsequent three years, a rise in excess of 200%. This sustained growth could not have been achieved without a relentless and ongoing focus on a number of key principles which ensure we remain the undisputed consumer destination of choice for sport lifestyle footwear and apparel:

- Providing a best-in-class multibrand experience with breadth, newness and exclusivity in our offer which is consistent across all channels and in an expanding network of international markets
- Satisfying a demanding digital-first consumer with innovative technology which can be rapidly evolved to react to dynamic consumer expectations
- Developing a multichannel infrastructure which provides consumers in multiple territories with access to a universal stock pool and enables them to shop with us in the channel and at the time of their choice
- Delivering an enhanced brand proposition
- Being first to market with new styles
- Continually investing in sector-leading physical retail environments

The focus on these principles and the investments we have made over a number of years in developing our multichannel proposition and driving improved buying, merchandising and retail disciplines have ultimately led to the creation of a world class sports fashion business which combines the best of physical and digital retail on an increasingly global scale. The JD fascia operates with the same high standards in each of its markets and we believe that this consistency of operation across a large international retail footprint, complemented by a comprehensive range of multi-currency and local language transactional websites, is an attractive proposition for premium third party brands. An evolving brand offer ensures that our carefully curated proposition is always on trend.

Our core\* UK and Ireland Sports Fashion fascias continue to provide the foundation for our success. Whilst acknowledging the increased distribution of aspirational athletic inspired footwear and apparel in these markets, we remain committed to giving consumers a digitally integrated multibrand experience where the product offering retains a high degree of exclusivity. In recent years we have enhanced the differentiation in our proposition and elevated the brand offer with the highest standards of visual merchandising, retail theatre and digital integration.

There has also been further significant progression internationally for the JD fascia with a net increase of 65 stores, of which 56 were in Europe. We remain confident in our ability to exploit the opportunities that exist for the JD fascia in European markets and we would expect to maintain significant expansionary momentum there in the new financial year. Indeed, subsequent to the period end we have extended our reach with the opening of our first store in Finland at the Itis Centre in Helsinki which is one of the largest shopping malls in the Nordic countries. This has been complemented by the launch of a transactional website. Further afield, we have opened four further new JD stores in Malaysia during the period and we have also successfully launched the JD fascia in Australia both online and in stores, with five stores trading at the period end.

In September 2017 we announced the acquisition of an initial 15% of the multibranded Hot-T fascia in South Korea which, after the period end, has been increased to 50% at a cost of £8 million. Working with our local partner, Shoemaker Inc, we are engaged on a programme of works to convert these stores to JD with the first JD store very recently opened in Gangnam, Seoul.

We are very encouraged by the progress that we are making internationally and we continue to look for further opportunities to bring our dynamic multichannel proposition to new markets around the world with the support of our key brands. One such market is the United States which is the largest global market for sport lifestyle footwear and apparel and where, very recently, we announced the exchange of contracts for the acquisition of The Finish Line business which, at the date of signing the merger agreement, had 556 of its own stores across 44 states complemented by a transactional website and a total of 563 concession stores, of which 375 are branded as Finish Line, within Macy's department stores. Ultimate completion of this transaction will depend on approval from the shareholders of both businesses, a process that we do not expect to be completed until nearer the end of the first half. The transaction will also be subject to an antitrust review under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. Based on an agreed price of \$13.50 per share, the consideration payable will be approximately \$558 million plus costs. We believe this acquisition will be transformational for the business in terms of its international relevance with both consumers and the principal brands.

Away from the core JD fascia, we continue to make selected investments where they provide strategic benefits or strengthen our position in an existing market or territory. In this regard, we have completed the acquisition of the Sport Zone business in Iberia and the Canary Islands which complements our existing strong Sprinter business and gives us a significantly enhanced sports performance presence across Iberia with an estimated combined turnover in excess of €450 million and a footprint of more than 300 stores.

The acquisition of Go Outdoors in the prior year was approved unconditionally in the first half of this year by the Competition and Markets Authority. During this review phase, our businesses had to operate independently and whilst we continue to maintain separate functional teams, there is increased communication and co-ordination between the management teams on strategy and purchasing decisions. Overall, we are very pleased with the progress being made in the Outdoor fascias with our businesses performing strongly through the winter months.

We continue to make very significant investments in logistics across the Group to support our ongoing expansion. Works are now substantially complete on the project to expand the internal use of the Group's principal Kingsway warehouse site. The base build of the new 352,000 square feet leased extension to this facility has also now been completed with the site handed over for internal fitting out. In total, the Group has invested a total of £24 million in the year on these expansionary developments at Kingsway with an estimated £30 million of spend, including further significant investment on automation equipment, required to complete the project to extend the site, the majority of which will be incurred in the new financial year. Works are also ongoing on fitting out the new warehouse in Alicante, Spain, which was acquired in the year at a total cost of approximately €15.5 million. The fitting out of this site, including the construction of a separate building for a mini-load system, is expected to cost around €25 million of which approximately €21 million has been incurred to date. Elsewhere, a smaller scale project to expand our logistics capabilities in Australia to facilitate anticipated further growth, both in stores and online, of the JD fascia is also ongoing.

#### Dividends and Earnings per Share

The Board proposes paying a final dividend of 1.37p (2017: 1.30p) bringing the total dividend payable for the year to 1.63p (2017: 1.55p) per ordinary share, an increase of 5.2%. Subject to shareholder approval at our AGM, the proposed final dividend will be paid on 6 August 2018 to all shareholders on the register at 29 June 2018. 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, including our potential major acquisition in the United States.

The adjusted earnings per ordinary share before exceptional items have increased by 32% to 25.15p (2017: 19.04p).

The basic earnings per ordinary share have increased by 30% to 23.83p (2017: 18.38p).

#### 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.

#### 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. Their talent and energy is at the heart of our success and we remain committed to giving all our colleagues a quality work experience which is challenging yet rewarding. We firmly believe that our ongoing international expansion provides significant personal development opportunities, both temporary and permanent, and is a major reason why people are attracted to our business.

Given the growth opportunities available to the Group, particularly with respect to our international development, we will continue to look to strengthen our senior management team where appropriate.

#### Current Trading and Outlook

Given the significant change in the timing of Easter relative to last year, it is not relevant to issue any detailed update at this time on trading to date in the new financial year. However, at this early stage, we are satisfied with progress and remain confident about the prospects for the current financial year. Our next scheduled update will take place upon the announcement of our Interim Results which is scheduled for 11 September 2018.

The Board remains confident in the robustness and international potential of the JD proposition and is excited by the major developments ahead.



Peter Cowgill  
Executive Chairman  
16 April 2018

**“An excellent result demonstrating our capacity for continuing growth in both existing and new markets, and the strength of our offer in store and online.”**

Peter Cowgill



# Strategic Report



## Introduction

The Group's principal JD fascia has long been established as a leading retailer of branded and own brand sports fashion apparel and footwear in the UK and Ireland. The JD fascia is also now firmly established in mainland Europe and Asia Pacific with new stores being added there as quickly as we can find the right locations available. We are highly encouraged by the positive progress that we have made internationally and we expect to expand the number of countries in which the JD fascia is physically present over the next twelve months including making an entry to the USA through our proposed acquisition of The Finish Line Inc. Building the global reach of our JD fascia not only gives us significant potential for growth but it also cements the strong supplier relationships required to constantly bring in new and exclusive products and to market them collaboratively.

We will sustain the market position of the JD fascia through ongoing investment in the retail store portfolio, 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 unique highly differentiated destinations.

Our core business strength is branded retail and our customers are either sports fashion or outdoor oriented. Where we use own brands we will seek to present them as complementary to third party brands giving us additionality 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.

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 98.

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.

## Stores

We are engaged in omnichannel retail and we continue to invest considerable time and financial resources in expanding and refurbishing our retail property portfolio. Increasingly, developments in the Sports Fashion fascias are focused overseas so that the Group increases its store and multichannel consumer reach and its brand influence globally. 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.

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 36.

## Multichannel

In the UK, we have again seen significant growth in online sales, principally driven by our continued investment and strengthening of our mobile and apps offer. Our digital and social media channels continue to be important destinations for our customers and there continues to be growth in sales from our instore digital devices (kiosks, web tills and iPads), both through increased adoption of existing devices by customers and through the roll out of additional options. These enable customers to order products from the website but pay in cash, access extended ranges not available in the store and access our full warehouse inventory.

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 us. Overseas, JD now has a local language and local currency multichannel offer in Australia, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Malaysia, the Netherlands, Spain and Sweden.

In 2018 we will continue our focus on optimising our digital channels profitably, improving the customer experience, enhancing our multichannel proposition, exploiting group synergies and rolling out our multichannel offer internationally.

Multichannel sales represented 16% (2017: 13%) of total fascia sales in the core JD fascia across the core markets of the UK and Republic of Ireland, excluding kiosk sales.

## Brexit

The UK is due to leave the EU in March 2019. It is expected that there will be a subsequent transitional period until 31 December 2020. Beyond that date, the risk and impact of Brexit along with the mitigating activities that are being considered by the Group are detailed further in the Principal Risks section on page 50.

## Infrastructure and Resources

Our most important resources are our people. We are a large equal opportunities employer and we are particularly proud of our training resources. We provide direct employment and career development to thousands of people, including large numbers of recent school leavers and graduates. We believe retention of our best staff is crucial to the success of our business as it preserves the DNA of each business.

Details of the significant investments we continue to make in logistics are included in the Executive Chairman's Statement on page 39 and the Working Capital and Cash section of the Financial Review on page 54.

	53 week period ended 3 February 2018	52 week period ended 28 January 2017
Number of items processed by Kingsway Distribution Centre	79.62m	66.40m

We recognise the importance of protecting our environment and are committed to carrying out all 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 codes of best practice. See also our Corporate Responsibility Report on pages 62 to 76.

The risks faced by the Group and our mitigation plans are reported separately on pages 46 to 52.

## Financial Key Performance Indicators

	Note	2018 £m	2017 £m	% Change
Revenue		3,161.4	2,378.7	33%
Gross profit %		48.4%	48.9%	
Operating profit		295.9	239.8	23%
Operating profit (before exceptional items)*		308.8	246.2	25%
Profit before tax and exceptional items		307.4	244.8	26%
Profit before tax		294.5	238.4	24%
Basic earnings per ordinary share		23.83p	18.38p	
Adjusted earnings per ordinary share	10	25.15p	19.04p	
Total dividend payable per ordinary share		1.63p	1.55p	
Net cash at end of period (a)	28	309.7	213.6	

a) Net cash consists of cash and cash equivalents together with interest-bearing loans and borrowings.

## On behalf of the Board



Peter Cowgill  
Executive Chairman  
16 April 2018





### 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 has been the Christmas season. Lower than expected performance in this period may have an adverse impact on results for the full year, which may cause 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 re-forecasting. As the Group continues to grow and expand, the risk to store replenishment and multichannel fulfilment from both equipment and system failure, together with the inherent risk of having all 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 2017 / 2018 before Mitigating Activities	Mitigating Activities
<p><b>Key Suppliers and Brands</b></p> <p>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 whose loss could adversely impact results.</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 too reliant on a small number of athletic brands by constantly adding new brands to its offer and by 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><b>Reliance on Non-UK Manufacturers</b></p> <p>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 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></p> <p>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><b>Warehouse Operations</b></p> <p>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, product availability, quicker deliveries to our European stores and reduced transport costs. 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 all the stock in one location.</p>	↑	<p>The Group has 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 a qualified engineer thereby enabling immediate attention to any equipment issues.</p> <p>The construction of an extension to the facility at Kingsway is ongoing. 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 also been involved at every stage of the project.</p>




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## Property Risks


Risk and Impact	Change in Risk Exposure 2017 / 2018 before Mitigating Activities	Mitigating Activities
<p><b>Retail Property Factors</b></p> <p>The retail landscape has seen significant changes in recent years with a number of new developments opened and a high volume of retail units becoming vacant.</p> <p>The Group can be exposed where it has committed itself to a long lease in a location which, as a result of a more recent retail development, is no longer as attractive to the customer leading to reduced footfall and potentially lower sales volumes. Additionally there could be a further shift of sales from bricks and mortar stores to ecommerce.</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 10 years.</li> <li>• Break option part way 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 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 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>

## 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 2017 / 2018 before Mitigating Activities	Mitigating Activities
<p><b>IT Systems</b></p> <p>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 has a mirror back up available should the primary servers or links fail.</p>
<p><b>Cyber Security</b></p> <p>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 focus 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>



## Personnel Risks

Risk and Impact	Change in Risk Exposure 2017 / 2018 before Mitigating Activities	Mitigating Activities
<p><b>Personnel</b></p> <p>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 then 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>



## Economic & 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 incomes. 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 newer 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 2017 / 2018 before Mitigating Activities	Mitigating Activities
<p><b>Brexit</b></p> <p>The UK is due to leave the EU in March 2019. It is expected that there will be a subsequent transitional period until 31 December 2020.</p> <p>The majority of the Group's retail stores across Europe are supplied with stock by the Group's principal warehouse at Kingsway, Rochdale. Consequently, the current business model requires access to these European markets and various free trade agreements to be maintained at no worse than current levels.</p> <p>Further, Brexit has had a negative impact on the rate at which the Group can source goods which are priced or sourced in US Dollars and Euros.</p>		<p>There are options to mitigate Brexit risks but they could come at a price with additional significant fixed costs, a potential requirement for suppliers to take action and likely operational inefficiencies.</p> <p>Having reviewed the options at a high level, the Board considers that the Group's best long term solution to mitigate these risks is through a European Hub. This will be investigated in the year to January 2019 with urgency as we will be ordering goods for retailing in 2021 through most of 2020.</p> <p>As per page 59, the Group aims to protect the anticipated US Dollar requirement at rates at, or above, the buying rate through appropriate foreign exchange instruments.</p> <p>Consequently, Brexit and its associated risks will remain high on the Board's agenda as the changes currently being negotiated become clearer.</p>
<p><b>Treasury and Financial</b></p> <p>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 in the Far East or Indian Sub-Continent. Strengthening of the US Dollar relative to Sterling makes product sourced in this currency more expensive thus reducing profitability.</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 83% of the anticipated surplus for the year to 2 February 2019. This leaves some Euros available should the Group need to move quickly to take advantage of an acquisition or other investment opportunity. Discussions continue with senior management at the major international brands on how the risk on Sterling / Euro volatility from the centralisation of product buying can be shared fairly between the parties.</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 96% of the anticipated requirement for the year to 2 February 2019.</p>

## Regulatory Risks

Risk and Impact	Change in Risk Exposure 2017 / 2018 before Mitigating Activities	Mitigating Activities
<p><b>Health and Safety</b></p> <p>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 underwent an annual independent Health &amp; Safety audit with the British Safety Council and in 2017 achieved five star status.</p>
<p><b>Regulatory and Compliance</b></p> <p>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, corruption and data protection rules.</p> <p>The introduction of regulations such as the General Data Protection Regulation (GDPR), The Modern Slavery Act and 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>



### 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 46 to 51.

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 43 to 76.

### 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 30 January 2021.

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 focused on the operational risks included in the supply chain section of the principal risks outlined on page 46 to 51. 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 the scenarios.

As Brexit remains high on the agenda, the Board has also considered the potential impact of the incremental fixed costs as a result of applying the mitigating solutions to the risks as outlined in the Principal Risks section on page 50.

Furthermore, with reference to the proposed acquisition of The Finish Line, the Board has reviewed the working capital requirements of the enlarged group. Sensitivity analysis has been prepared on a reasonable worst case scenario basis, applying sensitivities to sales, margin and the costs required to support and grow the enlarged group.

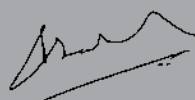
### Viability Statement

Based on the results of the analysis, the Board 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 (including the proposed acquisition of The Finish Line), 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.



Brian Small  
Chief Financial Officer  
16 April 2018

## Sports Fashion

Sports Fashion has had another exceptional year with operating profits (before exceptional items) increasing by 22% to £300.0 million (2017: £245.0 million). After double digit like for like growth in our Sports Fashion stores in each of the three preceding years and with a relative lack of new footwear models from the principal brands in the second half of the year, we are pleased with the further like for like growth in stores in the year of 3% across our combined fascias with a particularly strong performance from the JD fascia in Europe.

This growth in stores was complemented by growth online in excess of 30% on a pan-European basis. We are particularly pleased with the development of our international websites which are becoming increasingly significant in scale and we would expect further significant trading progress from these websites in the new financial year as we leverage the benefits from previous investments to create a consistent multichannel ecosystem with all territories having access to a universal stock pool.

We have opened a net 56 stores in mainland Europe during the year with new stores in most of our existing European territories. We expect to maintain the current momentum on store openings for JD in mainland Europe through the new financial year with approximately one new store opening per week on average. We have also recently opened our first store in Finland and whilst we continue to investigate options to open organically in other territories, this will be subject to the stores meeting our usual stringent financial criteria.

Our non JD fascias in Europe have delivered another positive result although the result in the largest of these businesses, Sprinter, has been negatively impacted by one off charges of £4.1 million associated with the ongoing relocation of the logistics operations to a new and more appropriately sized warehouse in Alicante. This site has the capacity to service 450 stores initially with land available for further development if necessary. We are pleased to have extended the reach of Sprinter in Spain with the acquisition of the Sport Zone business in Iberia and the Canary Islands which is very complementary to Sprinter although there will be a drag on profitability in the short term until we start to leverage the synergies of this combination. This process has already started with the Sprinter management team having taken on operational responsibility for the Sport Zone stores in Spain. We are confident that there will be further benefits over the longer term in sourcing and other commercial operations. Our secondary fascia in France, Chausport, which is typically located in smaller retail space and is more biased to footwear than JD, had a strong first half but a more difficult second half reflecting the lack of new footwear styles available to it. Meanwhile, in Sports Unlimited Retail in the Netherlands, the process to reduce the Perry Sport and Aktiesport store portfolios to a sustainable size and to trade through the excess and disjointed stock from our acquisition in the previous year has been completed. This process inevitably impacted on the financial performance in the year but it has left the business more appropriately positioned to deliver positive results in the future.

Further afield, we are pleased with our continued progress in Malaysia with seven JD stores trading in the country at the end of the year and a further two stores opened subsequently. At the year end, we also had five stores trading as JD in Australia with two stores in each of the Sydney Metropolitan area and Melbourne and one in Gold Coast. Two further stores have opened subsequently with a third store in the Sydney area at the Macquarie Shopping

Centre and a third store in the Melbourne area from the conversion of the Glue store at Doncaster. Our initial performance in these markets is encouraging and it has given us the confidence to investigate options in other territories. Indeed, very recently, we have opened our first store in South Korea by converting the Hot-T store in Gangnam, Seoul. We would anticipate further progress in these markets in the current financial year.

Our principal premium Fashion businesses, Scotts and Tessuti, together with Mainline Menswear, are an important part of our Group and we continue to invest in both the stores and multichannel infrastructure to elevate the customer and brand experience. Elsewhere, we are looking to deliver consistency in our overall proposition in this sector by consolidating the activities of some of our smaller businesses.

We continue to be pleased with the development of our gyms business which offers a cutting edge fitness experience on an excellent value for money basis. We had 13 gyms open at the end of the year with a further five opened subsequently. Our bespoke mix of the industry's leading fitness equipment and an exciting range of classes has been well received by both customers and the wider fitness industry.

Given the relative weakness of sterling after the Brexit vote and the impact that this had on cost prices then we are pleased to have maintained the overall gross margin in Sports Fashion at a level similar to that in the previous year. Keeping a high proportion of exclusivity in the offer in the core JD fascia helps to maintain margins. We would hope that sterling has now stabilised against other currencies although we would not expect this to lead to any significant margin improvement in the short term.

## Outdoor

The Outdoor fascias have made encouraging progress in the year with composite like for like growth of 3% in stores and in excess of 30% online. Our teams have worked hard to improve their propositions and deliver offers which are appealing and relevant to their consumers all year round. It is pleasing that this effort is having positive results.

The overall segment operating profit before exceptional items was £8.8 million (2017: £1.2 million). This result is stated after a non-trading amortisation charge of £3.7 million (2017: £nil) which represents the start of the amortisation of the value of the intangible assets on the fascia and various brand names which were created on the consolidation of the acquisition of Go Outdoors last year.

We continue to plan for further integration of the enlarged Outdoor business. We believe that the availability of product in the Go Outdoors stores can be enhanced by more regular deliveries of stock from central warehousing leveraging off the existing JD logistics and transport infrastructure. It is our current intention to transfer the Go Outdoors stock into the Group's principal warehouse at Kingsway sometime during the next year.



Peter Cowgill  
Executive Chairman  
16 April 2018

### Revenue, Gross Margin and Overheads

Total revenue increased by 33% in the year to £3,161.4 million (2017: £2,378.7 million). Like for like store sales for the 53 week period across all Group fascias, including those in Europe, increased by a further 3%, which was a pleasing performance given the double digit growth seen in each of the three previous years. The overall like for like growth including online was 7%.

Total gross margin in the year of 48.4% was slightly behind the prior year (2017: 48.9%) with the inclusion of a full year from Go Outdoors increasing the relative participation of the lower margin Outdoor businesses in the overall Group result.

### Operating Profits and Results

Operating profit (before exceptional items) increased substantially by £62.6 million to £308.8 million (2017: £246.2 million) driven by another very strong performance in Sports Fashion together with encouraging growth in Outdoor including a full year contribution from Go Outdoors for the first time. Operating profit (before exceptional items) has now increased by more than 200% over the last three financial years (2015: £102.2 million).

There were exceptional items in the year of £12.9 million (2017: £6.4 million) primarily from the non-cash impairment of certain intangible assets.

The exceptional items comprised:

	2018 £m	2017 £m
Non-cash impairment of intangible assets (1)	11.6	6.4
Movement in fair value of put and call options (2)	1.3	-
<b>Total exceptional charge</b>	<b>12.9</b>	<b>6.4</b>

1. The charge in the period to 3 February 2018 relates to the non-cash impairment of the fascia name balance arising in prior years on the acquisition of Next Athleisure Pty Limited and JD Sports Fashion SDN BHD and the impairment of goodwill arising in prior years on the acquisition of Tiso Group Limited. The charge in the period to 28 January 2017 relates to the non-cash impairment of the fascia name balance arising in prior years on the acquisition of ActivInstinct Limited, the fascia name arising in the year on the acquisition of Aspecto Holdings Limited and Infinities Retail Group Holdings Limited and the impairment of the goodwill arising in the year on the acquisition of 2Squared Agency Limited.
2. Movement in the fair value of put and call options (See note 20).

Group profit before tax in the year ultimately increased by 24% to £294.5 million (2017: £238.4 million).

### Working Capital and Cash

Strong cash generation from the ongoing trading in our core retail fascias has meant that we ended the year with a net cash balance in excess of £300 million for the first time. The positive cash position provides the Group with a strong financial foundation for potential acquisitions,

investment in our infrastructure for future growth and our ongoing retail developments, both in the UK and internationally. The growth of 37% in net stocks to £478.0 million (2017: £348.0 million) is consistent with the growth in sales and we maintain our robust approach to stock management.

### Acquisition and Other Investments

The net cash consideration on acquisitions in the year, net of cash acquired, was £24.9 million (2017: £138.6 million). Subject to approval from shareholders of both businesses, we would anticipate completing the major acquisition of The Finish Line business in the United States in the first half of the current year and we will also continue to make other selected acquisitions and investments where they benefit our strategic development.

### Capital Expenditure

Gross capital expenditure (excluding disposal costs) has increased significantly to £186.6 million (2017: £88.0 million). A large proportion of this increase has come from investments made to increase warehousing capacity and to provide certainty on office accommodation in the UK and Spain:

**UK:** We have spent a further £24.5 million (2017: £3.7 million) at the Kingsway site. Works to expand the internal use of the initial warehouse are now substantially complete with initial fitting out of the 352,000 sq. ft. extension ongoing. We estimate that further expenditure of up to £30 million is required to complete the fitting out of the leased extension, including automation equipment, the majority of which will be incurred in the current year. We currently expect to have the first areas in the extension available for operational use before Christmas. In addition, we have secured the land and buildings at the site of our existing Group Head Office in Bury at a cost of £12.6 million. This will remain our base for the foreseeable future.

**Spain:** A total of €39.5 million (2017: €nil) has been incurred to date on the acquisition and subsequent fitting out of a new warehouse and head office in Alicante for our Sprinter business. We estimate that a further €4 million is required to complete the fit out of this facility, including automation equipment, with operational testing underway ahead of the site being commissioned during the summer.

Elsewhere, the primary focus of our capital expenditure remains our international retail expansion with the spend in the year on property fit outs increasing by £15.7 million to £79.7 million (2017: £64.0 million). This includes £38.6 million (2017: £35.7 million) of expenditure in retail stores outside the JD fascia's core UK and Ireland domain. We have also spent a further £12.2 million (2017: £5.4 million) on our developing gyms business. There was also an increase in the spend on key money and other store related long term deposits to £10.9 million (2017: £6.0 million) reflecting the increased scale of the Group's international operations.

We anticipate that expenditure in the current financial year will be maintained at a similar level overall with a reduction in expenditure on warehouse infrastructure offset by additional investment in our retail fascias reflecting our focus on international development and the increased number of territories that the Group operates in.



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## 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 3 February 2018 was £211.4 million (2017: £198.6 million).

The effective rate of tax on profit from continuing operations has decreased from 22.6% to 19.8% primarily due to the continuing reduction in the UK tax rate and prior year adjustments. Excluding both exceptional items and prior year adjustments from the tax charge, the effective core rate\* from continuing activities has decreased from 21.8% to 19.4%. 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 overseas subsidiaries generally being subject to higher rates of corporation tax than the UK.

## Earnings per Share

The basic earnings per share has increased by 30% from 18.38p to 23.83p. 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 32% from 19.04p to 25.15p.

## 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 46 to 51 which could affect the future results of the Group; and
- The level of retained distributable reserves of JD Sports Fashion Plc, the Company. The Company has £760.6 million of distributable reserves at 3 February 2018 to support the dividend policy.

A final cash dividend of 1.37p per share is proposed, which if approved, would represent an increase of 5.4% on the final dividend from the prior year. Added to the interim dividend of 0.26p per share, this takes the full year dividend to 1.63p, which is an increase of 5.2% 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

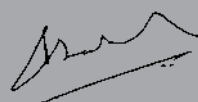
Interest rate hedging has not been put in place on the current facility. The Directors continue to be mindful of the potential for rises in UK base rates as the general economic situation improves but, at present, given the highly seasonal nature of the Group's core cashflows, they do not believe that 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 Sub-Continent 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 2019 is now \$229.5 million. Cover is in place for \$220.7 million meaning that the Group is currently exposed on exchange rate movements for \$8.8 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 2019, pre any potential acquisition activity to be funded in Euros, is €340.0 million. Hedging contracts are in place to sell €281.7 million meaning that the Group is currently exposed on exchange rate movements for €58.3 million of the current year's estimated surplus.



