

16 April 2019

JD SPORTS FASHION PLC PRELIMINARY RESULTS FOR THE 52 WEEKS ENDED 2 FEBRUARY 2019

JD Sports Fashion Plc (the 'Group'), a leading retailer of sports, fashion and outdoor brands, today announces its Preliminary Results for the 52 weeks ended 2 February 2019 (2018