Brian Small  
Chief Financial Officer  
16 April 2018



## 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 the stores retain their dynamic appeal and further elevate the consumer experience.

International expansion of the JD fascia remains a clear strategic focus:

- **Europe:** There have been new store openings in most of our existing territories and during the period we also converted the 12 stores in Portugal previously trading as The Athletes Foot to JD. Very recently, we also opened our first store in Finland at the Itis Centre in Helsinki. We expect to maintain the current momentum on store openings for JD in mainland Europe into the new financial year with approximately one new store opening per week on average.
- **Asia & Australia:** We have opened a further four stores in Malaysia including our first stores outside of Kuala Lumpur. We have also opened our first stores in Australia with five stores trading at the period end. Very recently, we opened our first store in Seoul, South Korea following the conversion of one of the Hot-T stores which were acquired in September 2017. We would anticipate further new stores in all of these territories in the new financial year together with our first stores in Singapore.

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 & Republic of Ireland** – 36 new stores were opened in the period with 21 stores closed. The openings included 14 relocations in towns or malls in the UK to a more appropriately spaced store or a position of greater footfall. The openings also included two temporary stores in Liverpool which we traded whilst our principal store in the Liverpool One centre was extended with the new store now having a retail footprint of approximately 20,000 sq. ft. Ensuring that we have sufficient space to present our full offer in major markets remains a key strategy. In addition to extending our principal store in Liverpool, we have also consolidated our offer in Manchester's Arndale Centre into one new larger store which has a retail footprint of approximately 17,000 sq. ft.
- **Europe** – JD continues to develop momentum in Europe with a net increase of 56 stores. A total of 59 stores were opened in the year of which 15 were in France, 15 in Spain and 14 in Italy. In addition, one store in Spain also transferred from Sprinter. Four stores were closed in the year of which three were relocations into larger space.
- **Asia** – JD's presence in Malaysia has been enhanced through the opening of four further new stores including Johor and Penang which are our first stores outside of Kuala Lumpur. Very recently, we have started to fit out a store in the Orchard Mall in Singapore which will be our first store in the country when it opens later in the year.

- **Australia** – We opened five JD stores in the year of which two are in malls in the suburbs of Sydney and two are in malls in Melbourne. The openings in the year included one store in Parramatta which was transferred from the Glue fascia. We anticipate further openings in Australia in the year.

### Size?

This has been a year of consolidation for the Size? fascia with a net increase of one store. There was no change in the number of international stores with two openings and one closure in the UK portfolio.

### Chausport

Five stores have opened in the year and one store closed with Chausport's focus continuing to be the smaller regional towns and centres which will not conflict with JD's expansion. We would not expect a significant expansion in the Chausport portfolio at this time.

### Sprinter

There was a net increase of eight stores in the period with nine new stores offset by one store transferring to JD. The nine openings include four in Catalonia and one in Galicia as Sprinter continues to expand beyond its traditional heartlands. The average retail footprint of the stores opened in the year was 6,400 sq. ft. which is consistent with the openings in recent years and represents the most effective trading space for the Sprinter core offer.

### Sport Zone

Immediately prior to the period end, we significantly enhanced our presence in Iberia with the acquisition of 138 stores trading as Sport Zone with 91 stores in Portugal, 26 in Spain and 21 in the Canary Islands. The operational management for the 26 stores in Spain has now been transferred to the Sprinter team and, although the stores in Spain are currently still trading as Sport Zone, we intend to undertake some trial conversions later in the year to assess whether this drives a better performance. However, there are no plans to re-fascia any of the stores in Portugal and Canary Islands as the Sport Zone name has significant resonance with consumers here. These stores will also stay under the operational control of the Sonae team, who are our partners across Iberia, for the foreseeable future.

### Perry Sport and Aktiesport

Our focus has been to consolidate the Perry Sport and Aktiesport store portfolios down to a sustainable size and use those stores which were not part of our longer term plans to trade through the excess and disjointed stock from the acquisition in the prior year. This process is substantially complete with 63 stores closed in the year. The business is now more appropriately positioned for future development and we will make limited investments in the future where these are appropriate.

### Glue and Superglue

The Glue store in Parramatta was converted to JD in the period. We are pleased with the performance post conversion and we would anticipate converting further stores in the new financial year. We are also looking at options on other underperforming Glue stores and would anticipate some closures during the year.

Sports Fashion (continued)**Hot-T**

In September, we acquired an initial 15% of the Hot-T retail business from Shoemark Inc. Subsequent to the financial year end, this investment has increased to 50%. At the time of our initial investment, Hot-T had 23 stores in the major cities of South Korea with a further store, at Incheon Square, opening subsequently. It is our current intention to convert all of these stores to JD with our initial focus being the stores in Seoul. The store at Gangnam has already opened with conversion works at three other stores ongoing.

Fashion Fascias**Scotts and Tessuti**

During the period we merged the Scotts and Tessuti retail businesses. We believe that these two fascias offer the full range of Fashion brands between them and as there is some commonality in the offer then the overall efficiency of the stock management could be enhanced through a merger of the operational management. Ten stores were opened and ten stores closed in the period across the two fascias which includes five stores which were relocated. We will continue to support investment in our Fashion fascias where it is justified and where there is certainty on the availability of third party brands in a particular location.

**Kids Cavern**

Immediately prior to the period end, we enhanced our Junior Fashion offering with the acquisition of three stores trading as Kids Cavern in Liverpool.

**Cloggs**

We have recently announced the closure of our Cloggs fashion footwear business. Whilst the business principally traded online, it also had three small stores in York, Newcastle and Shrewsbury which have now closed.

Outdoor**Blacks, Millets and Ultimate Outdoors**

Subsequent to our acquisition of the business in January 2012, we have actively sought to keep our approach as flexible as possible both in terms of the lease conditions that we operate under and the fascia which we trade to ensure that we can react quickly if market conditions change:

- Lease conditions: Where possible we continue to seek flexible mutual break clauses with landlords.
- Fascias: We continually review which is the optimal fascia in any particular location taking into consideration consumer demographics, category performance and competitor activity.

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

- Blacks: Two new stores were opened in the period with two stores also closed. A further two stores were converted to the Millets fascia.
- Millets: The Millets store portfolio has seen further considerable change during the year with five new stores opened and seven stores closed in the year. Three stores were also transferred to Millets in the year including the two conversions of former Blacks stores.
- Ultimate Outdoors: There has been no change to the Ultimate Outdoors store portfolio in the year. We intend trialling the conversion of at least one Ultimate Outdoors store to Go Outdoors in the year to assess if this drives an enhanced performance.

**Tiso**

The underperforming stores in Innerleithen (Alpine Bikes) and Stirling (Tiso) were closed in the year. Tiso will be opening a new store in Aviemore later in the year.

**Go Outdoors**

Go Outdoors opened two new stores in the year at Ipswich and Tonbridge which were committed prior to our acquisition of the business in November 2016. 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.

For a complete table of store numbers see page 37.



Peter Cowgill  
Executive Chairman  
16 April 2018

## Our People

The Group is very aware that, behind each and every success, our talented people are the very heartbeat of our business. They deliver on a daily basis to enable JD Sports Fashion Plc to meet and exceed expectations.

As at the end of the financial year there were 32,389 people in our business. Our aim is to attract, develop and engage committed and talented people so that they will openly choose to grow with the Group throughout their careers.

## Attracting Our People

Our people are a source of great pride, and there have never been so many opportunities for those employed by JD Sports Fashion Plc. Our strategy is to continue to recruit the very best talent via all available channels and then retain them with challenging but rewarding careers.

### **Careers Website and Applicant Tracking System**

The business has recently launched a new Group careers website and applicant tracking system. This system provides us with cutting edge digital tools for recruitment across UK and International Retail, Head Office and the Distribution Centre. We will be developing our careers site further to include branded and interactive sections for each area of the business, including a bespoke area for Early Careers, Apprenticeships and Placement Opportunities.

### **Internships**

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 advertise these roles. During an internship or placement our Early Careers Managers undertake reviews on a regular basis with both the individual and department to ensure a great experience for both student and line manager.

### **Graduate Schemes**

The launch of bespoke Graduate Schemes in IT and Multichannel have been highly successful. These schemes are advertised with our partnered universities and the duration is between one to two years. Students working with us on Graduate Schemes gain experience of different business departments, 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 within the business in 2018 to complement the success of the existing programmes.

### **Masters Degrees**

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 aims. We have 20 team members currently studying for this qualification.

## 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.

### **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 now 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 5,000 hours of training of this nature have been delivered across the Group in the last calendar year across our Academies, leadership programmes, management courses, supervisor development sessions and bespoke workshops. We are committed to expanding the training departments with additional training rooms to be constructed in the extension to our principal warehouse at Kingsway, Rochdale.

### **Academies**

It is crucial to our future to ensure that talent is both recognised and nurtured. Our established retail Academy produced 78 graduates in 2017 (including 17 from our international territories). In the same year, our Head Office Management Development Programme was also introduced, aiding an additional 40 individuals to obtain the knowledge required to take their careers to the next level.

### **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.

### **Apprenticeships**

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

### Engaging Our People

The Group champions colleague 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.

#### Communications

It is important that our colleagues know what is going on in the business and also feel able to provide feedback and to 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; and profiles of our departments, stores and territories; and coverage of key business campaigns and 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. We have also introduced Yammer and Facebook Workplace within our online communication channels.

#### Reward and Recognition

Our longstanding Employee of the Month programme provides regular rewards for team members across all areas of the business with monthly winners across Retail, Distribution and Head Office receiving a certificate and a Gift Card in acknowledgement of their fantastic work and the impact on the business. We have also implemented a number of staff discount initiatives to recognise the hard work and commitment shown by our people throughout the year.

#### Health, Safety and Wellbeing

We are committed to ensuring the protection and wellbeing of our people both inside and outside of their working environment.

Occupational Health provision provides health surveillance and support for employees and supports the business in making recommendations to help us to promote healthier lifestyles and full health checks.

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.

Identifying talent and investing in our peoples' future will continue to be a key area of focus in 2018. Our expanding global retail network will provide further opportunities for career progression.

### 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 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%

The breakdown for the comparative period, as at 28 January 2017, is set out below:

	Male	Female	Total	% Male	% Female
Plc Board	5	1	6	83%	17%
Senior Managers*	160	49	209	77%	23%
Other employees	12,387	11,197	23,584	53%	47%

\* 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 and;
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.

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.

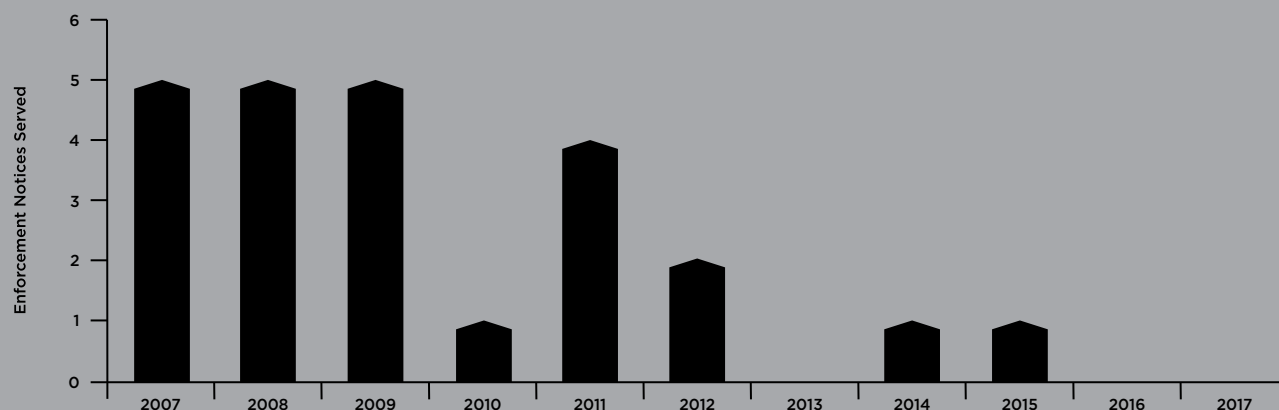
We demonstrate this commitment through active leadership, promoting best practice and by setting specific and measurable targets each year. Our performance against these targets is reviewed and reported upon regularly and we will ensure that adequate resource is provided to enable their achievement and 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 achieved the British Safety Council 'Five Star' accreditation and 'Sword of Honour' award for safety management at our Kingsway Distribution Centre, demonstrating our 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 10 year period since 2007.



- There was one prosecution for breaches of fire safety regulations which occurred in 2015 at our JD and Scotts Merryhill stores and we were fined £60,000 in the year as a result.

Health and Safety (continued)

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.
- Safety input into 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.
- The policies and processes review process that is in place, with the aim of implementing best practice in all areas of our business. During the year we have reviewed our Group Health and Safety Policy and our Group Asbestos Management Policy and established a new safety improvement plan for our distribution team.
- Our quarterly Group and monthly distribution centre health and safety committee meetings, allow colleague engagement with everyone having the opportunity to raise safety concerns through their representatives.
- All UK companies with warehousing and distribution activity receive bi-annual internal health and safety audits to assess the level of compliance with Group health and safety standards.

Our focus in the coming year will be:

- Maintaining the British Safety Council accreditation 'five star' rating for our Kingsway distribution centre.
- Managing safety in all our stores and ensuring no local Authority or Fire Authority enforcement notices are served on the Group.
- To further improve the level of compliance with Group standards across all international operations.

Environment

The Group embraces its responsibility to manage the impact that its businesses have on the environment and is committed to carrying out its activities with due consideration for the potential environmental impact, both now and in the future. Whilst we continue to ensure compliance with the UK Government's Carbon Reduction Commitment legislation, the Group has undertaken, or invested in, a number of additional projects and actions to further reduce our environmental footprint. The Group has an Environmental Policy which sets out our commitment to reducing pollution and advancing our environmental performance.

During the period we have undertaken a full review of our environmental management processes (within our core UK trading operations) to identify further areas of improvement. The purpose of this review was to provide a platform for the introduction of an Environmental Management System ('EMS'). Over the coming year we plan to introduce the Environmental Management System ('EMS'), detailing our outlined targets and objectives in the following areas:

- Ensuring efficient use of energy and other raw materials.
- Maximising the amount of our waste that is or can be recycled.
- Ensuring compliance with relevant legislation and codes of best practice.

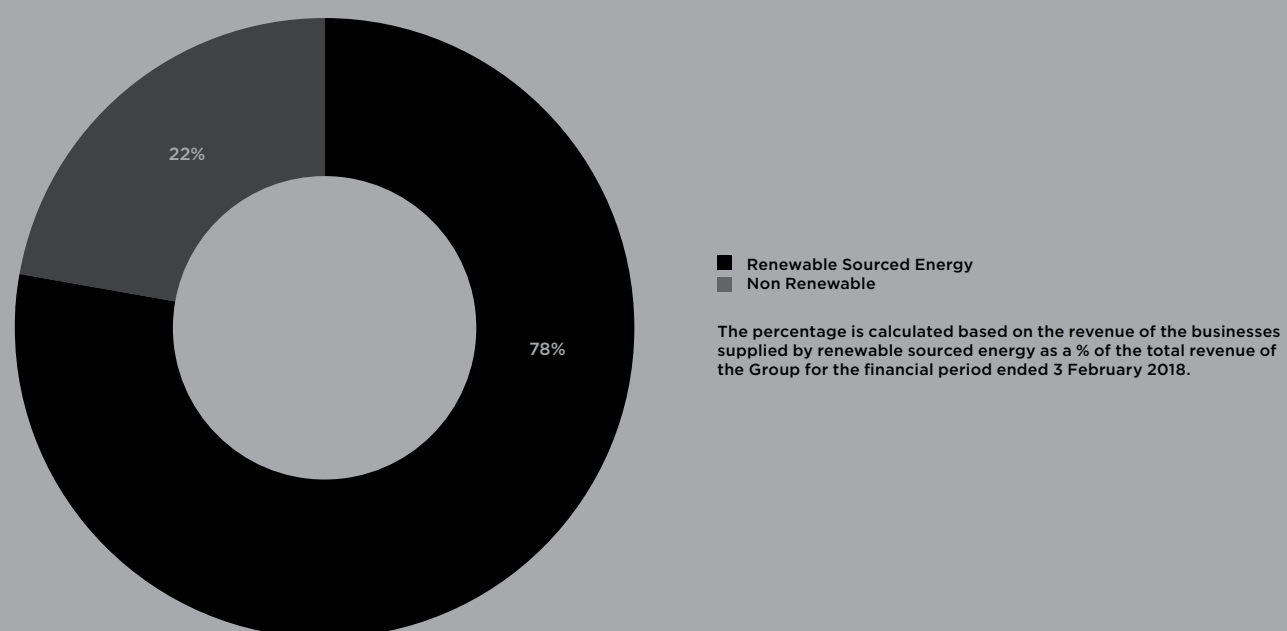
Energy**Basic Principles**

The Group's core business is retail and our various store fascias aim to give customers an enjoyable retail experience with goods displayed attractively in an environment that is both well-lit and sustains a pleasant ambient temperature. However, the Group accepts that all our businesses (regardless of territory) must be responsible with their respective energy usage and associated carbon emissions.

Energy (continued)**Carbon Management Programme**

The Group maintains a Carbon Management Programme ('CMP') which is sponsored by the Chief Financial Officer and is reviewed regularly. The objectives of this programme are:

Objective	Action & Progress
1. Reduce energy usage in non-trading periods	In the period to 3 February 2018, the Group has invested in Building Management Systems (BMS) in a further 279 of its highest energy consuming stores in the UK. The project covers all fascias and is delivering average energy savings of 20%. In the period, we have successfully trialled the technology in the Go Outdoors estate with similarly positive results. We will continue to install BMS in all new stores as standard, with further retrofits scheduled for 2018.
2. Reduce energy usage through investment in lighting technology	Following the average improvement in power efficiency of 11% achieved by improving the design of the 23 Watt LED lamps in previous periods, we continue to work with our lighting suppliers and have, this year, improved the specification of our batten lamps. These batten lamps are now standard specification for all new shopfits, delivering an average of 30% improvement in power efficiency compared to our previous design. Our standard retail lighting scheme continues to use LED lamps with motion sensors in both changing room and non-retail areas. Furthermore, we have successfully retro-fitted in the Go Outdoors estate with positive results. The Group has approved funding for a project to complete the LED project for the balance of our estate.
3. Reduce energy usage through staff 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.
4. Ensure all business activities 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.
5. Ensure that the CMP applies to all businesses in all territories	The CMP applies to all businesses in the Group. For stores added by the Group through acquisitions, we work closely with local management teams to identify gaps and implement group strategies.
6. Purchase energy competitively from sustainable sources wherever possible	The Group already sources 100% of its electricity requirement for its sites in the UK and Ireland from renewable sources. This has now been extended on a similar basis through a new contract in the Netherlands, Italy, Belgium, Sweden and Denmark. Newly acquired businesses are migrated to the Group's sustainable supply contracts wherever possible.

Percentage of Worldwide Operations Supplied by Renewable Sourced Energy



**UNDISPUTED**

**JD EXCLUSIVE**





**UNDISPUTED**

**JD EXCLUSIVE**

Energy (continued)**KPIs**

The Group is committed to using and subsequently reporting on KPIs for energy usage. Accordingly, the Group can report the figures below, calculated based on GHG Protocol Corporate Standard using emissions factors from UK government conversion factor guidance for the year reported. 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, some of which act as supporting infrastructure for our international businesses.

	2017 / 2018 Tonnes CO2 Equivalent	2016 / 2017 Tonnes CO2 Equivalent
<b>Global GHG emissions from:</b>		
Combustion of fossil fuels in Group facilities (i)	4,237	7,222
Purchased electricity, heat, steam & cooling	41,579	36,697
<b>Intensity measurement (ii)</b> Emissions reported above normalised to per £m revenue	0.15	0.19

(i) Excludes facility F-Gas emissions

(ii) Like for like businesses that have contributed full years in both years

Whilst it is not a mandatory disclosure, the Group remains committed to presenting data appertaining to energy usage and carbon footprint. This is on a 'like for like' basis in respect of those locations in the Group's core operations in the UK and Republic of Ireland that have been present for the full year in both years:

	2018	2017	% Change
Energy Usage – Electricity (MWh)	57,789	59,812	
Energy Usage – Natural Gas (MWh)	1,411	1,467	
Total Energy Use (MWh)	59,200	61,279	-3%
Carbon Footprint (Tonnes CO2)	20,576	24,916	-17%

In circumstances where data is not available, for example when businesses which have been recently acquired or where their contribution is not material at this time, an accepted method of estimation has been applied based on the revenue of each business.

Objectives for 2018 / 2019

The Group is committed to investing in the necessary resources to help achieve its targets on reducing carbon emissions, with the following works planned for the year to 2 February 2019:

- Undertake a packaging review within our core UK distribution network to identify further opportunities to reduce usage.
- Introduce an Environmental Management System ('EMS').
- Continue to expand the reach of the CMP by working with the newly acquired businesses.
- Continue with the retrofit LED lighting project in our Go Outdoors estate.
- Invest further in the use of building management systems to allow remote monitoring and control of building services.
- Ensure compliance with our Energy Savings Opportunity Scheme ('ESOS') obligations for the 2019 deadline.

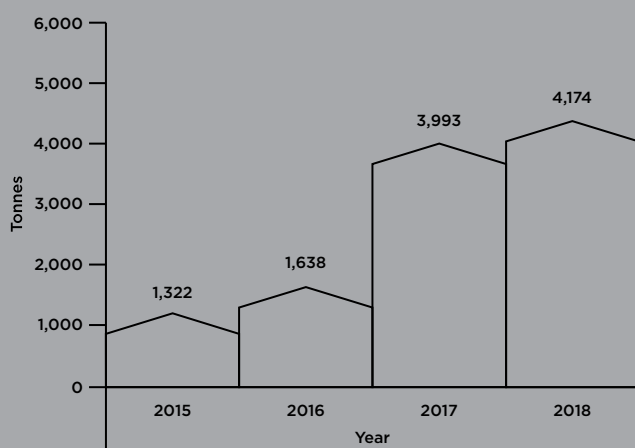
Interaction with Pentland Group Plc

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, cardboard (the major packaging constituent) is taken back to the Group's distribution centres. The cardboard is then baled and passed to recycling businesses for reprocessing. During the year, the amount of cardboard recycled increased to 4,174 tonnes (2017: 3,993 tonnes). This has been driven by the move to reusable 'tote' boxes within our distribution network, resulting in the retention of inward delivery cardboard boxes at Kingsway which are recycled at source.

Tonnes of Cardboard Recycled at Kingsway Distribution Centre



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 3 February 2018 we recycled 98% (2017: 95%) of our DMR waste, with the remainder being used as an energy-from-waste (EfW) material.

Our main distribution facility (Kingsway Distribution Centre) continues to be a zero waste to landfill site with further investment in the period in our recycling infrastructure including the purchase of two new commercial baling machines capable of processing 20 tonnes of material an hour. We continue to look for additional opportunities to reduce our environmental footprint, with the Group taking ownership of the waste generated on the project to expand our principal warehouse at Kingsway from the main contractor to ensure the maximum amount of material was recycled. To date we have recycled over 90% waste on this project.

There are three other main elements to our recycling strategy:

- Confidential paper waste is shredded on collection by a recycling business. This business provides a 'Certificate of Environmental Accomplishment' which states that the shredded paper, which was collected in the year, was the equivalent of 3,710 trees (2017: 3,954).
- Photocopier and printer toners (laser and ink) are collected and recycled for charity by Environmental Business Products Limited.
- Food waste is separated where possible and reused in the production of compost or animal feed.

## Plastic Bags

Approximately 48% of the bags issued by the Group's businesses are our iconic, high quality drawstring duffle bags, the re-use of which is visually evident from the high street to the high school. Whilst our duffle bags are heavily re-used, the Group seeks to minimise the associated environmental impact by ensuring that the duffle bags are made from 33% recycled material.

The Group uses paper-based bags rather than plastic bags in its stores in the Republic of Ireland and Germany, and complies with recent legislation changes made in Belgium, parts of Spain, and Malaysia. We continue to remain fully compliant with the carrier bag charge schemes across the United Kingdom.

100% of the proceeds from the carrier bag charges (net of VAT) are passed to the JD Foundation for annual distribution as follows:

- England: £0.5 million received in the period to 3 February 2018. 50% of the funds are 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.
- Wales: £0.02 million received in the period to 3 February 2018. 50% of the funds are 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.
- Scotland: £0.1 million received in the period to 3 February 2018. 50% of these funds are passed to Scottish Mountain Rescue with the balance 50% donated to other charitable causes in accordance with the objects of the JD Foundation.

#### JD Group Code of Conduct

- 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
- Workers conditions are safe and hygienic
- Child labour shall not be used
- Living wages are paid in line with local laws and for a standard working week, overtime must be paid at a 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
- Health & safety of workers is paramount in all areas of our business, direct or otherwise

#### Ethical Sourcing

The Group continues to review its policies on ethical sourcing on a regular basis and works with its suppliers to improve conditions in their many factories around the world. Our intention is that all businesses within the Group are compliant with our Group policy and we will continue to work towards this, with a focus each year on those businesses that have been recently acquired.

We are working hard to establish full mapping of our supply chain. This is a long term strategy as it is a constantly changing environment, involving many countries and regions.

The Group insists on full transparency of locations involved in the supply chain. The Group regularly visits its factories and promotes the importance of longer term relationships. New suppliers are carefully evaluated on a need / unique selling proposition basis prior to beginning the compliance process and are required to adhere to our established policies. Longer term relationships not only assist in the management of the supply base but also give those suppliers working with us the confidence to invest in and develop their own businesses on a long term basis. Subcontracting is expressly forbidden without authorisation and verification.

#### The Group Code of Conduct

The JD Sports Fashion Plc code of conduct is contained in our private label and supplier terms and conditions. The standards defined at the top of this page are the minimum standards required.

#### Establishing Relationships with Second Tier Suppliers

Over many years we have established links with the factories, mills and dye houses we utilise across the globe. This mapping has identified almost 100,000 workers involved in our retail and manufacturing supply chain. This strategy is on-going and will cascade down the supply chain as we incorporate trim suppliers in the next phase.

This process has a dual function as it has enabled us to identify and develop a risk based assessment in our on-going REACH project. REACH (the Registration, Evaluation and Authorisation of Chemicals) 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.

The Group feel that this mapping process is critical to our ongoing support of our partners and how we can help affect the lives of their workers in a positive manner. The Group will only work with those suppliers who are committed to working to our standards and to improving conditions for our shared workforce.

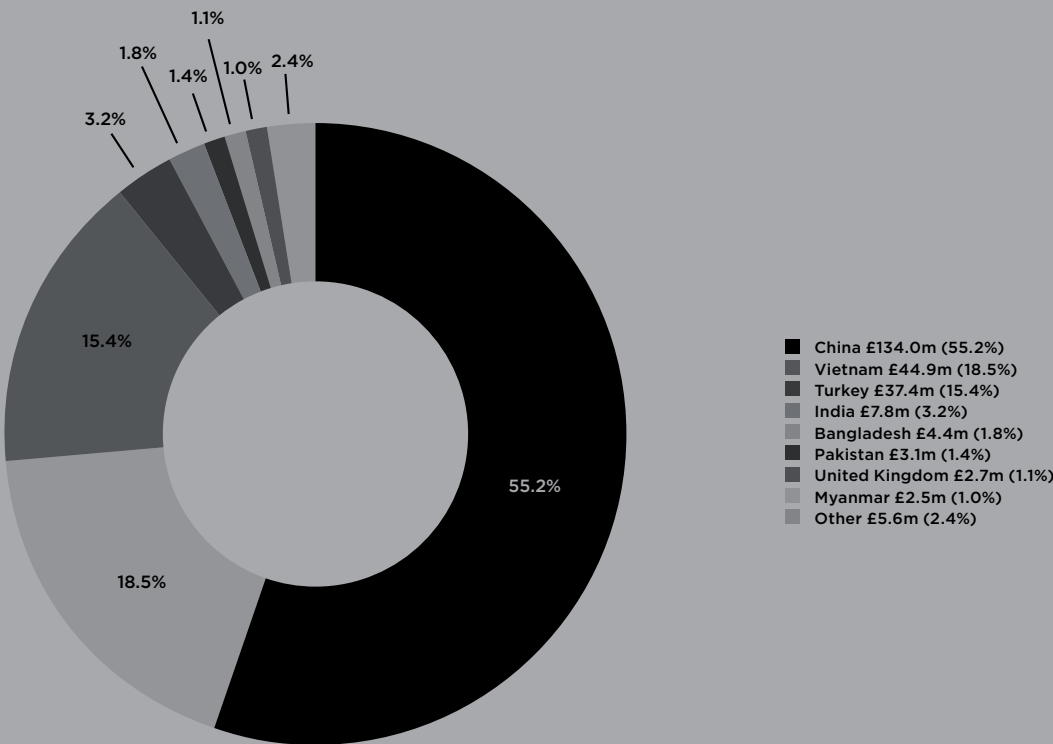


Transparency of Supply Base

- 147 Agents
- 293 Factories
- 17 Sourcing Countries
- 5 Stockholding Transit Warehouses
- 3 Transit Trunk Hubs

Our main sourcing regions are in Asia, India and Turkey. The graph below illustrates the sourcing value in sterling by country for all entities which source private label products being; JD UK, Blacks Outdoor Retail Limited, Focus International Limited, Go Outdoors Limited, Kukri Sports Limited (including subsidiary companies), Nicholas Deakins Limited, Topgrade Sportswear Limited, Sports Unlimited Retail B.V, Sprinter Megacentros Del Deporte SLU, 2Squared Retail and 2Squared Agency.

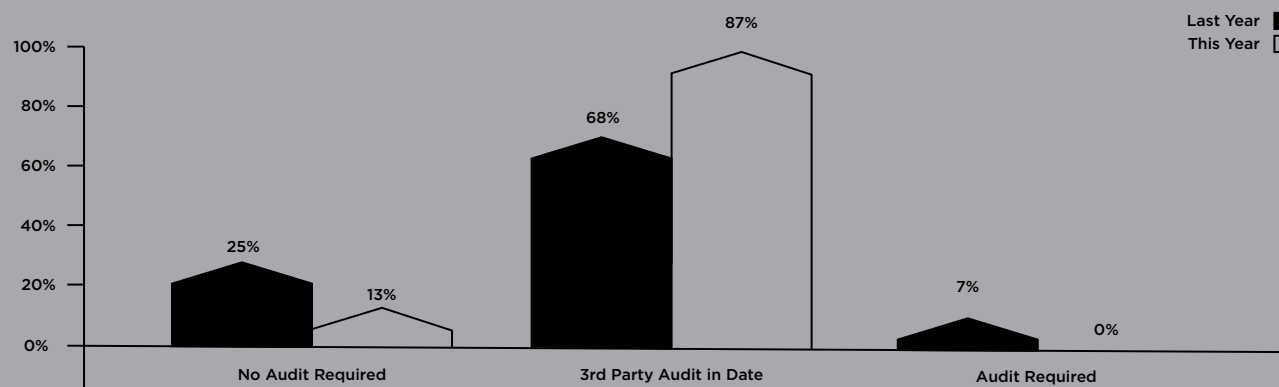
Sourcing Value in Sterling by Country (£m)



We consider the protection of those workers in our supply chain paramount and we will continue to have a zero tolerance to critical issues identified either by Group personnel or third party auditors relating to a safe working environment. Critical issues are defined as an issue that impacts workers causing hardship or harm.

87% of the Group factories are audited by a third party which, as shown to the right, represents 100% of the factories where an audit is required. The remaining 13% of factories did not require an audit due to the low level of spend or 2017 / 2018 was the first year we have worked with these factories.

#### Audit Status Last Year vs This Year



#### Modern Slavery

This year we will be working with our third party auditors to widen the scope of our ethical audits to include Modern Slavery indicators. Following the training of our Head Office staff involved in overseas procurement, we have developed an Asia specific training model which has been uploaded onto our third party's e-learning platform. This gives training to over 170 auditors across Asia and Turkey. We are confident this will promote awareness and allow the inspection companies to identify potential areas of concern and improve the lives of workers and the understanding worldwide of the plight of modern slaves. It is important that everyone involved is aware of these issues, learn to identify them and work to resolve them.

As the world's workforce becomes more transient we recognise that ensuring our workers are recruited properly and fairly is critical. We will be working to ensure that no exploitation takes place in the procurement of workers both at home and abroad.

#### Human Rights

The Group endorses the principles set out in the United Nations Universal Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work which seek to ensure safe and fair working conditions on a global scale. Our suppliers are selected upon and contractually committed to the Group on the basis of their adherence to these principles.

Brian Small  
Chief Financial Officer  
16 April 2018

#### Improving Futures

This year we are hoping to engage our partners in China in the promotion of the Social Insurance system which, although still a complicated system, is now transferable between regions. The Social Insurance system covers contributions to pensions, unemployment, medical provision, work related injury and maternity insurance. It is a dual contribution system paid by the employer and the employee. The Group will work with all its first tier suppliers to promote the benefits with the aim of increasing uptake of the scheme.



## Overview

The JD Foundation was founded in October 2015. In the period from October 2015 to January 2018, the JD Foundation has raised £1.9 million with 93% (£1.8 million) donated to charity. 100% of all monies raised by the JD Foundation excluding bank charges and audit fees, are distributed to charities, any remaining amount is reserved for emergency funding.

The mission of the Foundation is to support charities working with disadvantaged young people in the UK.

In 2017 we supported ten charities plus we were able to donate £50,000 from our emergency funding to the We Love Manchester Emergency Fund and the British Red Cross.

We have just committed our support to 13 charities across 2018 / 2019.



## Environmental Charities

Our environmental charities are Scottish Mountain Rescue and Mountain Rescue England and Wales, who both receive 50% of the net proceeds from the sale of carrier bags with no deductions made for the cost of production of the carrier bags or other operating costs.

£265k raised for Scottish Mountain Rescue & Mountain Rescue England & Wales from the carrier bag charge in Scotland, England & Wales during the year.

## Salford Foundation Aspire to Inspire mentoring programme

In February 2017, the new 'Inspired to Aspire' Mentoring Programme was launched at an event co-ordinated by the BBC and the Salford Foundation.

Young people currently in education are assisted to develop knowledge and understanding of the world of work. The programme also explores ways of providing workplace exposure and skills for young people who are not in education or employment.

JD has committed to support the mentoring programme and people from the business volunteer to visit local schools in the Trafford, Salford and Bury areas to mentor groups of people from years 8 and 9. People from year 10 will be mentored on a one-to-one basis. Our mentors are trained by the Salford Foundation and receive support from the JD Group. The mentor programme is now embedded in the JD Sports Management Development Programme.

#### CRY – The Aaron James Dixon Memorial fund / Screening Days

With the donations from the JD Foundation, CRY have been able to hold six screening days in 2017 and we have also been able to book and confirm 12 screening days across 2018 & 2019:

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

During the six screening days in 2017:

- 498 young people were screened.
- 15 referred for a full cardiac evaluation.
- 2 of these screening days were held at JD Sports Head Office where 206 of our employees were screened with seven referrals.
- 4 of these screening days were held at external sites across the North West.

#### Smiling Families – Christmas Appeal

The JD Head Office supported Smiling Families for a second year in their Christmas Gift Appeal. Smiling Families are a small family run charity based in Birmingham, who deliver presents to terminally ill children over the Christmas period. Via the magic that is “Father Christmas, his Elves and Frosty the Snowman” they deliver the gifts donated by our JD colleagues, to their nominated families who are too ill to travel to their local grotto. With the help and generosity they were able to reach even more families in Christmas 2017 than ever before, creating more amazing memories for families who are going through a difficult time battling illness.

“I can honestly say that without The JD Foundation there would be no Smiling Families, I had really started to struggle for support over the last two years, being so small people tend to overlook us. We do not get monetary donations other than the wonderful help JD Foundation has given us.”

Kerry from Smiling Families

#### retailHUB – Wellbeing Strategy

The Retail Trust provide a free, confidential support service that aids the emotional and financial wellbeing of our colleagues, their families and direct dependants in times of need.

As a key component in our Wellbeing Strategy, 200 of our employees were helped directly by the Retail Trust in 2017. We are absolutely committed to supporting our colleagues.

#### JD Foundation Charities Event

Held across two days in March at Holcombe Moor Training Centre. Mountain Rescue England & Wales organised the two day outdoor activity event for a number of children/young adults who are supported by a selection of charities that the JD Foundation support.







#### Staff Sponsorship

##### Exceptional Fundraising / Mollie Hughes

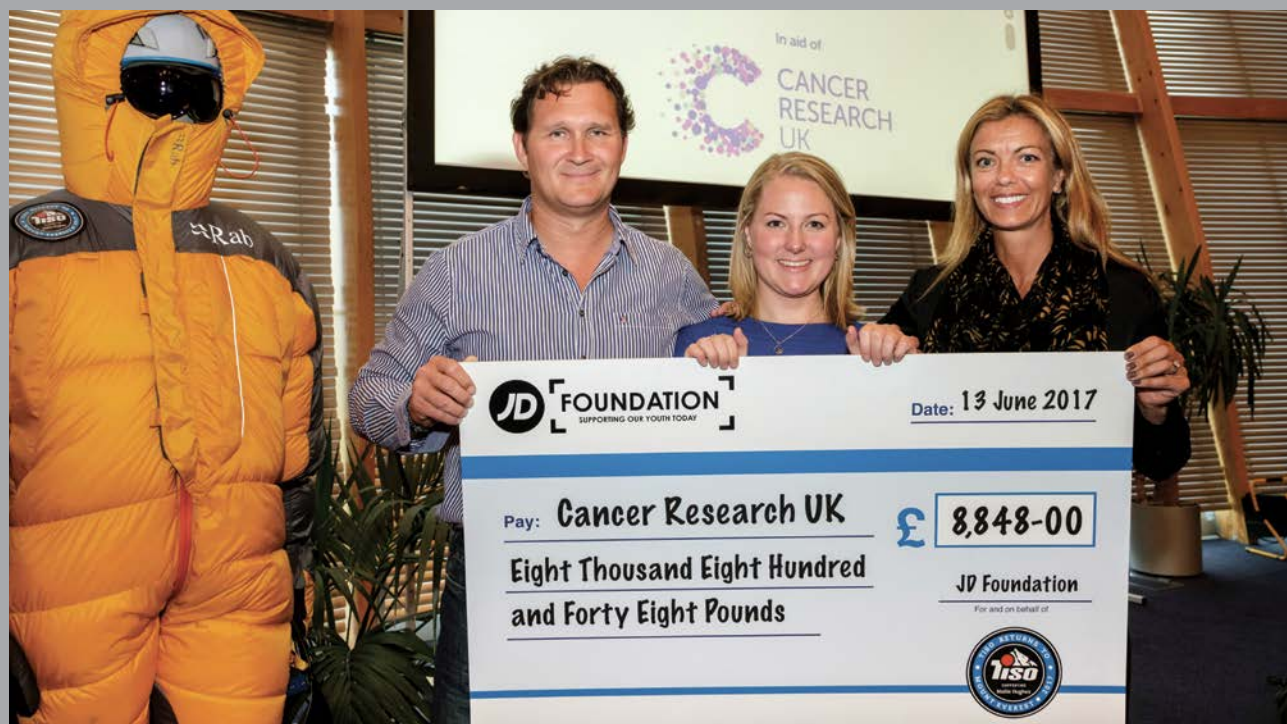
Outside the remit of the JD Foundation, we also recognise exceptional fundraising within our team...

Mollie Hughes works in the Tiso Head Office in Edinburgh as a content blogger for Tiso's website and social media channels, and is also an Ambassador for Tiso. In 2017, Mollie fulfilled a dream with her climbing partner and guide, Jon Gupta of Mountain Expeditions and her trusted Sherpa team of Lhakpa Wongchu Sherpa and Lila Bahadur Tamang, and stood on the summit of Mount Everest (8,848m) for the second time.

On this occasion, Mollie had reached the roof of the world by ascending the notoriously windy and cold north side of the mountain from Tibet.

In 2012, at the age of 21, Mollie ascended the mountain from the south side. Now, aged 26 she holds the record of being the youngest woman in the world to have successfully ascended the world's highest peak from both north and south.

The JD Foundation applaud Mollie's expedition as an outstanding achievement. The trustees were delighted to donate £8,848, being £1 for every metre that she climbed, to her chosen charity in recognition of her exceptional achievement.



# Governance



### Executive Directors

#### Peter Cowgill

Executive Chairman and Chairman of the Nomination Committee  
– Aged 65

Peter was appointed Executive Chairman in March 2004. He was previously Finance Director of the Group until his resignation in June 2001. He is the Non-Executive Chairman of United Carpets Plc and a Non-Executive Director of Better Bathrooms (UK) Limited. Peter was appointed as the Non-Executive Chairman of Quiz Plc in July 2017.

#### Brian Small

Chief Financial Officer  
– Aged 61

Brian was appointed Chief Financial Officer in January 2004. Immediately prior to his appointment he was Operations Finance Director at Intercare Group Plc and has also been Finance Director of a number of other companies. He qualified as an accountant with Price Waterhouse in 1981.

### Non-Executive Directors

#### Andrew Leslie

Non-Executive Director, Chairman of the Remuneration Committee and Member of the Audit and Nomination Committees  
– Aged 71

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.

#### Martin Davies

Non-Executive Director, Chairman of the Audit Committee and Member of the Nomination and Remuneration Committees  
– Aged 58

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.

#### Heather Jackson

Non-Executive Director, Member of the Audit, Nomination and Remuneration Committees  
– Aged 52

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. 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 53

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.



### Directors' Report

The Directors' Report is required to be produced by law. Pages 80 to 82 inclusive (together with the sections of the Annual Report incorporated into these pages by reference) constitute a Directors' Report that has been drawn up and presented 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 Disclosure Guidance and Transparency Rules and Listing 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 Company'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 107.

### Principal Activity

The principal activity of the Group is the retail of multibranded sports fashionwear and outdoor clothing and equipment.

In accordance with the Companies Act 2006, a review of the business providing a comprehensive analysis of the main trends and factors likely to affect the development, performance and position of the business, including an assessment of relevant environmental, employee, social, community and human rights issues, together with the Group's Key Performance Indicators and a description of the principal risks and uncertainties facing the business is detailed in the Strategic Report on pages 43 to 76. These elements, along with the Company's commitment to good corporate governance, as set out in the Corporate Governance Report, are critical to the integrity of the business and maintaining good relationships with all key stakeholders of the Company.

The Corporate Governance Report (pages 85 to 89) 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 on pages 43 to 76 comprise the Company'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 3 February 2018, the Company's issued share capital was £2,433,083 comprising 973,233,160 ordinary shares of 0.25p each.

### Shareholder and Voting Rights

Save as provided in the Company's Articles of Association, all members who hold ordinary shares are entitled to attend and vote at the Company's Annual General Meeting. 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 39.

### 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 so as to prevent 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 3 February 2018, 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
Aberdeen Standard Investments	64,414,948	6.62
Fidelity Management and Research LLC	43,267,531	4.45

The Company has not been notified of any significant changes in interests pursuant to the DTRs between 3 February 2018 and the date of this report.

### Relationship Agreement

In accordance with LR 9.2.2 AD R (1), the Company has entered into a written and 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 during the 53 week period including their roles and brief biographical details are set out on page 79. 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 97. 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 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 2018 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 £215 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 10 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 Group communicates with its employees through team briefs and via the Company's intranet and notice boards. Views of employees are sought on matters of common concern via one to one meetings with management, staff forums and other employee committees. Priority is given to ensuring that employees are aware of all significant matters affecting the Group's performance and of significant organisational changes.

A key factor in the Group's employee remuneration strategy is encouraging the involvement of all employees in the Company's performance. Full details of the Group's remuneration strategy are set out in the Remuneration Report on pages 92 to 103.

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.

### Post Balance Sheet Events

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

### 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.

### Greenhouse Gas Emissions

Details of the Group's greenhouse gas emissions are shown in the Corporate and Social Responsibility Report report on page 69. This information is incorporated into this Directors' Report by reference and is deemed to form part of it.

### Auditor

As set out on page 91, the Audit Committee has recommended that KPMG be re-appointed as auditor for the financial year 2018 / 2019 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

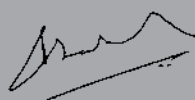
Each person who is a Director at the date of approval of this report confirms that:

- So far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- 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 28 June 2018 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



Brian Small  
Chief Financial Officer  
16 April 2018



# SUPPLY & DEMAND

NEW YORK







PINK SODA SPORT



## Corporate Governance Report

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

#### 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 page 79.

The membership and composition of the Board is under continual review and, whilst there were no changes to the composition of the Board during the financial year to 3 February 2018, any changes would be recommended as may be deemed appropriate in the best interests of the Group. The Board is focused 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.

It is noted that Andrew Leslie, Non-Executive Director and Chairman of the Remuneration Committee, will have been in office for nine years in 2019 and, therefore, his position on the Board will be reviewed by the Nominations Committee during the financial period currently underway. 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 81).

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. Andrew Leslie was formerly an Executive Director of Pentland Brands Plc, a subsidiary of Pentland Group Plc ('Pentland'), the Company's largest shareholder. Andrew Leslie does not represent the interests of Pentland on the Board and retired from Pentland Brands Plc in 2008, and therefore is in excess of the 3 year period referred to in provision B1.1 of the Code. 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 page 79 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 81. Notwithstanding the provisions of the Company's Articles regarding the retirement of Directors, the Board determined that all Directors will retire at the 2018 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 welcomes Board diversity reviews such as the Davies Review, the Hampton-Alexander Reviews (of November 2016 and 2017), the McGregor-Smith Review and the Parker Review.

The Board holds the view that better diversity creates a more inclusive and accountable corporate culture. The Board's overriding and principal aim is to ensure that Board membership is based on merit given that the relevant skills, experience and judgement is fundamental to ensuring that the Board retains entrepreneurial leadership and effective, strategic management.

Any new appointments to the Board are measured against purely objective criteria and are based on the merit of each candidate. The Board is encouraged by the gender balance within the Company's senior management team.

Whilst the Board remains committed to ensuring appointments at all levels of the business, including the Board, are made on the basis of merit, it recognises the essential need to ensure the use of a wide talent pool, targeting a broad range of candidates from various backgrounds, sectors and cultures.

The Board is committed to ensuring that all recruitment is conducted on this basis going forward and to continually monitor this.

### 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 nine 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 3 February 2018	Board Meetings	Remuneration Committee	Audit Committee	Nomination Committee
P Cowgill	9 9	2 2 <sup>(a)</sup>	4 4 <sup>(a)</sup>	- -
B Small	9 9	2 -	4 4 <sup>(a)</sup>	- -
A Leslie	9 9	2 2	4 4	- -
M Davies	9 9	2 2	4 4	- -
H Jackson	9 9	2 2	4 4	- -
A Rubin	9 8	2 -	4 -	- -
<div> <div></div> Total Number of Meetings           <div></div> Total Number of Meetings Attended         </div>				

### Notes:

1. 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.

### Board Evaluation

Having carried out internal evaluations of the performance and effectiveness of the Board in recent years, the Board deemed it appropriate to carry out an externally facilitated Board evaluation this year. The Board was keen to obtain the expert advice, perspective and judgement of an external specialist in this area and, as such, selected Independent Audit to carry out an evaluation exercise. The Group has no prior relationship or connection with Independent Audit. Specifically, the Board, led by the Senior Independent Director and facilitated by the Company Secretary, engaged Independent Audit's online governance assessment service, Thinking Board. The purpose of the review was to direct the Board's attention to areas where there might be opportunities to improve its performance.

The Board and the Company Secretary completed an online self-assessment on an anonymous basis in order to encourage and promote an open and honest exchange of perspectives from Board members and the Company Secretary. The key themes of the evaluation were: Making a Difference, Strategy, Information & Communication, Managing Strategic Risks, How the Board Works and Operation & Effectiveness of the Committees.

Following the completion of such assessment, Independent Audit produced a report, which was then delivered to the Executive Chairman and Company Secretary in the first instance. The Company Secretary then circulated the report to the Board for further discussion and decision on the most appropriate actions to be implemented and monitored throughout the forthcoming financial year.

### 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; and
- 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.

### Main Activities of the Board During the Year

- Approved a number of key strategic corporate acquisitions (see Note 11 of the financial statements);
- Approved and participated in an externally facilitated Board evaluation process (as referred to on the opposite page)
- Considered and approved key health & safety objectives for the forthcoming financial year;
- Considered and approved a significant investment into the expansion of the Group's warehouse at Kingsway (see Executive Chairman's Statement for further details of the expansion); and
- Reviewed the Group's plans and objectives for improving the level of compliance with relevant data protection legislation in light of key legislative changes in the upcoming financial year.

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 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 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 were provided with a comprehensive written corporate governance update by the Group's external legal advisers to ensure that the Board maintains a good level of understanding of key corporate governance changes and updates in the financial year.

### Insurance Agreements

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 the DTRs now require and the Code now recommends that the Audit Committee as a whole shall have competence relevant to the sector in which the company operates. While the Board consider that the composition of the Audit Committee provides the requisite skills and experience, the Board and the Audit Committee considers it is prudent to conduct an additional review in the financial year currently underway to satisfy itself as to its sectoral competence.

The Audit Committee met four times 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 the opposite page.



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

The Committee met twice during the year. Details of attendance at Remuneration Committee meetings are set out in the table on page 86.

Further details about Directors' remuneration are set out in the Directors' Remuneration Report on pages 92 to 103.

### 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 Executive Chairman is the chair of the Nominations Committee.

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 Nominations Committee did not formally meet during the financial year, however, the matters delegated to the remit of the Nominations Committee (including Board structure, succession planning and the performance of the Board and the senior management) were considered informally by the members of the Committee on an ad hoc basis at appropriate times during the year. From time to time, the full Board performs some of the duties of the Nomination Committee, as was the case during the last financial year.

### Internal Control

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. This process has been in place for 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 manage rather than eliminate the risk of failure to achieve business objectives. The Board has established a well-defined organisational structure with clear operating procedures, 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 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. Information about whistleblowing channels is made available to all store and head office employees and these have been reviewed in detail during the financial year in order to ensure that there is an acceptable and appropriate channel to report concerns relating to modern slavery, along with any other areas of concern held by any employee of the Group.

It is the Group's policy to conduct all of its business 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. 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 and relationships and to implementing effective systems to counter bribery, which involves conducting an appropriate audit process at suitable intervals.

### Internal Control (continued)

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 a 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.

### 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.

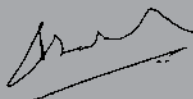
Shareholders are invited to attend the Group's AGM and to ask questions during the meeting and to meet with those Directors in attendance after the formal proceedings have ended, should they desire.

### 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 in relation to the following:

- Code provision E.2.3 – One of the Non-Executive Directors was unavoidably unable to attend the Group's AGM held in the financial year and so not all Directors were present.

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



Brian Small  
Chief Financial Officer  
16 April 2018

Audit Committee ReportPrincipal 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.
- Reviewing regularly the potential impact on the Group's financial statements of certain matters such as impairments 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 matters of possible impropriety in confidence to ensure they remain appropriate.
- Reviewing the Company's risk register and internal controls.
- Consideration of whether an internal audit function should be established.

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 Sport Zone

The Committee has reviewed the acquisition accounting in relation to the purchase of Sport Zone 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 126.

During the financial year, the Committee has reviewed in detail the FRC rules on auditor independence and the provision of non-audit services by the auditor and in particular its revised policy on the provision of non-audit services by the external auditor. The new policy's objective being 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 lead partner is subject to rotation every five years to safeguard independence, with a new lead partner having been appointed to lead the audit during the 2014 / 2015 financial year.


The Audit Committee recommends that KPMG be reappointed as the Company's statutory auditor for the 2018 / 2019 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 the way it operates remains effective.

Whilst the Audit Committee's current recommendation is to re-appoint KPMG as auditor for the forthcoming financial year, the Audit Committee regularly considers whether such a tender programme would be in the best interests of the Company's shareholders and, accordingly, this process will be completed at the appropriate time and in any event, in advance of the deadline for completing a mandatory competitive tender process in order that a new auditor is appointed for the financial year commencing February 2024.

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. In particular, the Audit Committee reviews the advantages of an internal auditor being recruited as an employee of the business and also of an 'outsourced' internal audit function, tasked with focusing on key projects. During the financial year, the Audit Committee determined that such an appointment is not immediately necessary, and, due to the fact that the Group's operations are still largely centralised within its head office, many of the Group's existing departments perform activities which would otherwise be carried out by a specific internal audit function, such as its experienced Profit Protection team who are focused 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 currently. The potential benefits of a dedicated internal audit function remains a key topic of consideration for the Audit Committee during the forthcoming financial year.



Martin Davies  
Chairman of the Audit Committee  
16 April 2018



## Annual Report

I am pleased to report that the 2017 / 2018 year demonstrated first class growth in terms of sales and earnings.

### Key Highlights

- JD UK continues to grow in terms of both overall and LFL sales;
- A number of market leading flagship stores have been opened in major cities gaining fantastic reactions from consumer and industry experts alike;
- In Europe there has been major growth in store numbers and very strong LFL growth has continued;
- Initial activity for JD outside Europe is encouraging; and
- The Outdoor division is moving forward well with improving profit performance.

This performance is driven by the Executive Chairman and strongly supported by the Chief Financial Officer. Their leadership, energy and huge contribution are recognised by the Board. The significant increase in earnings further demonstrates the success of these efforts.

The executive team directly below the Board continues to grow both individually and collectively. The quality and performance of these executive leaders and the departments they lead and manage is exceptional and sector leading. This gives the Board significant confidence in the ability of the business to continue to perform at this outstanding level into the future.

JD is now one of the major global players in our market and growth is expected to continue. However, with significant challenges and competition both in the UK and internationally, it is essential that our Executive Directors and the members of the executive team are rewarded and remunerated appropriately.

I am confident that the level of the annual bonus awards for the Executive Directors for the 2017 / 2018 financial year are fully justified and reflect the outstanding and continuing growth and exceeding of targets in all areas. The members of the executive team have also been rewarded appropriately for outstanding performance and extremely strong results.

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 has focused on ensuring that our remuneration packages for both the Executive Directors and the members of the executive team reflect the excellent current performance, our medium/long terms plans and the increasingly competitive UK and international retail sector. At the same time the remuneration packages ensure that we retain and motivate these essential executive team members.

We consider that the Directors' Remuneration policy and our actions are appropriate in rewarding, retaining and motivating our key leaders.

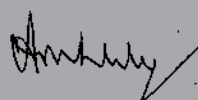
This Directors' Remuneration Report ('Report') is based on the activities of the Committee for the period to 3 February 2018. It sets out a summary of the remuneration policy and remuneration details for the Executive and Non-Executive Directors of the Company. There are three sections:

- 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); and
- The Annual Report on Remuneration providing details on the remuneration earned in the year to 3 February 2018 and how the Directors' Remuneration Policy will be operated during the 2018 / 2019 financial year. This Annual Report on Remuneration together with the Annual Statement will be subject to an advisory shareholder vote at the 2018 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 for the Executive Directors and annual bonus and long term incentive awards and plans for members of the executive team in relation to the period 2017 / 2018.
- Reviewing the basic salary of the Executive Chairman and the Chief Financial Officer to ensure these are appropriate for the market in which we operate. With effect from 1 April 2018, the Committee has agreed that the basic salary reviews detailed on page 99 will be implemented. This is a 10.5% increase for the Executive Chairman, which the Committee believes is appropriate following a review of external comparatives. The Chief Financial Officer will receive an increase of 1.5% which is in line with the general increase for Head Office employees.
- Setting appropriate targets for the 2018 / 2019 financial year. We are focused on ensuring that our Executive Directors align shareholder interests with their strategic commercial objectives which are set with the aim of benefitting the Group as a whole. As such, the targets for the Executive Directors' annual bonus are based on an appropriate combination of financial and non-financial Key Performance Indicators ('KPIs') with this purpose in mind.
- Discussions regarding a succession plan and an appropriate future structure for the Board and executive team.



Andrew Leslie  
Chairman of the Remuneration Committee  
16 April 2018



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### Directors' Remuneration Policy (Unaudited)

This Directors' Remuneration Policy for the financial year ended 3 February 2018 was approved by shareholders at the AGM held on 29 June 2017 and will remain in force for a period of three years.

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.
- Remuneration should be aligned with the key corporate metrics that drive earnings growth and increased shareholder value with significant emphasis on performance related pay measured over the longer term.
- Incentive arrangements for Executive Directors should provide an appropriate balance between fixed and performance related elements and be capable of providing exceptional levels of total payment if 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.

### Consideration of Shareholder Views

The Committee engages directly with major shareholders on key aspects of the remuneration policy and will take into consideration feedback received in relation to the AGM (or otherwise) when next reviewing the policy.

### 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 business strategy and should be sufficient to attract and retain high calibre talent, without paying more than is necessary.

Senior Managers below Board level with a significant ability to influence company results may participate in an annual bonus plan and deferred bonus plan which reward both performance and loyalty and are designed to retain 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 March 2004	12	Rolling 12 months
B Small	10 March 2004	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.

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.



### 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

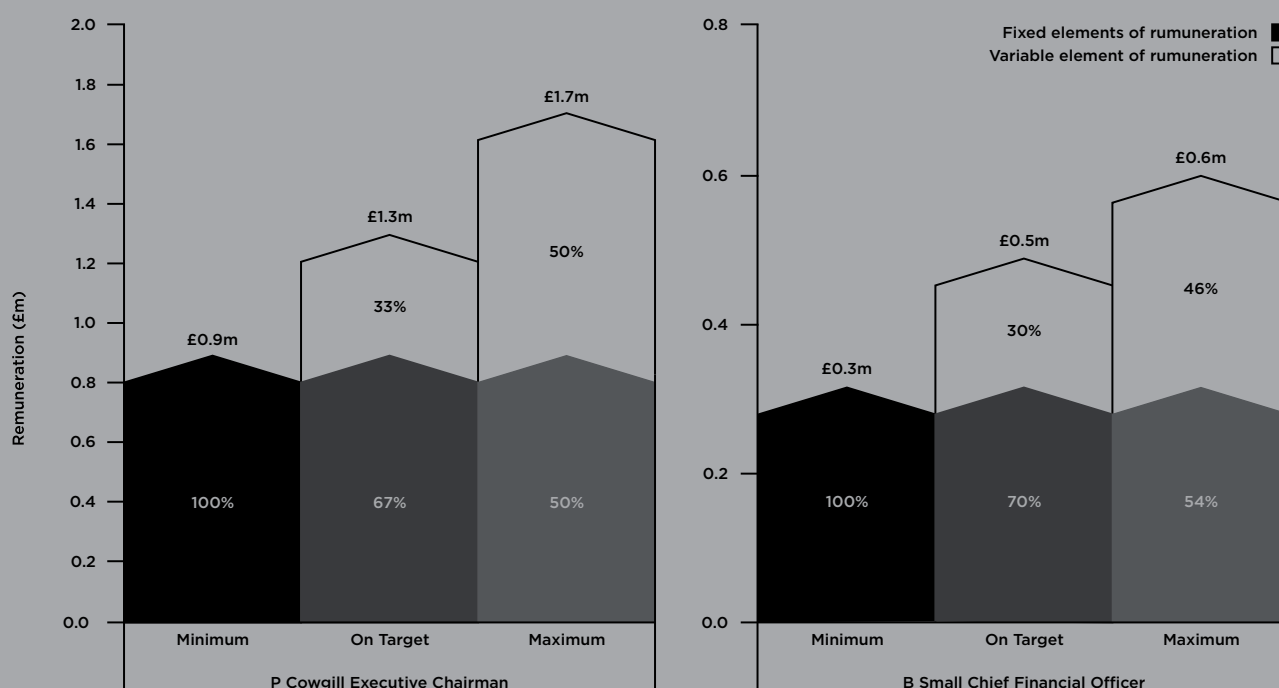
The Board recognises that Executive Directors may be invited to become Non-Executive Directors of other businesses and that the knowledge and experience which they gain in those appointments could be of benefit to the Company. Prior approval of the Board is required before acceptance of any new appointments.

During the year to 3 February 2018, only Peter Cowgill held other Non-Executive Directorships. Peter Cowgill is the Non-Executive Chairman of United Carpets Group Plc, the Non-Executive Chairman of Quiz Plc and a Non-Executive Director of Better Bathrooms (UK) Limited. His aggregate retained earnings were £134,250 (2017: £46,042) in respect of these Non-Executive Directorships.

### 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 2 February 2019.

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.



The scenarios in the graphs are defined as follows:

	Minimum	On target Performance	Maximum Performance
Fixed Elements of Remuneration	<ul style="list-style-type: none"> <li>The base salary is the salary as at 1 April 2018</li> <li>The benefits are taken as those in the single figure table on page 97</li> <li>The pension contribution for Brian Small</li> </ul>		
Annual Bonus (1)	0%	50%	100%

- 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.

Annual Report on RemunerationSingle Total Figure Table (Audited)

	Salary (1) £000	Benefits £000	Pension £000	Bonus £000	LTIP (4) £000	Total £000
Peter Cowgill						
2018	767	2	-	1,534	-	2,303
2017	756	2	-	1,516	488	2,762
Brian Small (2)						
2018	267	19	32	401	-	719
2017	264	21	32	396	128	841
Andrew Leslie						
2018	51	-	-	-	-	51
2017	49	-	-	-	-	49
Martin Davies						
2018	51	-	-	-	-	51
2017	49	-	-	-	-	49
Heather Jackson						
2018	51	-	-	-	-	51
2017	49	-	-	-	-	49
Andy Rubin (3)						
2018	-	-	-	-	-	-
2017	-	-	-	-	-	-

1. Salary reviews effective 1 April annually
2. In accordance with the remuneration policy £32,000 (2017: £32,000) of the pension contribution shown above for Brian Small has been paid as a cash amount
3. 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
4. The LTIP award was paid on 30 October 2017

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

Pension contributions are:

- Peter Cowgill – 0% of salary
- Brian Small – 12% of salary

There are no disclosures in respect of scheme interests awarded, payments to past directors or loss of office payments as there were no transactions of this type during the financial year ended 3 February 2018.

**LTIP (Audited)**

Future long term incentive arrangements remain a key point of discussion for the Committee. Any new incentive plan will be put to shareholders at the appropriate time.

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

The interests of the Directors who held office at 3 February 2018 and persons closely associated with them in the Company's ordinary shares are shown below:

	Ordinary Shares of 0.25p each	
	3 February 2018	28 January 2017
P Cowgill	8,410,260	8,380,260
B Small	514,000	504,000
	8,924,260	8,884,260

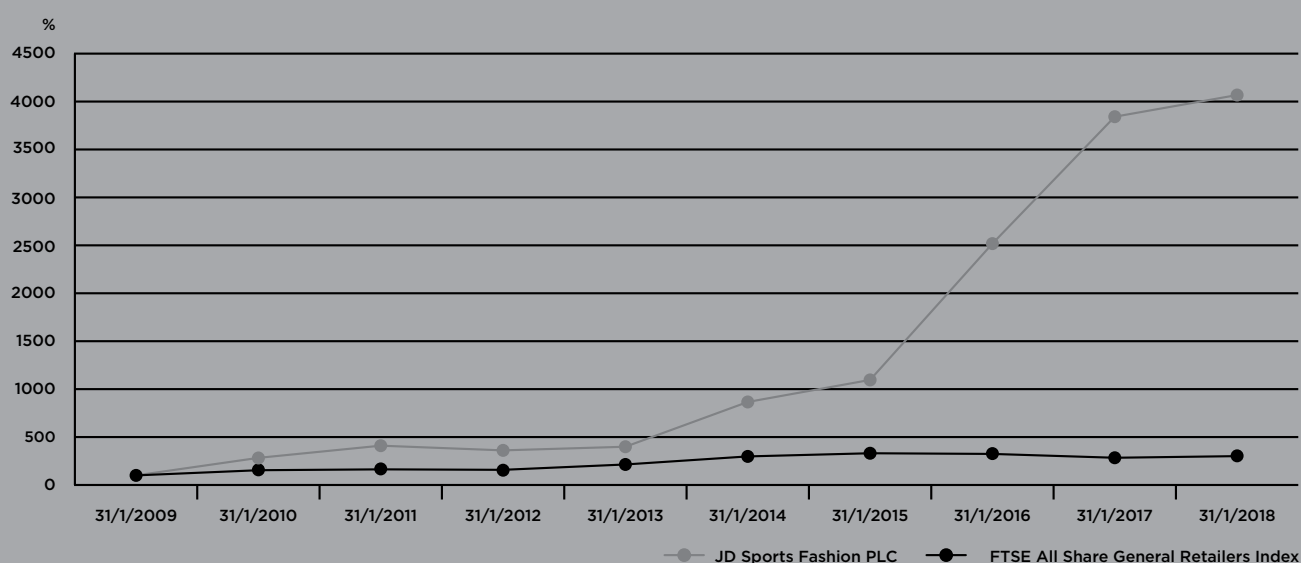
### Annual Report on Remuneration (continued)

There has been no change in the interests of the Directors or persons closely associated with them between 3 February 2018 and the date of this report. The holdings stated on the previous page are held directly by the Directors and persons closely associated with them and 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, 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 nine 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 5 years (Unaudited)

The total remuneration figures for the Executive Chairman during each of the last 5 financial years are shown in the table below. The total remuneration figure includes the annual bonus based on that year's performance and LTIP awards 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	January 2014	January 2015	January 2016	January 2017	January 2018
Total remuneration £000	3,137	1,951	2,728	2,762	2,303
Annual bonus %	100	100	200	200	200
LTIP vesting %	n/a	n/a*	n/a*	100*	n/a

\* The LTIP performance criteria has been 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, benefits and annual bonus between financial years 28 January 2017 and 3 February 2018 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	10.5%
UK Head Office Employee average*	4.4%
<b>Benefits</b>	
Executive Chairman	-
UK Head Office Employee average*	-
<b>Annual Bonus</b>	
Executive Chairman	-
UK Head Office Employee average*	6.4%

\*Comparator group as defined above. There are circa 1,523 employees within this group.

**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:

	2018 (£m)	2017 (£m)	% Change
Staff costs	447.1	335.8	33.1%
Dividends	15.2	14.5	4.8%
Tax	58.1	53.9	7.8%
Retained profits	236.4	184.6	28.1%

**Implementation of Directors' Remuneration Policy in 2017 / 2018 (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 2018:

	Previous Salary £000	New Salary £000	Percentage Increase
P Cowgill	769	850	10.5%
B Small	268	272	1.5%

**Annual Bonus Performance Targets****Financial Targets 2017 / 2018**

Two thirds of the annual bonus is linked to financial targets. The targets in respect of the annual bonus for the financial year to 3 February 2018 were £265 million threshold earnings with a maximum payment being achieved where earnings are £290 million.



### Strategic Objectives 2017 / 2018

These targets focused on the following key strategic areas:

- Strategic development and growth of JD in the UK
- International development of the JD brand
- The strategic future plan and profitability for the Outdoor businesses
- People development, recruitment and succession planning across the JD Group

### Annual Bonus 2017 / 2018

The Committee believes that the financial performance for the year ended 3 February 2018 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 market leading flagship stores taking the brand to a new level.
- International development of the JD brand demonstrated by the expansion into 15 countries worldwide with new stores opening in every market.

Based on the above exceptional performance the Committee has deemed it appropriate to award an exceptional annual bonus to each of its Executive Directors.

### Financial Targets and Strategic Objectives 2018 / 2019

The split between financial targets and strategic objectives will remain two thirds and one third respectively. The Board considers that both the financial targets and the strategic objectives for the financial year to 2 February 2019 are commercially sensitive and so will be disclosed in the 2019 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 Brian Small, 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 2017 / 2018.

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 twice during the year under review with each member attending all the meetings. Details of attendance at the Committee meetings are set out on page 86.





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

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

	2017 AGM	%
Votes cast for	676,596,015	77.7%
Votes cast against	194,156,552	22.3%
Total votes cast	870,752,567	
Votes withheld	3,118,983	

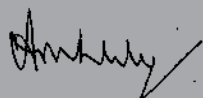
At the 2017 AGM, the Directors' Remuneration Policy received the following votes from shareholders:

	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 2017 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.

Therefore the Board undertook a review of the disclosures in the Remuneration Report with its advisers in light of recent shareholder voting guidelines and feedback. The Board has ensured that the level of disclosure in relation to some of the areas raised in shareholder voting guidelines has been enhanced in this year's Report.

This report has been prepared on behalf of the Board



Andrew Leslie  
Chairman of the Remuneration Committee  
16 April 2018





# Financial Statements



**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;
- 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; and
- 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.

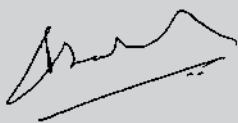
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**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; and
- 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.



Brian Small  
Chief Financial Officer  
16 April 2018



## 1. Our Opinion is Unmodified

We have audited the financial statements of JD Sports Fashion Plc ("the Company") for the 53 week period ended 3 February 2018 which comprise the Consolidated Income Statement, the Statement of Comprehensive Income, the 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.

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 3 February 2018 and of the Group's profit for the 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 appointed as auditor by the shareholders in March 1996. The period of total uninterrupted engagement is for the 22 financial periods ended 3 February 2018. 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

Materiality:  
group financial statements as a whole

£13.0m (2017: £10.0m)  
4.4% (2017: 4.2%) of profit before tax

Coverage

87.9% (2017: 86.0%) of group profit before tax

Risks of material misstatement

vs 2017

Recurring risks

**Group:**  
Recoverability of goodwill and fascia names



**Group and parent company:**  
Valuation of inventories



Event driven risk

**Group:**  
Valuation of the separately identifiable intangible assets recognised as part of the acquisition of Sport Zone

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

Key audit matters are those matters that, in our professional judgment, 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 decreasing order of audit significance, in arriving at our audit opinion left, 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.

### **Recoverability of Goodwill and Fascia Names** (£193.2 million; 2017: £190.9million)

*Refer to page 90 (Audit Committee Report), pages 140 to 141 (accounting policy) and pages 137 to 143 (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 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.

#### **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;
- **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 to be acceptable. (2017 result: acceptable).

**2. Key Audit Matters: Our Assessment of Risks of Material Misstatement (continued)****Valuation of inventories**

(Group: £478.0 million; 2017: £348.0 million)

(Company: £144.0 million; 2017: £116.6 million)

*Refer to page 90 (Audit Committee Report), page 147 (accounting policy) and page 147 (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 judgements around the determination of stock that may not be in demand in the future and sales proceeds expected from such stock. Due to the level of judgement, we consider the valuation of inventories to be a significant audit risk.

**Our Response**

Our procedures included:

- **Our sector experience:** assessing the directors' methodology and key assumptions behind the provision, including the expected level of stock 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 stock not bought in the last 6 months and slower moving stock;
- **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 provision;
- **Assessing transparency:** assessing the adequacy of the financial statement disclosures about the degree of estimation in arriving at the net realisable value.

**Our Results**

- We consider the valuation of inventories to be acceptable (2017 result: acceptable).

**Valuation of the Separately Identifiable Intangible Assets Recognised as part of the Acquisition of Sport Zone Portugal**

(£13.1 million; 2017: n/a)

*Refer to page 91 (Audit Committee Report), page 130 (accounting policy) and page 131 to 132 (financial disclosures).*

**The Risk****Subjective valuation:**

On 31 January 2018 the Group acquired a controlling interest in Sport Zone Portugal. Included within the fair value of net identifiable assets recognised on acquisition are separately identifiable intangible assets of £13.1m, the valuation of which involves significant judgements over certain assumptions such as future revenue growth, royalty relief rates and discount rates. This is considered to be a significant audit risk as it may affect the balance between non-amortisable and amortisable intangible assets.

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

### **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, discount rates and royalty rates by comparing them to externally derived data and comparable transactions.
- **Our sector experience:** assessing whether the key assumptions used, in particular revenue growth rate, reflect our knowledge of the business and industry, including assessing the forecast growth against historic actual growth for the acquired business.
- **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.

## 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 £13.0 million (2017: £10.0 million), determined with reference to a benchmark of Group profit before tax, of which it represents 4.4% (2017: 4.2%).

The materiality of the Parent Company financial statements as a whole was set at £9.5 million (2017: £7.2 million), determined with reference to a benchmark of Parent Company profit before tax, of which it represents 3.8% (2017: 3.5%).

We report to the Audit Committee any corrected and uncorrected misstatements exceeding £0.65 million (2017: £0.5 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's 55 (2017: 40) reporting components, we subjected 6 (2017: 5) to audits for group reporting purposes and 1 (2017: 1) component was subject to specified risk-focused audit procedures covering the specific risk areas including those identified in this report. 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.

The remaining 21% (2017: 20%) of total group revenue, 12% (2017: 14%) of group profit and losses before tax and 23% (2017: 13%) of total group assets is represented by 48 reporting components (2017: 34), 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 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 £0.9m to £9.5m (2017: £1.0m to £7.2m), having regard to the mix of size and risk profile of the Group across the components. The work on 3 out of the 7 components (2017: 3 of the 6 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 visited 3 (2017: 3) component locations in Spain, France, and the Netherlands, which included assessing the audit risk and strategy. Video and 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.

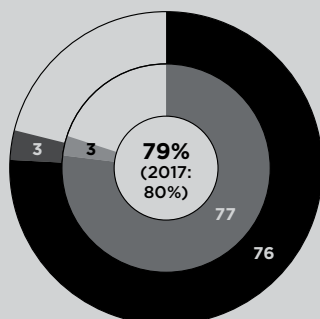


**Profit Before Tax**  
£294.5m (2017: £238.4m)

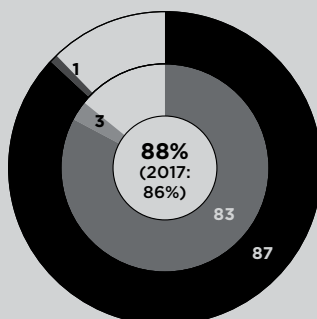
**Group Materiality**  
\$13m (2017: £10.0m)



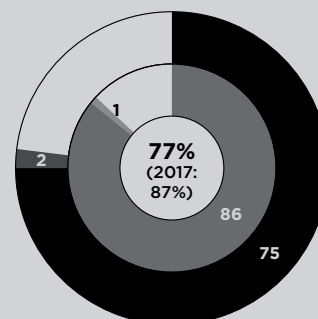
**Group Revenue**



**Group Profit Before Tax**



**Group Total Assets**



- Full scope for group audit purposes 2018
- Specified risk-focused audit procedures 2018
- Full scope for group audit purposes 2017
- Specified risk-focused audit procedures 2017
- Residual components

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

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 52 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

**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.

**Directors' Remuneration Report**

In our opinion the parts of the Directors' Remuneration Report to be audited have 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 46 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.

**5. We Have Nothing to Report on the Other Information in the Annual Report (continued)****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 107, 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, other irregularities, 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. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation not just those directly affecting 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).

## 7. Respective Responsibilities (continued)

### **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 sector experience and through discussion with the directors and other management (as required by auditing standards).

We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

In addition we considered the impact of laws and regulations in the specific areas of health and safety, anti-bribery, employment law, and certain aspects of company legislation recognising the nature of the group's activities and its legal form. With the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect of these was limited to enquiry of the directors and other management and inspection of regulatory and legal correspondence. We considered the effect of any known or possible non-compliance in these areas as part of our procedures on the related financial statement items.

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, with a request to report on any indications of potential existence of non-compliance with relevant laws and regulations (irregularities) in these areas, or other areas directly identified by the component team.

As with any audit, there remained a higher risk of non-detection of non-compliance with relevant laws and regulations (irregularities), as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

## 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 2018



For the 53 weeks ended 3 February 2018

	Note	53 weeks to 3 February 2018 £m	53 weeks to 3 February 2018 £m	52 weeks to 28 January 2017 £m	52 weeks to 28 January 2017 £m
Revenue			3,161.4		2,378.7
Cost of sales			(1,629.8)		(1,215.1)
<b>Gross profit</b>			<b>1,531.6</b>		<b>1,163.6</b>
Selling and distribution expenses			(1,080.5)		(813.0)
Administrative expenses – normal		(144.7)		(106.2)	
Administrative expenses – exceptional	4	(12.9)		(6.4)	
Administrative expenses			(157.6)		(112.6)
Other operating income			2.4		1.8
<b>Operating profit</b>			<b>295.9</b>		<b>239.8</b>
Before exceptional items			308.8		246.2
Exceptional items	4		(12.9)		(6.4)
<b>Operating profit</b>			<b>295.9</b>		<b>239.8</b>
Financial income	7		0.6		0.8
Financial expenses	8		(2.0)		(2.2)
<b>Profit before tax</b>	3		<b>294.5</b>		<b>238.4</b>
Income tax expense	9		(58.1)		(53.8)
<b>Profit for the period</b>			<b>236.4</b>		<b>184.6</b>
Attributable to equity holders of the parent			231.9		178.9
Attributable to non-controlling interest			4.5		5.7
Basic earnings per ordinary share	10		23.83p		18.38p
Diluted earnings per ordinary share	10		23.83p		18.38p

**Statement of Comprehensive Income**

For the 53 weeks ended 3 February 2018

	53 weeks to 3 February 2018 £m	52 weeks to 28 January 2017 £m
<b>Profit for the period</b>	<b>236.4</b>	<b>184.6</b>
Other comprehensive income:		
Items that may be classified subsequently to the Consolidated Income Statement:		
Exchange differences on translation of foreign operations	6.4	22.6
<b>Total other comprehensive income for the period</b>	<b>6.4</b>	<b>22.6</b>
<b>Total comprehensive income and expense for the period (net of income tax)</b>	<b>242.8</b>	<b>207.2</b>
Attributable to equity holders of the parent	237.1	197.7
Attributable to non-controlling interest	5.7	9.5

As at 3 February 2018

	Note	As at 3 February 2018 £m	As at 28 January 2017 £m
<b>Assets</b>			
Intangible assets	12	211.0	190.9
Property, plant and equipment	13	376.9	235.8
Other assets	14	66.5	38.1
<b>Total non-current assets</b>		<b>654.4</b>	<b>464.8</b>
Inventories	15	478.0	348.0
Trade and other receivables	16	146.3	118.5
Cash and cash equivalents	17	347.5	247.6
<b>Total current assets</b>		<b>971.8</b>	<b>714.1</b>
<b>Total assets</b>		<b>1,626.2</b>	<b>1,178.9</b>
<b>Liabilities</b>			
Interest-bearing loans and borrowings	18	(26.8)	(31.5)
Trade and other payables	20	(623.2)	(469.1)
Provisions	21	(2.1)	(1.0)
Income tax liabilities		(30.2)	(33.6)
<b>Total current liabilities</b>		<b>(682.3)</b>	<b>(535.2)</b>
Interest-bearing loans and borrowings	18	(11.0)	(2.5)
Other payables	20	(91.5)	(53.2)
Provisions	21	(1.8)	(1.0)
Deferred tax liabilities	22	(5.3)	(8.2)
<b>Total non-current liabilities</b>		<b>(109.6)</b>	<b>(64.9)</b>
<b>Total liabilities</b>		<b>(791.9)</b>	<b>(600.1)</b>
<b>Total assets less total liabilities</b>		<b>834.3</b>	<b>578.8</b>
<b>Capital and reserves</b>			
Issued ordinary share capital	23	2.4	2.4
Share premium		11.7	11.7
Retained earnings		773.6	543.3
Other reserves		(17.3)	(5.2)
<b>Total equity attributable to equity holders of the parent</b>		<b>770.4</b>	<b>552.2</b>
Non-controlling interest	24	63.9	26.6
<b>Total equity</b>		<b>834.3</b>	<b>578.8</b>

These financial statements were approved by the Board of Directors on 16 April 2018 and were signed on its behalf by:



B Small  
Director  
Registered number: 1888425

For the 53 weeks ended 3 February 2018

	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 30 January 2016	2.4	11.7	378.9	-	(3.1)	(7.5)	382.4	18.4	400.8
Profit for the period	-	-	178.9	-	-	-	178.9	5.7	184.6
Other comprehensive income:									
Exchange differences on translation of foreign operations	-	-	-	-	-	18.8	18.8	3.8	22.6
Total other comprehensive income	-	-	-	-	-	18.8	18.8	3.8	22.6
Total comprehensive income for the period	-	-	178.9	-	-	18.8	197.7	9.5	207.2
Repurchase of share capital held as Treasury Shares	-	-	-	(15.9)	-	-	(15.9)	-	(15.9)
Dividends to equity holders	-	-	(14.5)	-	-	-	(14.5)	(0.7)	(15.2)
Put options held by non-controlling interests	-	-	(2.2)	-	2.5	-	0.3	-	0.3
Acquisition of non-controlling interest	-	-	2.1	-	-	-	2.1	(2.1)	-
Divestment of non-controlling interest	-	-	0.1	-	-	-	0.1	(0.1)	-
Non-controlling interest arising on acquisition	-	-	-	-	-	-	-	1.6	1.6
<b>Balance at 28 January 2017</b>	<b>2.4</b>	<b>11.7</b>	<b>543.3</b>	<b>(15.9)</b>	<b>(0.6)</b>	<b>11.3</b>	<b>552.2</b>	<b>26.6</b>	<b>578.8</b>
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
<b>Balance at 3 February 2018</b>	<b>2.4</b>	<b>11.7</b>	<b>773.6</b>	<b>-</b>	<b>(33.8)</b>	<b>16.5</b>	<b>770.4</b>	<b>63.9</b>	<b>834.3</b>

For the 53 weeks ended 3 February 2018

	Note	53 weeks to 3 February 2018 £m	52 weeks to 28 January 2017 £m
<b>Cash flows from operating activities</b>			
Profit for the period		236.4	184.6
Income tax expense	9	58.1	53.8
Financial expenses	8	2.0	2.2
Financial income	7	(0.6)	(0.8)
Depreciation and amortisation of non-current assets	3	71.3	62.4
Forex losses/(gains) on monetary assets and liabilities		2.2	(5.4)
Impairment of non-current assets		5.1	-
Loss on disposal of non-current assets		1.6	0.3
Other exceptional items		1.3	-
Impairment of intangible fixed assets		11.6	6.4
Increase in inventories		(79.0)	(21.2)
Increase in trade and other receivables		(22.1)	(4.6)
Increase in trade and other payables		110.7	43.9
Interest paid		(2.0)	(2.2)
Income taxes paid		(57.8)	(40.1)
<b>Net cash from operating activities</b>		<b>338.8</b>	<b>279.3</b>
<b>Cash flows from investing activities</b>			
Interest received		0.6	0.8
Proceeds from sale of non-current assets		6.7	2.5
Investment in bespoke software development	12	(4.5)	(3.8)
Acquisition of property, plant and equipment	13	(169.3)	(77.3)
Acquisition of non-current other assets	14	(12.8)	(6.9)
Acquisition of subsidiaries, net of cash acquired		(24.9)	(138.6)
<b>Net cash used in investing activities</b>		<b>(204.2)</b>	<b>(223.3)</b>
<b>Cash flows from financing activities</b>			
Repayment of interest-bearing loans and borrowings		(11.4)	(3.2)
Repayment of finance lease liabilities		(0.5)	(0.1)
Draw down of finance lease liabilities		3.3	-
Subsidiary shares repurchased and held as Treasury Shares		-	(14.8)
Equity dividends paid	25	(15.2)	(14.5)
Dividends paid to non-controlling interest in subsidiaries		(8.8)	(0.7)
<b>Net cash used in financing activities</b>		<b>(32.6)</b>	<b>(33.3)</b>
<b>Net increase in cash and cash equivalents</b>	28	<b>102.0</b>	<b>22.7</b>
<b>Cash and cash equivalents at the beginning of the period</b>	28	<b>234.4</b>	<b>209.9</b>
Foreign exchange (losses) / gains on cash and cash equivalents	28	(1.8)	1.8
<b>Cash and cash equivalents at the end of the period</b>	28	<b>334.6</b>	<b>234.4</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 53 week period ended 3 February 2018 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 2018.

### 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 3 February 2018.

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 38 to 39 and 46 to 59 respectively. In addition, details of financial instruments and exposures to interest rate, foreign currency, credit and liquidity risks are outlined in note 19.

At 3 February 2018, the Group had net cash balances of £309.7 million (2017: £213.6 million) with available committed borrowing facilities of £215 million (2017: £215 million) of which £nil (2017: £nil) has been drawn down (see note 18). With a facility of £215 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 52 (including the proposed acquisition of The Finish Line), 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.

### 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 190 to 191.

### 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:

- Amendments to IAS 12 'Recognition of Deferred Tax Assets for Unrealised Losses'
- Amendments to IAS 7 'Disclosure Initiative'

IFRS 9 'Financial Instruments' will be applicable to the Group for the financial year ending 2 February 2019. The Group has completed an assessment of IFRS 9 and it is expected that the adoption will not have a material impact on the results or financial position of the Group.

IFRS 15 'Revenue from Contracts with Customers' will be applicable to the Group for the financial year ending 2 February 2019. The Group has completed an assessment of IFRS 15 and it is expected that the adoption will not have a material impact on the results or financial position of the Group.

### 1. Basis of Preparation (continued)

IFRS 16 Leases will be applicable to the Group for the financial year ending 1 February 2020 and will significantly affect the presentation of the Group financial statements with the Group recognising a right-of-use asset and a lease liability for all leases currently accounted for as operating leases, with the exception of leases for short periods (less than 12 months) and those for items of low value. IFRS 16 is also expected to have a material impact on key components within the Consolidated Income Statement as operating lease rental charges will be replaced with depreciation and finance costs.

The impact on the financial statements on transition to IFRS 16 will depend on the approach taken by the Group. The new standard allows for two different transition approaches, fully retrospective and modified retrospective. Both approaches will impact the income statement, balance sheet and disclosure when adopted including the opening balance sheet, although the amounts will differ depending on the approach taken. The Group is currently in the process of assessing the impact of the new standard, deciding on the transition approach and identifying process, systems and information required when adopted. The Group has not yet concluded on a transition approach and as such it is not possible to fully quantify the impact of IFRS 16 at this stage.

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 estimates in the prior year was the valuation of the intangibles assets recognised as part of the acquisition of Go Outdoors Topco Limited (due to the inherent uncertainty involved in forecasting and discounting future cash flows). As the measurement period for this acquisition has now closed, this has been removed from the critical accounting estimates as the risk is now categorised as impairment of goodwill and other intangible assets which is discussed further below.

Included within critical accounting policies in the current year is 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 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.

##### *Intangible assets with indefinite lives*

During the financial period ended 3 February 2018, the Board reassessed the useful life of each fascia name held by the Group and determined that fascia names should have a finite life rather than an infinite life as previously estimated. The change in estimate is as a result of identifying that, based on historical experience, the estimated useful life of a fascia is finite taking into account factors such as group synergies and a homogenised offer.

The factors that the Board took into consideration when determining the useful life of each fascia name were:

- 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

The change in the useful life assessment from indefinite to finite has been accounted for as a change in the accounting estimate in accordance with IAS 8. Quantification of the impact of this change in accounting estimate is provided in Note 12.

## 1. Basis of Preparation (continued)

### 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 amount is the higher of the value in use and the fair value less the costs to sell. 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. Alternatively the carrying value of the brand names has been allocated to a cash-generating unit, along with the relevant goodwill and fascia names, and tested in the value-in-use calculation performed for that cash-generating unit. 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 cash-generating unit until the licence expiry date and the choice of a suitable discount rate in order to calculate the present value. 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.

## 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 on the nature of the businesses within the Group. The Group's operating and reportable segments under IFRS 8 are therefore as follows:

- **Sports Fashion** – includes the results of JD Sports Fashion Plc, John David Sports Fashion (Ireland) Limited, Spodis SA, Champion Sports Ireland, Iberian Sports Retail Group SL (including subsidiary companies), JD Sports Fashion BV, Sports Unlimited Retail BV, JD Sports Fashion Germany GmbH, JD Sports Fashion SRL, JD Sports Fashion Belgium BVBA, JD Sports Fashion Sweden AB, JD Sports Fashion Denmark ApS, JD Sports Fashion SDN BHD, JD Sports Fashion Korea Inc, JD Sports Fashion India LLP, JD Sports Fashion Holdings Aus Pty (including subsidiary companies), Size GmbH, JD Gyms Limited, Duffer of St George Limited, Topgrade Sportswear Limited, Kooga Rugby Limited, Focus Brands Limited (including subsidiary companies), Kukri Sports Limited (including global subsidiary companies), Source Lab Limited, R.D. Scott Limited, Tessuti Group Limited (including subsidiary companies), Nicholas Deakins Limited, Cloggs Online Limited, Clothingsites.co.uk Limited, 2Squared Agency Limited, 2Squared Retail Limited, Mainline Menswear Limited, Hip Store Limited, Simon & Simon Fashion Limited and Dantra Limited.
- **Outdoor** – includes the results of Blacks Outdoor Retail Limited, Tiso Group Limited (including subsidiary companies) and Go Outdoors Topco Limited (including subsidiary companies).

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.

## 2. Segmental Analysis (continued)

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 £5.3 million (2017: £8.2 million) and an income tax liability of £30.2 million (2017: £33.6 million) 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.

### 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 the risks and rewards of ownership 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 memberships 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.

### 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 (continued)****Business Segments**

Information regarding the Group's reportable operating segments for the 53 weeks to 3 February 2018 is shown below:

<b>Income statement</b>	<b>Sports Fashion £m</b>	<b>Outdoor £m</b>	<b>Total £m</b>
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

<b>Total assets and liabilities</b>	<b>Sports Fashion £m</b>	<b>Outdoor £m</b>	<b>Unallocated £m</b>	<b>Eliminations £m</b>	<b>Total £m</b>
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>

<b>Other segment information</b>	<b>Sports Fashion £m</b>	<b>Outdoor £m</b>	<b>Total £m</b>
<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)**

The comparative segmental results for the 52 weeks to 28 January 2017 are as follows:

Income statement	Sports Fashion £m	Outdoor £m	Total £m
Revenue	2,180.6	198.1	2,378.7
Operating profit before exceptional items	245.0	1.2	246.2
Exceptional items	(6.4)	-	(6.4)
Operating profit	238.6	1.2	239.8
Financial income			0.8
Financial expenses			(2.2)
Profit before tax			238.4
Income tax expense			(53.8)
Profit for the period			184.6

Total assets and liabilities	Sports Fashion £m	Outdoor £m	Unallocated £m	Eliminations £m	Total £m
Total assets	994.5	256.0	-	(71.6)	1,178.9
Total liabilities	(463.4)	(166.5)	(41.8)	71.6	(600.1)
Total segment net assets / (liabilities)	531.1	89.5	(41.8)	-	578.8

Other segment information	Sports Fashion £m	Outdoor £m	Total £m
<b>Capital expenditure:</b>			
Software development	3.8	-	3.8
Property, plant and equipment	72.8	4.5	77.3
Non-current other assets	6.9	-	6.9
<b>Depreciation, amortisation and impairments:</b>			
Depreciation and amortisation of non-current assets	57.4	5.0	62.4
Impairment of intangible assets (Exceptional Items)	6.4	-	6.4
Impairment of non-current assets (Non exceptional Items)	(0.8)	0.8	-

**Geographical Information**

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

The following table provides analysis of the Group's revenue by geographical market, irrespective of the origin of the goods / services:

Revenue	53 weeks to 3 February 2018 £m	52 weeks to 28 January 2017 £m
UK	2,058.7	1,655.5
Europe	939.9	656.9
Rest of world	162.8	66.3
	3,161.4	2,378.7

The revenue from any individual country, with the exception of the UK, 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	2018 £m	2017 £m
UK	362.1	284.7
Europe	260.8	163.3
Rest of world	31.5	16.8
	654.4	464.8

**3. Profit Before Tax**

	53 weeks to 3 February 2018 £m	52 weeks to 28 January 2017 £m
<b>Profit before tax is stated after charging:</b>		
Auditor's remuneration:		
Audit of these financial statements (KPMG LLP)	0.2	0.1
Amounts receivable by the Company's auditor (KPMG LLP) and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	0.7	0.6
Other tax advisory services	-	0.1
Depreciation and amortisation of non-current assets:		
Depreciation of property, plant and equipment	57.6	51.2
Amortisation of intangible assets	10.9	8.0
Amortisation of non-current other assets – owned	2.8	3.2
Impairments of non-current assets:		
Property, plant and equipment	4.6	0.4
Intangible assets	11.6	6.4
Other non-current assets	0.5	-
Loss on disposal of non-current assets	1.6	0.3
Rentals payable under non-cancellable operating leases for:		
Land and buildings – non-contingent rentals payable	192.6	149.3
Land and buildings – contingent rentals payable	19.7	14.4
Other – plant and equipment	4.1	3.2
Movement in the fair value of forward contracts	21.5	0.1
<b>Profit before tax is stated after crediting:</b>		
Rents receivable and other income from property	0.8	0.6
Sundry income	1.6	1.2
Reversal of impairments of other non current assets	-	0.4
Reverse premia	2.1	2.1
Foreign exchange gain recognised	25.9	3.5

In addition, fees of £0.1 million (2017: £0.1 million) were incurred and paid by Pentland Group Plc (see Company note C22) 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 unusual or infrequent in nature, are included within operating profit and disclosed separately as exceptional items in the Consolidated Income Statement.

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 where significant or non-recurring 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	53 weeks to 3 February 2018 £m	52 weeks to 28 January 2017 £m
Impairment of goodwill and fascia names (1)	12	11.6	6.4
Movement in fair value of put and call options (2)	20	1.3	-
Administrative expenses – exceptional		12.9	6.4

1. The charge in the period to 3 February 2018 relates to the non-cash impairment of the fascia name balance arising in prior years on the acquisition of Next Athleisure Pty Limited and JD Sports Fashion SDN BHD and the impairment of goodwill arising in prior years on the acquisition of Tiso Group Limited. The charge in the period to 28 January 2017 relates to the non-cash impairment of the fascia name balance arising in prior years on the acquisition of ActivInstinct Limited, the fascia name arising in the year on the acquisition of Aspecto Holdings Limited and Infinities Retail Group Holdings Limited and the impairment of the goodwill arising in the year on the acquisition of 2Squared Agency Limited.

2. Movement in the fair value of put and call options (See note 20).

These administrative expenses are exceptional items as they are, in aggregate, material in size and / or unusual or infrequent in nature.

#### 5. Remuneration of Directors

The remuneration of the Executive Directors includes provision for future LTIP payments of £nil (2017: £0.6 million). Further information on Directors' emoluments is shown in the Directors' Remuneration Report on page 92.

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 (2017: six). During the year there was one (2017: one) director within the defined contribution pension scheme. Full disclosure of the Directors' remuneration is given in the Directors' Remuneration Report on page 97.

	53 weeks to 3 February 2018 £m	52 weeks to 28 January 2017 £m
<b>Directors' emoluments:</b>		
As Non-Executive Directors	0.2	0.1
As Executive Directors	3.0	3.6
Pension contributions	-	-
	3.2	3.7



**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:

	2018	2017
Sales and distribution	29,240	24,850
Administration	1,052	976
	30,292	25,826
Full time equivalents	19,212	16,218

The aggregate payroll costs of these persons were as follows:

	53 weeks to 3 February 2018 £m	52 weeks to 28 January 2017 £m
Wages and salaries	398.8	301.1
Social security costs	41.0	29.9
Other pension costs (see note 27)	7.3	4.8
	447.1	335.8

**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.

	53 weeks to 3 February 2018 £m	52 weeks to 28 January 2017 £m
Bank interest	0.6	0.7
Other interest	-	0.1
Financial income	0.6	0.8

**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.

	53 weeks to 3 February 2018 £m	52 weeks to 28 January 2017 £m
On bank loans and overdrafts	1.9	1.9
Amortisation of facility fees	0.1	0.3
Financial expenses	2.0	2.2

**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.

	53 weeks to 3 February 2018 £m	52 weeks to 28 January 2017 £m
<b>Current tax</b>		
UK corporation tax at 19.2% (2017: 20%)	64.3	57.9
Adjustment relating to prior periods	(1.0)	(0.1)
<b>Total current tax charge</b>	<b>63.3</b>	<b>57.8</b>
<b>Deferred tax</b>		
Deferred tax (origination and reversal of temporary differences)	(4.0)	(4.8)
Adjustment relating to prior periods	(1.2)	0.8
<b>Total deferred tax credit</b>	<b>(5.2)</b>	<b>(4.0)</b>
<b>Income tax expense</b>	<b>58.1</b>	<b>53.8</b>

	53 weeks to 3 February 2018 £m	52 weeks to 28 January 2017 £m
Profit before tax multiplied by the standard rate of corporation tax 19.2% (2017: 20%)	56.5	47.7
Effects of:		
Expenses not deductible	1.4	1.1
Depreciation and impairment of non-qualifying non-current assets (including brand names arising on consolidation)	1.7	2.9
Non taxable income	(0.4)	(0.4)
Loss on disposal of non-qualifying non-current assets	0.1	0.2
Effect of tax rates in foreign jurisdictions	1.5	0.7
Research and development tax credits and other allowances	-	(0.1)
Recognition of previously unrecognised tax losses	(0.7)	(0.2)
Reduction in tax rate	(0.1)	0.7
Change in unrecognised temporary differences	0.3	0.7
Under provided in prior periods	(2.2)	0.7
Chargeable gains	-	(0.2)
<b>Income tax expense</b>	<b>58.1</b>	<b>53.8</b>

## 10. Earnings Per Ordinary Share

### Basic and Diluted Earnings Per Ordinary Share

The calculation of basic and diluted earnings per ordinary share at 3 February 2018 is based on the profit for the period attributable to equity holders of the parent of £231.9 million (2017: £178.9 million) and a weighted average number of ordinary shares outstanding during the 53 week period ended 3 February 2018 of 973,233,160 (2017: 973,233,160).

An Ordinary Resolution was passed at the Annual General Meeting, effective 24 November 2016, resulting in a share split whereby five Ordinary shares were issued for each Ordinary share. In accordance with IAS 33, the number of shares outstanding before the event has been adjusted for the proportionate change as if the event had occurred at the beginning of the earliest period presented.

	53 weeks to 3 February 2018 Number	52 weeks to 28 January 2017 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 meaningful measure of the underlying performance of the Group.

	Note	53 weeks to 3 February 2018 £m	52 weeks to 28 January 2017 £m
Profit for the period attributable to equity holders of the parent		231.9	178.9
Exceptional items excluding loss on disposal of non-current assets	4	12.9	6.4
Tax relating to exceptional items		-	-
Profit for the period attributable to equity holders of the parent excluding exceptional items		244.8	185.3
Adjusted basic and diluted earnings per ordinary share		25.15p	19.04p

## 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:

- Property, plant and equipment – Depreciated replacement cost reflecting adjustments for physical deterioration as well as functional and economic obsolescence.
- Intangible assets – 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.
- 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.

## 11. Acquisitions (continued)

### Current Period Acquisitions

#### JD Sports Fashion South Korea

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 has a call option, exercisable at Group's discretion, to acquire a further 35% of the share capital. This was subsequently exercised on 13 April 2018.

J&S Partners Inc. subsequently changed its company name to JD Sports Fashion South Korea Inc. and currently trades as the multibranded Hot-T fascia operating 23 stores and a trading website in South Korea. It is the Group's current intention to re-fascia the 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 has 'deemed control' and therefore has 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.

The Board believes that the excess of cash consideration paid over the net identifiable assets on acquisition of £2.9 million is best considered as goodwill on acquisition representing anticipated future operating synergies. The provisional goodwill calculation is summarised below:

	Book value £m	Measurement adjustments £m	Provisional fair value at 3 February 2018 £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

Included in the 53 period ended 3 February 2018 is revenue of £15.7 million and profit before tax of £0.4 million in respect of JD Sports Fashion South Korea.

#### 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 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. With 138 stores in Iberia, Sport Zone offers a multisport product range with a wide apparel, footwear, accessories and equipment offering.

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.



**11. Acquisitions (continued)****SDSR – Sports Division SR, S.A. ('Sport Zone Portugal') (continued)**

The Board believes that the excess of consideration paid over the net assets on acquisition of £14.7 million is best considered as goodwill on acquisition representing anticipated future operating synergies. The provisional goodwill calculation is summarised below:

	Book value £m	Measurement adjustments £m	Provisional fair value at 3 February 2018 £m
Acquiree's net assets at acquisition date:			
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	(2.0)	41.0
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)
Net identifiable assets	53.3	(4.5)	48.8
Non-controlling interest (40% of Sport Zone Canarias (SL))	(0.9)	0.1	(0.8)
Goodwill on acquisition			14.7
Consideration paid – satisfied in cash			1.6
Consideration paid – fair value of shares in Iberian Sports Retail Group			61.1
<b>Total consideration</b>			<b>62.7</b>

Given the proximity of the acquisition to the financial year ended 3 February 2018, the results between acquisition and the financial year ended 3 February 2018 were not included in the results of the Group for the 53 week period ended 3 February 2018.

**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.

Included in the 53 period ended 3 February 2018 is revenue of £0.1 million and a break even result before tax in respect of JD Sports Gyms Acquisitions Limited.

**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.

Given the proximity of the acquisition to the financial year ended 3 February 2018, the results between acquisition and the financial year ended 3 February 2018 were not included in the results of the Group for the 53 week period ended 3 February 2018.

**11. Acquisitions (continued)****Other Acquisitions**

During the period, the Group has made several small acquisitions, including increasing its shareholding to 100% in two subsidiaries which were previously non-wholly owned. These transactions were not material.

**Full Year Impact of Acquisitions**

Had the acquisitions listed on page 131 to 132 been effected at 29 January 2017, the revenue and profit before tax of the Group for the 53 week period to 3 February 2018 would have been £3,362.8 million and £278.3 million respectively.

**Acquisition Costs**

Acquisition related costs amounting to £0.7 million (JD Sports Fashion South Korea £0.2 million, Sport Zone Group £0.4 million, other acquisitions £0.1 million (Ben Dunne Gyms Limited and Dantra Limited)) 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****Sports Unlimited Retail BV**

On 20 March 2016, the Group acquired, via its newly incorporated subsidiary Sports Unlimited Retail BV, the trading assets and trade of the Aktiesport and Perry Sport fascias from the Trustee of Unlimited Sports Group BV which was declared bankrupt by the court of Amsterdam on 23 February 2016. On acquisition there were 187 stores and two trading websites.

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 3 February 2018 £m
Acquiree's net assets at acquisition date:			
Property, plant and equipment	3.9	-	3.9
Inventories	23.4	5.2	28.6
Cash and cash equivalents	0.1	-	0.1
Trade and other payables	(8.4)	(2.1)	(10.5)
Provisions	-	(3.1)	(3.1)
Net identifiable assets	19.0	-	19.0
Goodwill on acquisition			-
Consideration paid - satisfied in cash			19.0

The Board believes that the cash consideration of €26.5 million represents the best estimates of the fair value of the net assets acquired. No measurement adjustments have been made to the fair values during the 53 week period ended 3 February 2018.

**11. Acquisitions (continued)****JD Sports Fashion SDN BHD**

On 28 April 2016, the Group acquired via its 50% subsidiary in Malaysia, JD Sports Fashion SDN BHD, 20 multi-brand Sports Fashion stores and a trading website which trade as Sports Empire, Revolution and The Marathon Shop from Runners World SDN BHD. JD Sports Fashion SDN BHD is an entity controlled by the Group and therefore the results and financial position of the entity are consolidated into the financial statements of the Group. The cash consideration payable on this transaction was MYR 20.7 million.

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 3 February 2018 £m
Acquiree's net assets at acquisition date:			
Intangible assets	0.8	0.3	1.1
Property, plant and equipment	0.4	-	0.4
Other non-current assets	0.2	-	0.2
Inventories	2.0	-	2.0
Deferred tax liabilities	-	(0.3)	(0.3)
Net identifiable assets	3.4	-	3.4
Goodwill on acquisition			-
Consideration paid – satisfied in cash			3.4

The Board believes that the cash consideration of MYR 20.7 million represents the best estimates of the fair value of the net assets acquired. No measurement adjustments have been made to the fair values during the 53 week period ended 3 February 2018.

**SportIberica Sociedade de Artigos de Desporto, S.A.**

On 1 July 2016, the Group acquired, both directly and via its 50.1% owned subsidiary Iberian Sports Retail Group SL, an aggregate of 80% of the issued share capital of SportIberica Sociedade de Artigos de Desporto S.A ("SportIberica") for cash consideration of €4.2 million with additional consideration of up to €0.5 million payable if certain criteria were met. At acquisition, management believed that the criteria would be met for the maximum consideration to be payable and the fair value of the total consideration at that time of €4.7 million was recognised. The actual amount of additional consideration paid in the period ended 3 February 2018 was €0.3 million reducing the total consideration paid to €4.5 million. This has been reflected in the table below.

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 3 February 2018 £m
Acquiree's net assets at acquisition date:			
Property, plant and equipment	0.2	0.1	0.3
Inventories	2.8	0.4	3.2
Cash	0.7	-	0.7
Trade and other receivables	0.9	(0.8)	0.1
Income tax assets	-	0.1	0.1
Trade and other payables	(1.5)	(0.2)	(1.7)
Interest bearing loans and borrowings	(0.7)	-	(0.7)
Net identifiable assets	2.4	(0.4)	2.0
Non-controlling interest	(0.5)	0.1	(0.4)
Goodwill on acquisition			1.6
Consideration paid – satisfied in cash			3.2

The Board believes that the excess of cash consideration paid over net identifiable assets on acquisition of £1.6 million is best considered as goodwill on acquisition representing anticipated future operating synergies. The measurement adjustments reflected in the table above were made to the fair values during the period ended 3 February 2018.

**11. Acquisitions (continued)****Next Athleisure Pty Limited**

On 26 August 2016, the Group acquired, via its newly incorporated subsidiary JD Sports Fashion Holdings Australia Pty, 80% of the issued ordinary share capital of Next Athleisure Pty Limited for consideration of \$6.6 million AUD and has also advanced \$2.4 million AUD to allow it to settle an element of its indebtedness.

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 3 February 2018 £m
Acquiree's net assets at acquisition date:			
Intangible assets	4.8	2.8	7.6
Property, plant and equipment	5.2	0.6	5.8
Inventories	9.4	0.9	10.3
Cash	0.5	0.1	0.6
Trade and other receivables	2.7	0.1	2.8
Income tax assets	0.2	-	0.2
Deferred tax assets / (liabilities)	1.5	(2.1)	(0.6)
Trade and other payables	(11.9)	(1.1)	(13.0)
Interest bearing loans and borrowings	(8.0)	(0.8)	(8.8)
Net identifiable assets	4.4	0.5	4.9
Non-controlling interest	(0.9)	(0.1)	(1.0)
Goodwill on acquisition			-
Consideration paid – satisfied in cash			3.5
Consideration as loan owed to NCI			0.4
<b>Total consideration</b>			<b>3.9</b>

The Board believes that the cash consideration of \$6.6 million represents the best estimates of the fair value of the net assets acquired. No measurement adjustments have been made to the fair values during the 53 week period ended 3 February 2018.

**Go Outdoors Topco Limited**

On 27 November 2016, the Group acquired 100% of the issued ordinary share capital of Go Outdoors Topco Limited ('Go Outdoors') for consideration of £112.3 million with the Group assuming net debt of £11.4 million as part of the transaction. Go Outdoors is a nationwide omnichannel retailer catering for the outdoor enthusiast and specialist alike with 58 stores across the UK at acquisition, the majority of which are situated in out of town retail parks.

Included within the fair value of net identifiable assets on acquisition are intangible assets of £66.7 million; £59.1 million representing the 'GO Outdoors' fascia name and £7.6 million of brands. 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 3 February 2018 £m
Acquiree's net assets at acquisition date:			
Intangible assets	0.3	66.4	66.7
Property, plant and equipment	28.5	(2.5)	26.0
Inventories	40.4	-	40.4
Cash	8.8	-	8.8
Trade and other receivables	7.3	-	7.3
Trade and other payables	(48.2)	(0.6)	(48.8)
Income tax liabilities	(1.0)	-	(1.0)
Deferred tax liabilities	-	(11.3)	(11.3)
Interest bearing loans and borrowings	(20.2)	-	(20.2)
Net identifiable assets	15.9	52.0	67.9
Goodwill on acquisition			44.4
<b>Consideration paid – satisfied in cash</b>			<b>112.3</b>

The Board believes that the excess of cash consideration paid over net identifiable assets on acquisition of £44.4 million is best considered as goodwill on acquisition representing the strategic benefit of a larger Outdoor operation in the Group. No measurement adjustments have been made to the fair values in the 53 week period ended 3 February 2018.

## 11. Acquisitions (continued)

### Aspecto Holdings Limited

On 18 July 2016, the Group, via its new 100% subsidiary Napco 104 Limited acquired 100% of the entire issued share capital of Aspecto Holdings Limited for cash consideration of £1. The period in which measurement adjustments could be made has now closed on this acquisition and no measurement adjustments were made to the fair values during the period ended 3 February 2018. The Board believes that the cash consideration of £1 represents the current best estimates of the fair value of the net assets acquired.

On 21 August 2016, the trade and assets (with the exception of certain assets and liabilities) were hived up into Tessuti Limited, a 100% owned subsidiary of JD Sports Fashion Plc.

### Infinites Retail Group Limited

On 12 September 2016, the Group, via its new 100% subsidiary Ensco 1157 Limited acquired 100% of the entire issued share capital of Infinites Retail Group Limited for cash consideration of £1. The period in which measurement adjustments could be made has now closed on this acquisition and no measurement adjustments were made to the fair values during the period ended 3 February 2018. The Board believes that the cash consideration of £1 represents the current best estimates of the fair value of the net assets acquired.

On 31 October 2016, the trade and assets (with the exception of certain assets and liabilities) were hived up into Tessuti Limited, a 100% owned subsidiary of JD Sports Fashion Plc.

### Clothingsites.co.uk Limited

On 26 September 2016, the Group, via its new 100% subsidiary Ensco 1173 Limited acquired 100% of the entire issued share capital of Clothingsites.co.uk Limited for an initial cash consideration of £1. Clothingsites.co.uk Limited currently operates two trading websites, Woodhouse Clothing and Brown Bag Clothing. The period in which measurement adjustments could be made has now closed on this acquisition and no measurement adjustments were made to the fair values during the period ended 3 February 2018. The Board believes that the cash consideration of £1 represents the current best estimates of the fair value of the net assets acquired.

### 2Squared Agency Limited & 2Squared Retail Limited ('2Squared')

On 30 November 2016, the Group acquired 69% of the issued share capital of 2Squared Agency Limited and 51% of the issued share capital of 2Squared Retail Limited for cash consideration of £0.5 million. The Board believed that the excess of cash consideration paid over the net identifiable assets on acquisition of £1.0 million was best considered as goodwill representing future operating synergies. The goodwill was subsequently impaired during the financial period ended 28 January 2017. The period in which measurement adjustments could be made has now closed on this acquisition and no measurement adjustments were made to the fair values during the period ended 3 February 2018.

### Other Acquisitions

During the prior period, the Group has made several small acquisitions, including increasing its shareholding to 100% in three subsidiaries which were previously non-wholly owned. These transactions were not material.



**12. Intangible Assets**

	Goodwill £m	Brand licences £m	Brand names £m	Fascia names £m	Software development £m	Total £m
<b>Cost or valuation</b>						
At 30 January 2016	83.9	11.8	15.3	24.4	6.9	142.3
Additions	-	-	-	-	3.8	3.8
Acquisitions	46.9	-	7.7	73.4	-	128.0
Disposals	-	-	(2.4)	-	-	(2.4)
Exchange differences	(0.2)	-	-	0.2	-	-
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
<b>Amortisation and impairment</b>						
At 30 January 2016	36.5	8.1	11.8	7.2	5.2	68.8
Charge for the period	-	0.8	1.7	2.2	3.3	8.0
Impairments	0.9	-	-	5.5	-	6.4
Disposals	-	-	(2.4)	-	-	(2.4)
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
<b>Net book value</b>						
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
At 30 January 2016	47.4	3.7	3.5	17.2	1.7	73.5

**Acquisitions**

The acquisitions of Intangibles Assets in the current year principally relate to the acquisition of Sport Zone and JD Sport Fashion South Korea. The acquisitions in the prior year principally relate to the acquisition of Go Outdoors Limited, Sports Unlimited Retail BV, Next Athleisure, JD Sports Fashion SDN. BHD and Sportiberica. Further details, including the provisional fair value of the assets acquired, are provided in Note 11.

**Impairment**

The impairment in the current period relates to the impairment of the fascia name arising in prior years 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.

The impairment in the previous period related to the impairment of the ActivInstinct, Aspecto and Infinities fascia names and the impairment of the goodwill arising on the acquisition of 2Squared.

**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.

Brand licences are tested annually for impairment by comparing the recoverable amount to their carrying value. 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 cash-generating unit until the licence expiry date and the choice of a suitable discount rate in order to calculate the present value.

## 12. Intangible Assets (continued)

The Group's brand licences and the key assumptions used in the value-in-use calculations, is as follows:

	Segment	Terms	Basic information			Impairment model assumptions used				
			Cost £m	Net Book Value 2018 £m	Net Book Value 2017 £m	Short term growth rate (1) %	Long term growth rate (2) %	Margin rate	Pre Tax Discount rate (3) 2018 %	Pre Tax Discount rate (3) 2017 %
Fila	Sports Fashion	10 year licence from January 2011 for exclusive use of the brand in the UK and Republic of Ireland	7.5	2.1	2.9	2.0%	2.0%	Gross margins over the remaining licence period are assumed to be consistent with approved budget levels for the period ending January 19	10.6%	11.3%
Sergio	Sports Fashion	Sub-licence to use the brand in the UK	4.3	-	-	N/A	N/A	The licence was fully written down in the period ended January 2015	N/A - fully written down	N/A - fully written down
			11.8	2.1	2.9					

1. The short term growth rate is the Board approved compound annual growth rate in sales for the first two year period following the January 2019 financial year currently underway
2. The long term growth rate is the rate used thereafter until the end of the licence period
3. The discount rate applied is pre-tax and reflects current market assessments of the time value of money and risks specific to the assets, for which future cash flow estimates have not been adjusted. This discount rate is considered to be equivalent to the rate a market participant would use

### 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.

The brand names above are amortised over a period of 10 years and the amortisation charge is included within administrative expenses in the Consolidated Income Statement. Brand names are tested annually for impairment by comparing the recoverable amount to their carrying value.

The recoverable amount of brand names is determined based on 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 brand by discounting the projected future royalties expected over the remaining useful life of each brand. The future royalties are estimated by applying a suitable royalty rate to the sales forecast. Alternatively the carrying value of the brand names has been allocated to a cash-generating unit, along with the relevant goodwill and fascia names, and tested in the value-in-use calculation performed for that cash-generating unit. Impairment losses are recognised in the Consolidated Income Statement.

## 12. Intangible Assets (continued)

The Group's brand names and the key assumptions used in 'royalty relief' method of valuation, are as follows:

			Basic information			Impairment model assumptions used			
	Segment	Date of acquisition	Cost £m	Net Book Value 2018 £m	Net Book Value 2017 £m	Short term growth rate (1) %	Long term growth rate (2) %	Pre Tax Discount rate (3) 2018 %	Pre Tax Discount rate (3) 2017 %
Royalty relief model used to test the following brands:									
Duffer of St George	Sports Fashion	24 November 2009	2.1	-	0.5	2.0%	2.0%	-	11.3%
Hi-Gear	Outdoor	27 November 2016	6.0	5.3	5.9	3.0%	3.0%	15.7%	16.4%
North Ridge	Outdoor	27 November 2016	0.8	0.7	0.8	3.0%	3.0%	15.7%	16.4%
Freedom Trail	Outdoor	27 November 2016	0.8	0.7	0.8	3.0%	3.0%	15.7%	16.4%
Doone	Sports Fashion	31 January 2018	3.9	3.9	-				
Brands included within the intangible asset models:									
Nanny State	Sports Fashion	4 August 2010	0.3	-	-				
Peter Storm	Outdoor	9 January 2012	2.2	1.0	1.1				
Eurohike	Outdoor	9 January 2012	0.8	0.3	0.4				
Brands with nil net book value at period end:									
Kooga	Sports Fashion	3 July 2009	0.5	-	-				
Sonneti	Sports Fashion	26 April 2010	1.5	-	-				
Chilli Pepper	Sports Fashion	18 June 2010	0.2	-	-				
Kukri	Sports Fashion	7 February 2011	0.7	-	-				
Fenchurch	Sports Fashion	17 March 2011	1.1	-	-				
Peter Werth	Sports Fashion	26 May 2011	0.4	-	-				
Henleys	Sports Fashion	4 May 2012	2.6	-	-				
One True Saxon	Sports Fashion	13 September 2012	0.1	-	-				
Fly 53	Sports Fashion	2 February 2013	0.5	-	-				
			24.5	11.9	9.5				

1. The short term growth rate is the Board approved annual growth rate in sales for the first two year period following the January 2019 financial year currently underway
2. The long term growth rate is the rate used thereafter until the end of the useful life remaining
3. The discount rate applied is pre-tax and reflects current market assessments of the time value of money and risks specific to the assets, for which future cash flow estimates have not been adjusted. This discount rate is considered to be equivalent to the rate a market participant would use

### 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)Fascia Name

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

All fascia names are subject to an impairment review on an annual basis or more frequently if there is an indicator that the fascia name is impaired. 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.

During the financial period ended 3 February 2018, the Board reassessed the useful life of each fascia name held by the Group and determined that fascia names should have a finite life rather than an infinite life as previously estimated. The change in estimate is as a result of identifying that, based on historical experience, the estimated useful life of a fascia is finite taking into account factors such as group synergies and a homogenised offer.

The factors that the Board took into consideration when determining the useful life of each fascia name were:

- 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

The change in the useful life assessment from indefinite to finite has been accounted for as a change in the accounting estimate in accordance with IAS 8. The change in accounting estimate has resulted in a £5.7 million amortisation charge for the period ended 3 February 2018. Based on the carrying value of the fascia names held as at 3 February 2018 and the current estimate of the useful life for each of these assets, the amortisation charge for the financial period ended 2 February 2019 is expected to be at a similar level.

**12. Intangible Assets (continued)****Intangibles Assets with Indefinite Lives****Goodwill**

Goodwill represents amounts arising on acquisition of subsidiaries.

Method 1: For acquisitions on or after 31 January 2010, 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.

Method 2: In respect of business acquisitions that occurred from 1 February 2004 to 30 January 2010, goodwill represents the difference between the cost of the acquisition and the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative (negative goodwill), it was recognised immediately in the Consolidated Income Statement as an exceptional item. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Method 3: In respect of acquisitions prior to 1 February 2004, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. The classification and accounting treatment of business combinations that occurred prior to 1 February 2004 has not been reconsidered in preparing the Group's opening adopted IFRS balance sheet at 1 February 2004.

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.

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. 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 set out on the following pages:



## 12. Intangible Assets (continued)

	Segment	Basic financial information						Impairment model assumptions used						
		Goodwill 2018 £m	Fascia name 2018 £m	Total intangible 2018 £m	Goodwill 2017 £m	Fascia name 2017 £m	Total intangible 2017 £m	Short term growth rate (1) %	Long term growth rate (2) %	Margin rate	Pre Tax Discount rate (3) 2018 %	Pre Tax Discount rate (3) 2017 %		
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	8.0%	7.7%		
Champion store portfolio	Sports Fashion	11.2	-	11.2	10.2	-	10.2	2.0%	2.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	8.0%	8.9%		
Sprinter store portfolio	Sports Fashion	6.2	3.8	10.0	5.7	3.8	9.5	2.0%	2.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	11.1%	12.2%		
Blacks/ Millets store portfolio (4)	Outdoor	-	4.5	4.5	-	5.0	5.0	3.0%	1.0%	Gross margins are assumed to improve by 2.0% in the short term to reflect increase proportion of own brand sales budget and better purchasing	12.8%	13.2%		
Tiso store portfolio	Outdoor	-	2.4	2.4	3.3	2.7	6.0	3.0%	3.0%	Gross margins are assumed to improve by 2.0% in the short term to reflect focused strategy regarding stock and merchandising	14.7%	13.4%		
Mainline Menswear Limited	Sports Fashion	7.4	0.7	8.1	7.4	0.8	8.2	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 focused strategy regarding stock and merchandising	9.9%	10.8%		
Next-Athleisure Pty Limited	Sports Fashion	-	-	-	-	7.6	7.6	2.0%	1.0%	The fascia name has been fully impaired during the financial period ended 3 February 2018	-	11.7%		
Go Outdoors	Outdoor	44.4	56.1	100.5	44.4	59.1	103.5	2.0%	2.5%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	15.2%	15.2%		
Sport Zone	Sports Fashion	14.7	9.2	23.9	-	-	-	3.0%	3.0%	Acquired during the financial period ended 3 February 2018	17.3%	-		
Other	Sports Fashion	15.7	1.9	17.6	7.2	4.1	11.3	1.0% - 3.0%	1.0% - 2.0%	A range of gross margin assumptions, from broadly consistent with approved budget levels to improvements of up to 4% in the short term to reflect implementation of enhanced group terms and focused strategy regarding stock and merchandising	7.9% - 11.8%	7.7% - 12.6%		
		114.6	78.6	193.2	93.2	83.1	176.3							

## 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 2019 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
4. The impairment model prepared for Blacks and Millets, in addition to covering the fascia names, has also been used to support the net book value of the Peter Storm and Eurohike brand names, which are exclusively sold through the Blacks and Millets store portfolio

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.

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:

- Reduce the assumed short term store and online gross margin rate % growth of 2% to 1%, assuming the business would be unable to reduce selling and distribution and administrative costs. Assuming all other assumptions remain unchanged, this would not lead to an impairment.
- Increasing the pre-tax discount rate by 1% would lead to an impairment of £10.2 million. All other assumptions remain unchanged.
- Reducing the long term growth rate by 1% would lead to an impairment of £4.7 million. All other assumptions remain unchanged.

The Board has considered the possibility of each of these businesses 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.

### 13. Property, Plant and Equipment

#### 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.

#### 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 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.

**13. Property, Plant and Equipment (continued)**

	Freehold land, long leasehold & freehold properties £m	Improvements to short leasehold properties £m	Computer equipment £m	Fixtures and fittings £m	Assets under construction £m	Motor vehicles £m	Total £m
<b>Cost</b>							
At 30 January 2016	17.2	22.8	39.9	261.0	-	0.2	341.1
Additions	-	5.2	7.2	64.8	-	0.1	77.3
Disposals	-	(1.8)	(1.6)	(15.0)	-	(0.1)	(18.5)
Reclassifications	-	-	-	(0.3)	-	-	(0.3)
Acquisitions	-	17.8	4.0	15.5	-	0.1	37.4
Exchange differences	-	0.2	0.2	3.9	-	-	4.3
At 28 January 2017	17.2	44.2	49.7	329.9	-	0.3	441.3
Additions	23.8	12.4	8.5	106.1	18.4	0.1	169.3
Disposals	(4.5)	(1.5)	(1.4)	(17.3)	-	(0.1)	(24.8)
Reclassifications	-	(2.0)	1.0	0.1	-	-	(0.9)
Acquisitions	-	3.6	2.6	30.6	0.6	-	37.4
Exchange differences	-	0.4	0.6	10.3	-	-	11.3
At 3 February 2018	36.5	57.1	61.0	459.7	19.0	0.3	633.6
<b>Depreciation and impairment</b>							
At 30 January 2016	0.7	11.6	30.2	125.2	-	0.1	167.8
Charge for the period	0.2	4.6	10.0	36.3	-	0.1	51.2
Disposals	-	(0.8)	(1.5)	(13.2)	-	(0.1)	(15.6)
Impairments	-	0.1	0.2	0.1	-	-	0.4
Exchange differences	-	-	0.1	1.6	-	-	1.7
At 28 January 2017	0.9	15.5	39.0	150.0	-	0.1	205.5
Charge for the period	0.4	5.5	7.3	44.3	-	0.1	57.6
Disposals	-	(1.2)	(1.2)	(15.3)	-	(0.1)	(17.8)
Reclassifications	-	(0.5)	0.8	1.3	-	-	1.6
Impairments	-	0.3	0.2	4.1	-	-	4.6
Exchange differences	-	0.1	0.3	4.8	-	-	5.2
At 3 February 2018	1.3	19.7	46.4	189.2	-	0.1	256.7
<b>Net book value</b>							
At 3 February 2018	35.2	37.4	14.6	270.5	19.0	0.2	376.9
At 28 January 2017	16.3	28.7	10.7	179.9	-	0.2	235.8
At 30 January 2016	16.5	11.2	9.7	135.8	-	0.1	173.3

Impairment charges of £4.9 million (2017: £0.4 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 3 February 2018 is accelerated depreciation of £3.3 million (2017: £9.4 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 £3.9 million (2017: £1.1 million) in respect of assets held under finance leases. The depreciation charge on those assets for the current period was £0.5 million (2017: £0.6 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 30 January 2016	13.3	6.8	13.5	8.0	41.6
Additions	1.6	3.4	1.7	0.2	6.9
Disposals	(0.1)	(0.2)	(0.5)	-	(0.8)
Acquisitions	-	0.2	-	-	0.2
Reclassifications	0.2	-	-	-	0.2
Exchange Differences	0.7	0.3	-	0.1	1.1
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
At 3 February 2018	21.1	30.6	17.9	11.3	80.9
<b>Depreciation and impairment</b>					
At 30 January 2016	0.7	0.1	6.5	1.2	8.5
Charge for period	-	-	2.3	0.9	3.2
Disposals	-	-	(0.4)	-	(0.4)
Impairments	(0.4)	-	-	-	(0.4)
Exchange differences	0.2	-	-	-	0.2
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
At 3 February 2018	1.0	0.1	10.1	3.2	14.4
<b>Net book value</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
At 30 January 2016	12.6	6.7	7.0	6.8	33.1

**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.

	2018 £m	2017 £m
Finished goods and goods for resale	478.0	348.0

The cost of inventories recognised as expenses and included in cost of sales for the 53 weeks ended 3 February 2018 was £1,629.8 million (2017: £1,215.1 million).

The Group has £43.7 million (2017: £25.6 million) of stock provisions at the end of the period.

Cost of inventories includes a net charge of £13.2 million (2017: £4.5 million) in relation to net provisions recognised against inventories.

**16. Trade and Other Receivables**

Trade receivables are recognised at amortised cost less impairment losses. A provision for the impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable is impaired. The movement in the provision is recognised in the Consolidated Income Statement.

	2018 £m	2017 £m
<b>Current assets</b>		
Trade receivables	27.7	22.7
Other receivables	59.9	50.3
Prepayments and accrued income	58.7	45.5
	<b>146.3</b>	<b>118.5</b>

The ageing of trade receivables is detailed below:

	2018			2017		
	Gross £m	Provision £m	Net £m	Gross £m	Provision £m	Net £m
Not past due	22.0	-	22.0	15.7	-	15.7
Past due 0 - 30 days	3.6	(0.1)	3.6	4.9	(0.3)	4.6
Past due 30 - 60 days	1.4	(0.3)	1.1	2.1	(0.2)	1.9
Past 60 days	1.8	(0.7)	1.1	1.1	(0.6)	0.5
	<b>28.8</b>	<b>(1.1)</b>	<b>27.7</b>	<b>23.8</b>	<b>(1.1)</b>	<b>22.7</b>

Analysis of gross trade receivables is shown below:

	2018 £m	2017 £m
Not past due or impaired	21.9	15.7
Past due but not impaired	5.8	7.0
Impaired	1.1	1.1
	<b>28.8</b>	<b>23.8</b>

The Board consider that the carrying amount of trade and other receivables approximate their fair value. Concentrations of credit risk with respect to trade receivables are limited due to the majority of the Group's customer base being wide and unrelated. Therefore, no further credit risk provision is required in excess of the normal provision for impairment losses, which has been calculated following individual assessments of credit quality based on historic default rates and knowledge of debtor insolvency or other credit risk.

Movement on this provision is shown below:

	£m
At 30 January 2016	0.9
Created	0.2
At 28 January 2017	1.1
Created	0.1
Released	(0.4)
Acquired	0.3
At 3 February 2018	<b>1.1</b>

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.

	2018 £m	2017 £m
Cash at bank and in hand	347.5	247.6

**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.

	2018 £m	2017 £m
<b>Current liabilities</b>		
Finance lease liabilities	1.2	0.5
Bank loans and overdrafts	25.3	30.6
Other loans	0.3	0.4
	26.8	31.5
<b>Non-current liabilities</b>		
Finance lease liabilities	2.6	0.5
Bank loans	8.4	1.7
Other loans	-	0.3
	11.0	2.5

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 3 February 2018, the Group has a syndicated committed £215 million bank facility which expires on 11 October 2019.

Under this facility, a maximum of 10 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 1.10% (2017: 1.10%). The arrangement fee payable on the amended facility is 0.5% on £60 million of the commitment and 0.25% on £155 million of the commitment. 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, RD Scott Limited, Topgrade Sportswear Limited, Blacks Outdoor Retail Limited, Tessuti Limited, Focus International Limited and Go Outdoors Limited.

At 3 February 2018, £nil was drawn down on this facility (2017: £nil).

**18. Interest-Bearing Loans and Borrowings (continued)****Bank Loans and Overdrafts**

The following Group companies have overdraft facilities which are repayable on demand:

- ActivInstinct Limited £nil (2017: £0.3 million)
- Cloggs Online Limited £0.5 million (2017: £0.5 million)
- Go Outdoors Limited £nil (2017: £5.0 million)
- Kukri Sports Limited and Kukri GB Limited £1.0 million (2017: £1.0 million)
- Next Athleisure Pty Limited AUS\$12.0 million (2017: AUS\$12.0 million)
- Source Lab Limited £0.4 million (2017: £0.4 million)
- Spodis SA €5.0 million (2017: €5.0 million)
- Sportibérica Sociedade de Artigos de Desporto, S.A. €0.5 million (2017: €2.2 million)
- Sprinter Megacentros Del Deporte SLU €19.5 million (2017: €7.1 million)
- Tiso Group £5.0 million (2017: £5.0 million)

The maturity of the bank loans and overdrafts is as follows:

	2018 £m	2017 £m
Within one year	25.3	30.6
Between one and five years	8.4	1.7
	33.7	32.3

**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 are repayable over 36 months and attract interest at 4.9% - 6.2%. As at 3 February 2018, 1 to 9 months are remaining.

The maturity of the other loans is as follows:

	2018 £m	2017 £m
Within one year	0.3	0.4
Between one and five years	-	0.3
	0.3	0.7

**Finance Leases**

As at 3 February 2018, the Group's liabilities under finance leases are analysed as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2018 £m	2017 £m	2018 £m	2017 £m
Amounts payable under finance leases:				
Within one year	1.3	0.5	1.2	0.5
Later than one year and not later than five years	2.6	0.5	2.6	0.5
	3.9	1.0	3.8	1.0

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:

	2018 £m	2017 £m
Cash and cash equivalents	347.5	247.6
Sterling	218.7	159.1
Euros	97.4	75.6
US Dollars	12.5	5.1
Australian Dollars	9.2	4.2
New Zealand Dollars	0.3	0.2
Swedish Krona	0.6	0.3
Danish Krone	3.7	1.3
Other	5.1	1.8
	347.5	247.6

**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:

	2018 £m	2017 £m
Interest-bearing loans and borrowings	37.8	34.0
Sterling	7.7	25.7
Euros	13.0	0.7
Australian Dollars	7.9	7.1
South Korean Won	7.0	-
Other	2.2	0.5
	37.8	34.0

**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 3 February 2018.



**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 £215 million committed bank facility, together with overdraft facilities in subsidiary companies (see note 18). At 3 February 2018 £nil was drawn down from the committed bank facility (2017: £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 1.1% (2017: 1.1%).

As at 3 February 2018 the Group has liabilities of £3.8 million (2017: £1.0 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 £0.1 million (2017: £0.1 million) and would change equity by £0.1 million (2017: £0.1 million). The calculation is based on any floating interest rate loans and borrowings drawn down at the period end date. This includes the Group's committed bank facility, Tiso Group Limited's overdraft, Next Athleisure Pty Limited's overdraft, Go Outdoors Limited's bank loans and JD Sports Fashion South Korea bank loans. 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. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

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 3 February 2018, options have been entered into to protect approximately 96% of the US Dollar trading requirement for the period to January 2019. The balance of the US Dollar requirement for the period will be satisfied at spot rates.

As at 3 February 2018, the fair value of these instruments was a liability of £24.8 million (2017: liability of £3.3 million) and these are all classified as due within one year. A loss of £21.5 million (2017: loss of £4.4 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	
	2018 £m	2017 £m	2018 £m	2017 £m
Euros	2.9	4.9	14.6	13.1
US Dollars	0.9	0.4	0.9	0.4
Australian Dollars	0.7	0.3	1.1	0.7
Other	0.5	0.1	1.8	-
	5.0	5.7	18.4	14.2

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	
	2018 £m	2017 £m	2018 £m	2017 £m
Euros	3.6	5.9	18.7	16.3
US Dollars	1.1	0.5	1.1	0.5
Australian Dollars	0.9	0.3	1.4	0.9
Other	0.5	0.2	2.2	-
	6.1	6.9	23.4	17.7

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 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 £146.3 million (2017: £118.5 million) and cash and cash equivalents of £347.5 million (2017: £247.6 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.

	2018 £m	2017 £m
Expiring in more than one year but no more than two years	215.0	-
Expiring in more than two years but no more than three years	-	215.0
	215.0	215.0

The commitment fee on these facilities is 0.35% (2017: 0.35%).

**Fair Values**

The fair values together with the carrying amounts shown in the Statement of Financial Position as 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

**19. Financial Instruments (continued)**

The comparatives at 28 January 2017 are as follows:

	Note	Carrying amount 2017 £m	Fair value 2017 £m
Trade and other receivables	16	73.0	73.0
Cash and cash equivalents	17	247.6	247.6
Interest-bearing loans and borrowings – current	18	(31.5)	(31.5)
Interest-bearing loans and borrowings – non-current	18	(2.5)	(2.0)
Trade and other payables – current		(399.4)	(399.4)
Trade and other payables – non-current		(7.5)	(6.4)
		(120.3)	(118.7)
Unrecognised gains			1.6

In the opinion of the Board, the fair value of the Group's current financial assets and liabilities as at 3 February 2018 and 28 January 2017 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 3 February 2018 and 28 January 2017, the fair value has been calculated using a pre-tax discount rate of 10.1% (2017: 10.7%) which reflects the current market assessments of the time value of money and the specific risks applicable to the liability.

**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 3 February 2018, 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 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

**19. Financial Instruments (continued)**

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)	-

The comparatives at 28 January 2017 are as follows:

At 28 January 2017	Carrying amount £m	Level 1 £m	Level 2 £m	Level 3 £m
<b>Loans and receivables</b>				
Deposits	10.4	-	10.4	-
Trade and other receivables	71.1	-	71.1	-
Cash and cash equivalents	247.6	-	247.6	-
<b>Financial assets at fair value through profit or loss</b>				
Foreign exchange forward contracts – non-hedged	1.9	-	1.9	-
<b>Financial liabilities at fair value through profit or loss</b>				
Foreign exchange forward contracts – non-hedged	(5.2)	-	(5.2)	-
<b>Other financial liabilities</b>				
Interest-bearing loans and borrowings – current	(31.5)	-	(31.5)	-
Interest-bearing loans and borrowings – non-current	(2.5)	-	(2.5)	-
Trade and other payables – current	(394.2)	-	(394.2)	-
Trade and other payables – non-current	(4.1)	-	(4.1)	-
Put options held by non-controlling interests	(3.4)	-	(3.4)	-

**20. 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.

**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.



**20. Trade and Other Payables (continued)**

	2018 £m	2017 £m
<b>Current liabilities</b>		
Trade payables	224.2	165.0
Other payables and accrued expenses	337.4	245.6
Other tax and social security costs	61.6	58.5
	623.2	469.1
<b>Non-current liabilities</b>		
Other payables and accrued expenses	91.5	53.2

**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 3 February 2018 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 2019 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		
	Source Lab Limited £m	JD Germany GmbH £m	Tiso Group Limited £m	JD Gyms Limited £m	Iberian Sports Retail Group £m	Dantra Limited £m	Total Put Options £m	Sportiberica £m	Total Put and Call Options £m
<b>Put and call options</b>									
At 28 January 2017	0.2	1.3	0.6	-	-	-	2.1	1.3	3.4
Acquisitions	-	-	-	1.6	30.9	0.8	33.3	-	33.3
Increase/ (decrease) in the present value of the existing option liability	(0.1)	0.2	-	-	-	-	0.1	1.2	1.3
At 3 February 2018	0.1	1.5	0.6	1.6	30.9	0.8	35.5	2.5	38.0

**20. Trade and Other Payables (continued)**

Company	Options in existence	Exercise periods	Methodology	Maximum price	Recognised as a liability	
					At 3 February 2018 €m	At 28 January 2017 €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	0.2
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.	1.5	1.3
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 year 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.	1.6	-
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.	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.	0.8	-
Sportibérica Sociedade de Artigos de Desporto, S.A	Call option whereby JD Sports Fashion Plc may acquire 20% of the issued share capital of Sportibérica 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 €6,000,000; €6,100,000 and €6,200,000 for the financial period ending 2 February 2019; 1 February 2020 and 30 January 2021 respectively.  The maximum option price is €11,000,000; €12,000,000 and €13,000,000 for the financial period ending 2 February 2019; 1 February 2020 and 30 January 2021 respectively.	2.5	1.3
					38.0	3.4

**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 10.1% (2017: 10.7%) 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 28 January 2017	1.7	0.3	2.0
Provisions created during the period	2.7	-	2.7
Provisions released during the period	(0.1)	-	(0.1)
Provisions utilised during the period	(0.4)	(0.3)	(0.7)
<b>Balance at 3 February 2018</b>	<b>3.9</b>	<b>-</b>	<b>3.9</b>

Provisions have been analysed between current and non-current as follows:

	2018 £m	2017 £m
Current	2.1	1.0
Non-current (within five years)	1.8	1.0
	<b>3.9</b>	<b>2.0</b>

## 22. Deferred Tax Assets and Liabilities

### Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2018 £m	Assets 2017 £m	Liabilities 2018 £m	Liabilities 2017 £m	Net 2018 £m	Net 2017 £m
Property, plant and equipment	1.8	2.3	-	-	1.8	2.3
Fascia name	-	-	(14.7)	(15.9)	(14.7)	(15.9)
Other short term timing differences	4.9	3.5	-	-	4.9	3.5
Tax losses	2.7	1.9	-	-	2.7	1.9
Tax assets / (liabilities)	9.4	7.7	(14.7)	15.9	(5.3)	(8.2)

Deferred tax assets on losses of £0.4 million (2017: £0.4 million) within Focus Brands Limited (and its subsidiaries); £4.0 million (2017: £4.1 million) within Kooga Rugby Limited; £0.7 million (2017: £0.7 million) within Blacks Outdoor Retail Limited; £3.3 million (2017: £3.3 million) within Champion Retail Limited; £nil (2017: £1.0 million) with Tessuti Group Limited (and its subsidiaries); £2.1 million (2017: £2.3 million) with Ark Fashion Limited, £0.4 million (2017: £0.4 million) with Kukri Sports Limited (and its subsidiaries); £2.7 million (2017: £3.0 million) within Tiso Group Limited (and its subsidiaries), £4.6 million (2017: £3.8 million) within Clothingsites.co.uk Limited and £0.5 million (2017: £nil) within 2Squared Agency Limited have not been recognised as there is uncertainty over the utilisation of these losses. None of the losses are subject to expiration.

### Movement in Deferred Tax during the Period

	Property, plant and equipment £m	Chargeable gains held over/ rolled over £m	Fascia name £m	Other £m	Tax losses £m	Total £m
Balance at 30 January 2016	1.7	(0.2)	(2.5)	1.1	0.4	0.5
Recognised on acquisition	0.2	-	(14.3)	1.5	-	(12.6)
Recognised in income	0.3	0.2	1.0	1.0	1.5	4.0
Foreign exchange movements	-	-	(0.1)	-	-	(0.1)
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	-
Balance at 3 February 2018	1.8	-	(14.7)	4.9	2.7	(5.3)

As at 3 February 2018, the Group has no recognised deferred income tax liability (2017: £nil) in respect of taxes that would be payable on the unremitted earnings of certain overseas subsidiaries. As at 3 February 2018, the unrecognised gross temporary differences in respect of overseas subsidiaries is £48.5 million (2017: £51.7 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 had been 20% since 1 April 2015. The 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 3 February 2018 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

An Ordinary Resolution was passed at the Annual General Meeting, effective 24 November 2016, resulting in a share split whereby five Ordinary shares were issued for each Ordinary share. In accordance with IAS 33, the number of shares outstanding before the event has been adjusted for the proportionate change as if the event had occurred at the beginning of the earliest period presented.

The total number of authorised ordinary shares was 1,243,000,000 (2017: 1,243,000,000) with a par value of 0.25p per share (2017: 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 3 February 2018 was less than zero (2017: less than zero). 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 80.

	Number of ordinary shares thousands	Ordinary share capital £m
At 28 January 2017 and 3 February 2018	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 3 February 2018, the Group held no Treasury shares in relation to Iberian Sports Retail Group SL (2017: 24.95%).

#### 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 3 February 2018 and 28 January 2017:

Name of subsidiary:	Country of incorporation	% of non-controlling interests and non-controlling voting rights at 3 February 2018	% of non-controlling interests and non-controlling voting rights at 28 January 2017	Net income/ (loss) attributable to non-controlling interests for 53 weeks ending 3 February 2018 £m	Non-controlling interests at 3 February 2018 £m	Net income/ (loss) attributable to non-controlling interests for 52 weeks ending 28 January 2017 £m	Non-controlling interests at 28 January 2017 £m
Iberian Sports Retail Group SL	Spain/ Portugal/ Canaries	50.0%	33.2%	2.8	46.5	4.6	24.3
Mainline Menswear Holdings Limited	UK	20.0%	20.0%	0.6	0.9	0.5	0.9
JD Sports Fashion Germany GmbH	Germany	15.0%	15.0%	0.2	0.6	0.1	0.4
JD Sports Fashion Holdings Aus Pty	Australia	20.0%	20.0%	(0.1)	0.8	-	0.9
Tiso Group Limited	UK	40.0%	40.0%	-	(1.5)	(0.1)	(1.5)
Other	UK/ Malaysia/ South Korea/ India	15% - 50%	15% - 50%	1.0	16.6	0.6	1.7
				4.5	63.9	5.7	26.6

During the period, the Group has increased its shareholding in three non-wholly owned subsidiaries. The consideration paid was negligible.

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 3 February 2018 and 28 January 2017:

Summarised statement of financial position	Sprinter 2018 £m	Sprinter 2017 £m
Current assets	52.1	61.6
Non-current assets	78.5	52.7
Total assets	130.6	114.3
Current liabilities	(89.5)	(64.0)
Non-current liabilities	(8.6)	(3.2)
Net assets	32.5	47.1
Summarised results of operations	Sprinter 53 weeks to 3 February 2018 £m	Sprinter 52 weeks to 28 January 2017 £m
Revenue	267.0	198.4
Profit for the period, net of tax	10.3	9.6
Summarised statement of cash flows	Sprinter 53 weeks to 3 February 2018 £m	Sprinter 52 weeks to 28 January 2017 £m
Net cash provided by operating activities	(9.6)	12.0
Net cash used in investing activities	(12.6)	(12.0)
Net cash from financing activities	6.6	(0.1)
Cash and cash equivalents:		
At the beginning of the period	22.2	22.3
At the end of the period	6.6	22.2

**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.

	53 weeks to 3 February 2018 £m	52 weeks to 28 January 2017 £m
1.37p per ordinary share (2017: 1.30p)	13.3	12.7

**Dividends on Issued Ordinary Share Capital**

	53 weeks to 3 February 2018 £m	52 weeks to 28 January 2017 £m
Final dividend of 1.30p (2017: 1.24p) per qualifying ordinary share paid in respect of prior period, but not recognised as a liability in that period	12.7	12.1
Interim dividend of 0.26p (2017: 0.25p) per qualifying ordinary share paid in respect of current period	2.5	2.4
	15.2	14.5

**26. Commitments****(i) Capital Commitments**

As at 3 February 2018, the Group had entered into contracts to purchase property, plant and equipment as follows:

	2018 £m	2017 £m
Contracted	18.9	39.8

**(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 2018 £m	Plant and equipment 2018 £m	Land and buildings 2017 £m	Plant and equipment 2017 £m
Within one year	208.4	2.4	167.6	2.1
Later than one year and not later than five years	594.0	2.5	498.4	2.0
After five years	432.8	0.4	407.8	-
	1,235.2	5.3	1,073.8	4.1

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 3 February 2018 are as follows:

	2018 £m	2017 £m
Within one year	0.9	0.5
Later than one year and not later than five years	1.4	1.4
After five years	0.1	0.3
	2.4	2.2

**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 £7.3 million (2017: £4.8 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 £0.8 million (2017: £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 28 January 2017 £m	On acquisition of subsidiaries £m	Cash flow £m	Non-cash movements £m	At 3 February 2018 £m
Cash at bank and in hand	247.6	7.3	94.4	(1.8)	347.5
Overdrafts	(13.2)	-	0.3	-	(12.9)
<b>Cash and cash equivalents</b>	<b>234.4</b>	<b>7.3</b>	<b>94.7</b>	<b>(1.8)</b>	<b>334.6</b>
Interest-bearing loans and borrowings:					
Bank loans	(19.1)	(12.7)	11.0	-	(20.8)
Finance lease liabilities	(1.0)	-	(2.8)	-	(3.8)
Other loans	(0.7)	-	0.4	-	(0.3)
	<b>213.6</b>	<b>(5.4)</b>	<b>103.3</b>	<b>(1.8)</b>	<b>309.7</b>

**29. Related Party Transactions and Balances**

Transactions and balances with each category of related parties during the period are shown in the tables to the right. 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% (2017: 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.

**29. Related Party Transactions and Balances (continued)**

During the period, the Group entered into the following transactions with Pentland Group Plc:

	Income from related parties 2018 £m	Expenditure with related parties 2018 £m	Income from related parties 2017 £m	Expenditure with related parties 2017 £m
Sale of inventory	0.4	-	0.3	-
Purchase of inventory	-	(26.3)	-	(29.6)
Royalty costs	-	(3.4)	-	(1.8)
Marketing costs	-	(0.6)	-	-
Other income	0.1	-	-	-

At the end of the period, the following balances were outstanding with Pentland Group Plc:

	Amounts owed by related parties 2018 £m	Amounts owed to related parties 2018 £m	Amounts owed by related parties 2017 £m	Amounts owed to related parties 2017 £m
Trade receivables / (payables)	-	-	-	(1.6)

Other than the remuneration of Directors as shown in note 5 and in the Directors' Remuneration Report on page 97 there have been no other transactions with Directors in the year (2017: nil).

**30. Subsequent Events****The Finish Line, Inc.**

On 25 March 2018 JD Sports Fashion Plc entered into a conditional acquisition agreement to acquire 100% of the issued share capital of The Finish Line, Inc. ("Finish Line") at a price of \$13.50 per Finish Line share in cash, valuing Finish Line's total equity at approximately \$558 million (approximately £396 million) (the "Acquisition").

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. Finish Line trades 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 188 unbranded concessions within Macy's stores.

The Acquisition offers the Company the opportunity to expand its market leading elevated proposition into the most significant global market. It immediately gains the benefit of a significant physical and online retail presence and increases the importance of the Company to its major international brand partners. On completion of the Acquisition, the Company will focus on bringing JD's highly differentiated multichannel retail proposition to the US market.

The Acquisition agreement contains a number of conditions which must be satisfied by one or both of the parties prior to the closing of the Acquisition, including:

- Approval by the Company's shareholders
- The approval by the holders of a majority of the issued and outstanding Finish Line shares
- The expiration of the 30 days' waiting period after the submission of anti-trust filings by both Finish Line and the Company under the US federal anti-trust laws, which must be filed no later than 10 business days from the signing of the Acquisition agreement, without any request for additional information being made by the US anti-trust authorities during such 30 days' period
- The absence of a company material adverse effect in the period between the signing of the Acquisition agreement and the closing of the Acquisition
- The continuing accuracy of a number of representations and warranties which are customary in a transaction of this nature

**31. Subsidiary Undertakings**

The following companies were the subsidiary undertakings of JD Sports Fashion Plc at 3 February 2018.

**\*Indirect holding of the Company**

Name of subsidiary	Place of registration	Registered address	Nature of business and operation	Ownership interest	Voting rights interest
Kukri Australia Pty Limited*	Australia	39 Charles Street, Norwood, SA 5067	Distributor of sports clothing and accessories	83.0%	83.0%
JD Sports Fashion Holdings Aus Pty	Australia	Level 3, 80 George Street, Sydney NSW 2000	Intermediate holding company	80.0%	80.0%
JD Sports Fashion Aus Pty*	Australia	Level 3, 80 George Street, Sydney NSW 2000	Retailer of sports inspired footwear and apparel	80.0%	80.0%
Next Athleisure Pty Ltd*	Australia	Level 3, 80 George Street, Sydney NSW 2000	Retailer of sports inspired footwear and apparel	80.0%	80.0%
Trend Imports Pty Ltd*	Australia	Level 3, 80 George Street, Sydney NSW 2000	Distributor of sports inspired footwear and apparel	80.0%	80.0%
Le Coq Sportif Oceania Pty Ltd*	Australia	Level 3, 80 George Street, Sydney NSW 2000	Retailer of sports inspired footwear and apparel	56.0%	56.0%
JD Sports Fashion Belgium BVBA	Belgium	Wiegstraat 21, 2000 Antwerpen, Belgie	Retailer of sports inspired footwear and apparel	100.0%	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%	75.0%
Shanghai Go Outdoors Limited*	China	Room A1412, 1 Building, No.5500 Yuanjiang Road, Minhang, Shanghai, China	Sourcing of products and management of supplier relationships	100.0%	100.0%
JD Sports Fashion Denmark APS	Denmark	c/o Harbour House, Sundkrogsgade 21, 2100 Copenhagen, Denmark	Retailer of sports inspired footwear and apparel	100.0%	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%	100.0%
JD Sports Fashion (France) SAS	France	96 R Du Pont Rompu, 59200 Tourcoing, France	Intermediate holding company	100.0%	100.0%
Spodis SA*	France	96 R Du Pont Rompu, 59200 Tourcoing, France	Retailer of sports footwear and accessories	100.0%	100.0%
JD Sports Fashion Germany GmbH	Germany	Lap Street 107-108, 12163 Berlin, Germany	Retailer of sports inspired footwear and apparel	85.0%	85.0%
JD Size GmbH	Germany	Schloßstraße 107-108, 12163 Berlin, Germany	Retailer of sports inspired footwear and apparel	100.0%	100.0%
Kukri (Asia) Limited*	Hong Kong	Unit 4, 27th Floor, Global Trade Square, 21 Wong Chuk Hang Road, Hong Kong	Distributor of sports clothing and accessories	100.0%	100.0%
Kukri (HK) Limited*	Hong Kong	Unit 4, 27th Floor, Global Trade Square, 21 Wong Chuk Hang Road, Hong Kong	Dormant company	100.0%	100.0%
JD Sports Fashion India LLP	India	B-808 The Platina, Gachibawli, Hyderabad, Telangana, India - 500032	Outsourced multichannel operations	100.0%	100.0%
John David Sports Fashion (Ireland) Limited	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Retailer of sports inspired footwear and apparel	100.0%	100.0%
J.D Sports Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Intermediate holding company	100.0%	100.0%
Kukri Sports Ireland Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Distributor of sports clothing and accessories	100.0%	100.0%
Champion Sports Group Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Intermediate holding company	100.0%	100.0%
PCPONE*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Intermediate holding company	100.0%	100.0%
Champion Retail Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Retailer of sports and leisure goods	100.0%	100.0%
Champion Sports Ireland*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Retailer of sports and leisure goods	100.0%	100.0%
Champion Sports Newco Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Dormant company	100.0%	100.0%
Marathon Sports Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Dormant company	100.0%	100.0%



**31. Subsidiary Undertakings (continued)**

Name of subsidiary	Place of registration	Registered address	Nature of business and operation	Ownership interest	Voting rights interest
Champion Sports (Holdings) Unlimited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Dormant company	100.0%	100.0%
Capso Holdings Limited*	Isle of Man	33-37 Athol Street, Isle Of Man, IM1 1LB	Intermediate holding company	100.0%	100.0%
Focus Italy S.pa.*	Italy	Viale Majno Luigi 17/A, 20122 Milano Italy	Distributor of sports clothing and footwear	100.0%	100.0%
JD Sports Fashion SRL	Italy	Via Montenapoleone n. 29 - 20121 Milan, Italy	Retailer of sports inspired footwear and apparel	100.0%	100.0%
JD Sports Fashion Korea Inc	Korea	6F Yoonik Bldg. 430 Eonju-ro, Gangnam-gu, Seoul	Retailer of sports inspired footwear and apparel	15.0%	15.0%
JD Sports Fashion SDN BHD	Malaysia	Suite D23, 2ND Floor, Plaza Pekeliling, No. 2, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia	Retailer of sports inspired footwear and apparel	50.0%	50.0%
Kukri Sports Middle East JLT* Middle East	Middle East	Lakeview Tower, Jumeirah Lake Towers, Dubai, United Arab Emirates	Distributor of sports clothing and accessories	100.0%	100.0%
JD Sports Fashion BV	Netherlands	Oosteinderweg 247 B 1432 AT Aalsmeer, The Netherlands	Retailer of sports inspired footwear and apparel	100.0%	100.0%
Sports Unlimited Retail BV	Netherlands	Oosteinderweg 247 B 1432 AT Aalsmeer, The Netherlands	Retailer of sports inspired footwear and apparel	100.0%	100.0%
Kukri NZ Limited*	New Zealand	Unit 2, 45 The Boulevard, Te Rapa Park, Hamilton	Distributor of sports clothing and accessories	75.0%	75.0%
Trend Imports (NZ) Pty Limited*	New Zealand	Level 2, Fidelity House, 81 Carlton Gore Rd, Newmarket, Auckland, New Zealand	Distributor of sports inspired footwear and apparel	80.0%	80.0%
SDSR - Sports Division SR, S.A*	Portugal	Rua Joao Mendoça, n.º 505, Matosinhos Freguesia, São Mamede de Infesta e Senhora da Hora, 4464 503 Matosinhos, Portugal	Retailer of sports and leisure goods	50.0%	50.0%
Sportiberica - Sociedade de Arigos de Desporto S.A.	Portugal	Avenida das Indústrias, n.º 63, Aqualva do Cacém, Sintra, Portugal	Retailer of sports and leisure goods	52.0%	52.0%
JD Sports Fashion PTE LTD*	Singapore	190 Middle Road, 14-05, Fortune Centre, Singapore, 188979	Retailer of sports inspired footwear and apparel	50.0%	50.0%
Kukri Pte Limited*	Singapore	10 Anson Road, 19-15 International Plaza, Singapore 079903	Distributor of sports clothing and accessories	100.0%	100.0%
Kukri Shanghai Limited*	Shanghai	Room 221-225, No. 2 Building, No.38 Debao Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, 200131, China	Distributor of sports clothing and accessories	100.0%	100.0%
Jandernama	Spain	Polígono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114, Spain	Intermediate holding company	100.0%	100.0%
Iberian Sports Retail Group SL (formerly JD Sprinter Holdings 2010 SL)	Spain	Ctra. de Dolores 1.8 km Pol. Industrial Vizcarra, Nave 14 03290 Elche, Alicante, Spain	Intermediate holding company	50.0%	50.0%
JD Spain Sports Fashion 2010 SL*	Spain	Ctra. de Dolores 1.8 km Pol. Industrial Vizcarra, Nave 14 03290 Elche, Alicante, Spain	Retailer of sports and leisure goods	65.0%	65.0%
Sprinter Megacentros Del Deporte SLU*	Spain	Ctra. de Dolores 1.8 km Pol. Industrial Vizcarra, Nave 14 03290 Elche, Alicante, Spain	Retailer of sports and leisure goods	50.0%	50.0%
Sport Zone Espana, Comercio de Articulos de Deporte S.A*	Spain	Polígono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114, Spain	Retailer of sports and leisure goods	50.0%	50.0%
Sport Zone Canarias (SL)*	Spain	Avenida el Paso, 10, 1º, Edificio Multiusos, Polígono Industrial Los Majuelos, La Laguna 38201, Santa Cruz de Tenerife, Spain	Retailer of sports and leisure goods	30.0%	30.0%
JD Sports Fashion Sweden AB	Sweden	c/o Intertrust CN (Sweden) AB, PO Box 16285, 103 25 Stockholm, Sweden	Retailer of sports inspired footwear and apparel	100.0%	100.0%
2Squared Agency Limited	UK	St. Ann's Square, Manchester, M2 7PW	Distributor of fashion clothing and accessories	80.0%	80.0%
2Squared Retail Limited	UK	St. Ann's Square, Manchester, M2 7PW	Distributor of fashion clothing and accessories	76.0%	76.0%
ActivInstinct Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%	100.0%
ActivInstinct Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Multichannel retailer of sports inspired footwear and apparel	100.0%	100.0%

**31. Subsidiary Undertakings (continued)**

Name of subsidiary	Place of registration	Registered address	Nature of business and operation	Ownership interest	Voting rights interest
Allsports (Retail) Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Allsports.co.uk Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Alpine Bikes Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Retailer of outdoor footwear, apparel and equipment	60.0%	60.0%
Alpine Group (Scotland) Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Intermediate holding company	60.0%	60.0%
Ark Fashion Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Aspecto (Holdings) Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Aspecto Trading Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Athleisure Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%	100.0%
Blacks Outdoor Retail Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of outdoor footwear, apparel and equipment	100.0%	100.0%
Blue Retail Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of sports inspired footwear and apparel	100.0%	100.0%
C.C.C. (Camping & Caravan Centre) Limited*	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Dormant company	100.0%	100.0%
C.C.C. (Wholesale Leisure) Limited*	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Dormant company	100.0%	100.0%
CCC Outdoors Limited*	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Dormant company	100.0%	100.0%
Cloggs Online Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Multichannel retailer of fashion footwear	100.0%	100.0%
Clothingsites Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%	100.0%
Clothingsites.co.uk Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion clothing and footwear	100.0%	100.0%
Dantra Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of childrens fashion clothing and footwear	75.0%	75.0%
Dapper (Scarborough) Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of premium branded Men's apparel and footwear	80.0%	80.0%
Duffer of St George Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Licensors of a fashion brand	100.0%	100.0%
Ensko 1092 Limited*	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Dormant company	100.0%	100.0%
Exclusive Footwear Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	90.0%	90.0%
First Sport Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Focus Brands Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%	100.0%
Focus Equipment Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Focus Group Holdings Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%	100.0%
Focus International Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor of sports clothing and footwear	100.0%	100.0%
Focus Sports & Leisure International Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Footpatrol London 2002 Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%

**31. Subsidiary Undertakings (continued)**

Name of subsidiary	Place of registration	Registered address	Nature of business and operation	Ownership interest	Voting rights interest
Frank Harrison Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	90.0%	90.0%
George Fisher Holdings Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	60.0%	60.0%
George Fisher Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of outdoor footwear, apparel and equipment	60.0%	60.0%
GetTheLabel.com Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80.0%	80.0%
Go Explore Consulting Limited*	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Dormant company	100.0%	100.0%
Go Outdoors Limited*	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Retailer of outdoor footwear, apparel and equipment	100.0%	100.0%
Go Outdoors Topco Limited*	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Intermediate holding company	100.0%	100.0%
Graham Tiso Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Retailer of outdoor footwear, apparel and equipment	60.0%	60.0%
Henleys Clothing Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Hip Store Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion clothing and footwear	100.0%	100.0%
Infinites Retail Group Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%	100.0%
Infinites Retail Group Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion clothing and footwear	100.0%	100.0%
IRG Altrincham Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
IRG Birkenhead Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
IRG Blackburn Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
IRG Bradford Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
IRG Bury Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
IRG Chesterfield Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
IRG Denton Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
IRG Derby Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
IRG Stockport Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
IRG Stoke Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
IRG Warrington Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
J D Sports Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
JD Sports Gyms Acquisitions UK Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	87.5%	87.5%
JD Sports Active Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
JD Sports Gyms Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Operator of fitness centres	87.5%	87.5%

**31. Subsidiary Undertakings (continued)**

Name of subsidiary	Place of registration	Registered address	Nature of business and operation	Ownership interest	Voting rights interest
Kooga Rugby Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor of rugby clothing and accessories	100.0%	100.0%
Kukri Events Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Kukri GB Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor and retailer of sports clothing and accessories	100.0%	100.0%
Kukri Sports Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%	100.0%
Mainline Menswear Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	80.0%	80.0%
Mainline Menswear Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of premium branded Men's apparel and footwear	80.0%	80.0%
Millet Sports Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Milletts Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Mitchell's Practical Campers Limited*	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Dormant company	100.0%	100.0%
Nanny State Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Nicholas Deakins Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor of fashion footwear	100.0%	100.0%
Old Brown Bag Clothing Limited*	UK	The Old Dairy 76 Heyes Lane, Alderley Edge, Cheshire, SK9 7LE	Dormant company	100.0%	100.0%
OneTrueSaxon Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Open Fashion Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Oswald Bailey Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Outdoorclearance Company Limited*	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Dormant company	100.0%	100.0%
Peter Werth Limited*	UK	Millae & Bryce Limited, Bonnington Bond 2 Anderson Place, Edinburgh, EH6 5NP	Dormant company	100.0%	100.0%
Pink Soda Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%	100.0%
Premium Fashion Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Prima Designer Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%	100.0%
R.D. Scott Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion clothing and footwear	100.0%	100.0%
Simon & Simon Fashion Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion clothing	100.0%	100.0%
Size? Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Sonneti Fashions Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Source Lab Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Design and distributor of sportswear	85.0%	85.0%
Squirrel Sports Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Sundown Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Dormant company	60.0%	60.0%

**31. Subsidiary Undertakings (continued)**

Name of subsidiary	Place of registration	Registered address	Nature of business and operation	Ownership interest	Voting rights interest
Tessuti Group Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%	100.0%
Tessuti Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion clothing and footwear	100.0%	100.0%
Tessuti Retail Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
The Alpine Group Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Intermediate holding company	60.0%	60.0%
The Alpine Store Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Dormant company	60.0%	60.0%
The John David Group Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Tiso Group Limited	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Intermediate holding company	60.0%	60.0%
Topgrade Sportswear Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80.0%	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%	80.0%
Topgrade Trading Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80.0%	80.0%
Touchwood Sports Limited	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Dormant company	100.0%	100.0%
Ultimate Outdoors Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Varsity Kit Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%



As at 3 February 2018

	Note	As at 3 February 2018 £m	As at 28 January 2017 £m
<b>Fixed assets</b>			
Intangible assets	C5	21.8	20.9
Property, plant and equipment	C6	125.1	84.3
Investment property	C7	3.4	3.5
Other assets	C8	8.9	9.2
Investments	C9	213.1	189.3
Deferred tax assets	C16	2.2	3.7
		<b>374.5</b>	<b>310.9</b>
<b>Current assets</b>			
Stocks	C10	144.0	116.6
Debtors	C11	374.1	314.8
Cash and cash equivalents	C12	260.9	168.2
		<b>779.0</b>	<b>599.6</b>
<b>Total assets</b>		<b>1,153.5</b>	<b>910.5</b>
Creditors : amounts falling due within one year	C13	(288.5)	(263.3)
Provisions	C15	(0.3)	(0.4)
Income tax liabilities		(26.8)	(29.4)
		<b>(315.6)</b>	<b>(293.1)</b>
Creditors: amounts falling due after more than one year	C14	(62.7)	(24.4)
Provisions	C15	(0.5)	(0.7)
		<b>(63.2)</b>	<b>(25.1)</b>
<b>Total liabilities</b>		<b>(378.8)</b>	<b>(318.2)</b>
<b>Net assets</b>		<b>774.7</b>	<b>592.3</b>
<b>Capital and reserves</b>			
Issued ordinary share capital	C17	2.4	2.4
Share premium		11.7	11.7
Retained earnings		760.6	578.2
<b>Total equity</b>		<b>774.7</b>	<b>592.3</b>

These financial statements were approved by the Board of Directors on 16 April 2018 and were signed on its behalf by:



B Small  
Director  
Registered number: 1888425

For the 53 weeks ended 3 February 2018

	Ordinary share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 30 January 2016	2.4	11.7	430.0	444.1
Profit for the period	-	-	162.7	162.7
Total comprehensive income for the period	-	-	162.7	162.7
Dividends to equity holders	-	-	(14.5)	(14.5)
Balance at 28 January 2017	2.4	11.7	578.2	592.3
Profit for the period	-	-	197.6	197.6
Total comprehensive income for the period	-	-	197.6	197.6
Dividends to equity holders	-	-	(15.2)	(15.2)
<b>Balance at 3 February 2018</b>	<b>2.4</b>	<b>11.7</b>	<b>760.6</b>	<b>774.7</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"). The amendments to FRS 101 (2014 / 2015 Cycle) issued in July 2015 and effective immediately have been applied.

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 has 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 £197.6 million (2017: £162.7 million).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 IFRS balance sheet at 30 January 2016 for the purposes of the transition to FRS 101 Adopted IFRSs.

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 121 to 122 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:

	2018	2017
Sales and distribution	13,541	11,751
Administration	427	375
	13,968	12,126
Full time equivalents	8,619	7,568

The aggregate payroll costs of these persons were as follows:

	53 weeks to 3 February 2018 £m	52 weeks to 28 January 2017 £m
Wages and salaries	180.0	160.5
Social security costs	11.7	10.8
Other pension costs	1.8	1.6
	193.5	172.9

**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 Doone brand name which is included in Sport Zone Portugal.

	Goodwill £m	Brand licences £m	Brand names £m	Software development £m	Total £m
<b>Cost or valuation</b>					
At 28 January 2017	19.9	11.7	7.4	10.7	49.7
Additions	-	-	-	4.5	4.5
At 3 February 2018	19.9	11.7	7.4	15.2	54.2
<b>Amortisation and impairment</b>					
At 28 January 2017	4.0	8.8	7.4	8.6	28.8
Charge for the period	-	0.7	-	2.9	3.6
At 3 February 2018	4.0	9.5	7.4	11.5	32.4
<b>Net book value</b>					
At 3 February 2018	15.9	2.2	-	3.7	21.8
At 28 January 2017	15.9	2.8	-	2.1	20.9

**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 28 January 2017	5.5	16.1	32.5	175.8	0.1	230.0
Additions	12.0	2.7	4.0	48.1	-	66.8
Disposals	(4.5)	(1.1)	(0.4)	(9.5)	-	(15.5)
At 3 February 2018	13.0	17.7	36.1	214.4	0.1	281.3
<b>Depreciation and impairment</b>						
At 28 January 2017	-	12.1	30.4	103.2	-	145.7
Charge for period	-	3.1	2.6	15.5	0.1	21.3
Disposals	-	(0.8)	(0.2)	(8.6)	-	(9.6)
Impairments	-	(1.2)	-	-	-	(1.2)
At 3 February 2018	-	13.2	32.8	110.1	0.1	156.2
<b>Net book value</b>						
At 3 February 2018	13.0	4.5	3.3	104.3	-	125.1
At 28 January 2017	5.5	4.0	2.1	72.6	0.1	84.3

**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>	
28 January 2017 and 3 February 2018	4.8
<b>Depreciation and impairment</b>	
At 28 January 2017	1.3
Charge for period	0.1
At 3 February 2018	1.4
<b>Net book value</b>	
At 3 February 2018	3.4
At 28 January 2017	3.5

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 3 February 2018.

Based on an external valuation prepared as at 30 January 2016, the fair value of the investment properties as at that date was £4.0 million. An internal assessment was conducted for the current financial year and the fair value of £4.0 million remains appropriate as at 3 February 2018.

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 28 January 2017	12.4	5.0	17.4
Additions	2.2	-	2.2
Disposals	(1.0)	-	(1.0)
At 3 February 2018	13.6	5.0	18.6
<b>Depreciation and impairment</b>			
At 28 January 2017	7.0	1.2	8.2
Charge for period	1.2	0.8	2.0
Disposals	(0.5)	-	(0.5)
At 3 February 2018	7.7	2.0	9.7
<b>Net book value</b>			
At 3 February 2018	5.9	3.0	8.9
At 28 January 2017	5.4	3.8	9.2

**C9. Investments**

In the Company's accounts all investments in subsidiary undertakings and joint ventures are stated at cost less provisions for impairment losses.

**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.

**C9. Investments (continued)**

	£m
<b>Cost</b>	
At 28 January 2017	194.8
Additions	23.8
At 3 February 2018	218.6
<b>Impairment</b>	
At 28 January 2017 and 3 February 2018	5.5
<b>Net book value</b>	
At 3 February 2018	213.1
At 28 January 2017	189.3

The additions to investments in the current year comprise the following. Unless otherwise stated the investment is 100% owned.

	2018 £m
Iberian Sports Retail Group SL (50% owned)	10.5
Dantra Limited (75% owned)	6.3
JD Sports Fashion South Korea (15% owned)	5.4
JD Sports Gyms Limited (87.5% owned)	1.0
JD Sports Fashion Sweden AB	0.2
Focus Brands Limited	0.2
Sportiberica Sociedade De Artigos De Desporto S.A. (80% owned)	0.1
2Squared Retail Limited & 2Squared Agency Limited (76% and 80% owned)	0.1
<b>Total additions</b>	<b>23.8</b>

A list of subsidiaries is shown in Group Note 31.

**C10. Stocks**

	2018 £m	2017 £m
Finished goods and goods for resale	144.0	116.6

The Company has £17.1 million (2017: £13.6 million) of stock provisions at the end of the period.

**C11. Debtors – Amounts Falling Due Within One Year**

	2018 £m	2017 £m
<b>Current assets</b>		
Trade debtors	5.3	5.9
Prepayments and accrued income	19.4	15.9
Amounts owed by other Group companies	349.4	293.0
	<b>374.1</b>	<b>314.8</b>

**C12. Financial Instruments****Financial Assets**

The currency profile of cash and cash equivalents is shown below:

	2018 £m	2017 £m
Bank balances and cash floats	260.9	168.2
Sterling	206.4	140.4
Euros	31.5	20.9
US Dollars	9.8	2.5
Australian Dollars	8.1	3.0
Danish Krone	1.7	0.9
Other	3.4	0.5
	260.9	168.2

**Financial Liabilities**

The company does not have any interest bearing loans and borrowings balances as at 3 February 2018 (28 January 2017: £nil).

**Credit Risk**

The Company has provided guarantees on working capital and other banking facilities entered into by Spodis SA (€6.6 million), Sprinter Megacentros Del Deporte SLU (€8.8 million), Next Athleisure Pty Limited (AUS\$12.0 million), Cloggs Online Limited (£0.5 million), Kukri Sports Limited and Kukri GB Limited (£1 million), and Kooga Rugby Limited (£0.3 million). As at 3 February 2018, these facilities were drawn down by £7.1 million (2017: £7.1 million). In addition, the syndicated committed £215 million bank facility, which was in place as at 3 February 2018, encompassed cross guarantees between the Company, RD Scott Limited, Topgrade Sportswear Limited, Blacks Outdoor Retail Limited, Tessuti Limited, Focus International Limited and Go Outdoors Limited to the extent to which any of these companies were overdrawn. As at 3 February 2018, these facilities were drawn down by £nil (2017: £nil).

**Fair Values**

The fair values together with the carrying amounts shown in the Balance Sheet as at 3 February 2018 are as follows:

	Note	Carrying amount 2018 £m	Fair value 2018 £m
Trade and other debtors	C11	354.7	354.7
Cash and cash equivalents	C12	260.9	260.9
Trade and other creditors – current		(268.1)	(268.1)
Trade and other creditors – non-current		37.9	37.9
		385.4	385.4
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 £3.4 million (2017: £3.5 million) is categorised as Level 3 within the fair value hierarchy.

**C13. Creditors: Amounts Falling Due Within One Year**

	2018 £m	2017 £m
Trade creditors	98.5	92.2
Other creditors and accrued expenses	173.9	146.7
Other tax and social security costs	8.8	17.1
Amounts payable to other Group companies	7.3	7.3
	<b>288.5</b>	<b>263.3</b>

**C14. Creditors: Amounts Falling Due After More Than One Year**

	2018 £m	2017 £m
Other creditors and accrued expenses	62.7	24.4

Included with Other creditors and accrued expenses are put option liabilities of £38.0 million (2017: £3.4 million). Further disclosure can be found in Note 20 of the Group accounts.

**C15. Provisions**

	Onerous property leases £m
Balance at 28 January 2017	1.1
Provisions released during the period	(0.1)
Provisions utilised during the period	(0.2)
<b>Balance at 3 February 2018</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 2018 £m	Assets 2017 £m	Liabilities 2018 £m	Liabilities 2017 £m	Net 2018 £m	Net 2017 £m
Property, plant and equipment	0.2	1.3	-	-	0.2	1.3
Other	2.1	2.4	-	-	2.0	2.4
Tax assets / (liabilities)	2.3	3.7	-	-	2.2	3.7

**Movement in Deferred Tax during the Period**

	Property, plant and equipment £m	Chargeable gains held over/ rolled over £m	Other £m	Total £m
Balance at 30 January 2016	0.9	(0.2)	1.4	2.1
Recognised in income	0.4	0.2	1.0	1.6
Balance at 28 January 2017	1.3	-	2.4	3.7
Recognised in income	(1.1)	-	(0.4)	(1.5)
<b>Balance at 3 February 2018</b>	<b>0.2</b>	<b>-</b>	<b>2.0</b>	<b>2.2</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 dividend proposed by both Company and Group directors is disclosed in Note 25 of the Group financial statements.

**C19. Commitments****(i) Capital Commitments**

As at 3 February 2018, the Company had entered into contracts to purchase property, plant and equipment as follows:

	2018 £m	2017 £m
Contracted	1.4	29.5

**(ii) Operating Lease Commitments**

The Company 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 2018 £m	Plant and equipment 2018 £m	Land and buildings 2017 £m	Plant and equipment 2017 £m
Within one year	70.9	1.0	65.6	1.2
Later than one year and not later than five years	236.1	1.2	217.2	1.1
After five years	198.3	-	174.4	-
	505.3	2.2	457.2	2.3

**(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 3 February 2018 are as follows:

	2018 £m	2017 £m
Within one year	0.3	0.4
Later than one year and not later than five years	1.2	1.2
After five years	-	0.3
	1.5	1.9



**C20. Related Party Transactions and Balances**

The Company made purchases of inventory from Pentland Group Plc in the period and the Company also sold inventory to Pentland Group Plc in the period. During the period, the Company entered into the following transactions with Pentland Group Plc:

	Income from related parties 2018 £m	Expenditure with related parties 2018 £m	Income from related parties 2017 £m	Expenditure with related parties 2017 £m
Purchase of inventory	-	(20.7)	-	(15.0)
Sale of inventory	0.1	-	-	-

At the end of the period, the Company had the following balances outstanding with Pentland Group Plc:

	Amounts owed by related parties 2018 £m	Amounts owed to related parties 2018 £m	Amounts owed by related parties 2017 £m	Amounts owed to related parties 2017 £m
Trade receivables / (payables)	-	(0.5)	-	(1.2)

**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
- 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 2018 £m	Expenditure with related parties 2018 £m	Income from related parties 2017 £m	Expenditure with related parties 2017 £m
Sale / (purchase) of inventory	85.6	(0.5)	42.8	(12.9)
Interest receivable	1.4	-	1.1	-
Dividend income received	23.5	-	0.3	-
Rental income	-	-	0.2	-
Royalty income	0.7	-	0.6	-
Management charge receivable	2.9	-	1.9	-

**C20. Related Party Transactions and Balances (continued)**

At the end of the period, the Company had the following balances outstanding with subsidiaries not wholly owned:

	Amounts owed by related parties 2018 £m	Amounts owed to related parties 2018 £m	Amounts owed by related parties 2017 £m	Amounts owed to related parties 2017 £m
Non-trading loan receivable	10.0	-	12.6	-
Non-trading loan receivable (interest bearing)	54.4	-	42.0	-
Trade receivables / (payables)	19.3	-	12.8	(0.6)
Other intercompany balances	8.9	(0.8)	5.1	(1.4)
Income tax group relief	0.6	(0.6)	-	(1.4)

**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 (2017: €6.6 million)
- Guarantee on the working capital and other banking facilities in relation to the Sprinter Megacentros Del Deporte SLU of €8.8 million (2017: €8.8 million)
- Guarantee on the working capital and other banking facilities in relation to the Next Athleisure Pty Limited of AUS \$15.3 million (2017: AUS \$15.3 million)
- Guarantee on the working capital facilities in Cloggs Online Limited of £0.5 million (2017: £0.5 million)
- Guarantee on the working capital facilities in Kooga Rugby Limited of £0.3 million (2017: £0.3 million)
- Guarantee on the working capital facilities Kukri Sports Limited and Kukri GB Limited of £1 million (2017: £1 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 3 February 2018 was £7.7 million (2017: £10.2 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





**Financial Calendar**

Final Results Announced	17 April 2018
Final Dividend Record Date	29 June 2018
Financial Statements Published	18 May 2018
Annual General Meeting	28 June 2018
Final Dividend Payable	6 August 2018
Interim Results Announced	11 September 2018
Period End (52 Weeks)	02 February 2019
Final Results Announced	April 2019

Shareholder Information

**Registered Office**  
JD Sports Fashion Plc  
Hollinsbrook Way  
Pilsworth  
Bury  
Lancashire BL9 8RR

**Company Number**  
Registered in England  
and Wales,  
Number 1888425

**Financial Advisers  
and Stockbrokers**  
Investec  
2 Gresham Street  
London EC2V 7QP

Peel Hunt LLP  
Moor House  
120 London Wall  
London EC2Y 5ET

**Financial Public Relations**  
MHP Communications  
60 Great Portland Street  
London W1W 7RT

**Principal Bankers**  
Barclays Bank Plc  
43 High Street  
Sutton  
Surrey SM1 1DR

**Registrars**  
Equiniti Limited  
Aspect House  
Spencer Road  
Lancing  
West Sussex BN99 6DA

**Solicitors**  
DLA Piper UK LLP  
Princes Exchange  
Princes Square  
Leeds LS1 4BY

Addleshaw Goddard LLP  
100 Barbirolli Square  
Manchester M2 3AB

**Auditor**  
KPMG LLP  
1 St. Peter's Square  
Manchester M2 3AE

The Board wishes to express its thanks to the Marketing and Finance departments for the in-house production of this Annual Report and Accounts.

**Five Year Record (unaudited)**

	(iv) 52 weeks to 1 February 2014 £m	(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
<b>Revenue</b>	1,216.4	1,522.3	1,821.7	2,378.7	3,161.4
<b>Cost of sales</b>	(624.2)	(782.7)	(937.5)	(1,215.1)	(1,629.8)
<b>Gross profit</b>	592.2	739.6	884.2	1,163.6	1,531.6
Selling and distribution expenses – normal	(455.7)	(564.3)	(648.3)	(813.0)	(1,080.5)
Selling and distribution expenses – exceptional	(5.2)	(4.5)	-	-	-
<b>Selling and distribution expenses</b>	(460.9)	(568.8)	(648.3)	(813.0)	(1,080.5)
Administrative expenses – normal	(55.2)	(74.0)	(78.2)	(106.2)	(144.7)
Administrative expenses – exceptional	-	(5.0)	(25.5)	(6.4)	(12.9)
<b>Administrative expenses</b>	(55.2)	(79.0)	(103.7)	(112.6)	(157.6)
<b>Other operating income</b>	1.7	0.9	1.2	1.8	2.4
<b>Operating profit</b>	77.8	92.7	133.4	239.8	295.9
Before exceptional items	83.0	102.2	158.9	246.2	308.8
Exceptional items	(5.2)	(9.5)	(25.5)	(6.4)	(12.9)
<b>Operating profit before financing</b>	77.8	92.7	133.4	239.8	295.9
Financial income	0.6	0.6	0.4	0.8	0.6
Financial expenses	(1.6)	(2.8)	(2.2)	(2.2)	(2.0)
<b>Profit before tax</b>	76.8	90.5	131.6	238.4	294.5
Income tax expense	(18.9)	(20.7)	(31.0)	(53.8)	(58.1)
<b>Profit for the period</b>	57.9	69.8	100.6	184.6	236.4
<b>Discontinued operation</b>					
Loss from discontinued operation, net of tax	(16.4)	(15.8)	-	-	-
Attributable to equity holders of the parent	40.2	52.7	97.6	178.9	231.9
Attributable to non-controlling interest	1.3	1.3	3.0	5.7	4.5
<b>Basic earnings per ordinary share from continuing operations (i)</b>	5.82p	7.03p	10.03p	18.38p	23.83p
<b>Adjusted basic earnings per ordinary share from continuing operations (i) (ii)</b>	6.16p	7.78p	12.27p	19.04p	25.15p
<b>Dividends per ordinary share (i) (iii)</b>	1.36p	1.41p	1.48p	1.55p	1.63p

(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. The Consolidated Income Statement for the 52 weeks to 1 February 2014 has consequently been re-presented as if Bank had been discontinued from the start of the comparative year.

## Glossary

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. Terms are listed in alphabetical order.

### Adjusted Earnings Per Share

The calculation of basic earnings per share is detailed in Note 10. Adjusted basic 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:

	2018	2017
Basic earnings per share	23.83p	18.38p
Exceptional items excluding loss on disposal of non-current assets	1.32p	0.66p
Tax relating to exceptional items	-	-
<b>Adjusted earnings per share</b>	<b>25.15p</b>	<b>19.04p</b>

### Core

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

### EBITDA

Earnings before interest, tax, depreciation and amortisation.

	2018 £m	2017 £m
Profit for the period	236.4	184.6
<i>Addback:</i>		
Financial expenses	2.0	2.2
Income tax expense	58.1	53.8
Depreciation, amortisation and impairment of non-current assets	76.4	62.4
Exceptional items	12.9	6.4
<i>Deduct:</i>		
Financial income	(0.6)	(0.8)
<b>EBITDA</b>	<b>385.2</b>	<b>308.6</b>

Glossary (continued)**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:

	2018 %	2017 %
UK main rate of corporation tax	19.2	20.0
Depreciation and impairment of non-qualifying non-current assets	(0.3)	0.7
Effect of tax rates in foreign jurisdictions	0.5	0.3
Expenses not deductible and income not taxable	0.2	0.3
Recognition of previously unrecognised tax losses/movement in deferred tax assets	(0.3)	0.2
Other	0.1	0.3
<b>Profit before tax and exceptional items</b>	<b>19.4</b>	<b>21.8</b>

**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.

**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:

	2018 £m	2017 £m
Profit before tax	294.5	238.4
Exceptional items	12.9	6.4
<b>Profit before tax and exceptional items</b>	<b>307.4</b>	<b>244.8</b>





**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.jd-sports.com.au](http://www.jd-sports.com.au)  
[www.jdgyms.co.uk](http://www.jdgyms.co.uk)  
[www.size.co.uk](http://www.size.co.uk)  
[www.sizeofficial.de](http://www.sizeofficial.de)  
[www.footpatrol.co.uk](http://www.footpatrol.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)

**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)

**Sports Fashion**

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[www.peterwerth.co.uk](http://www.peterwerth.co.uk)  
[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.milletsports.co.uk](http://www.milletsports.co.uk)  
[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)

**Outdoor**

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[www.uksourcelab.com](http://www.uksourcelab.com)  
[www.kooga-rugby.com](http://www.kooga-rugby.com)  
[www.fly53.com](http://www.fly53.com)

**Non Trading**

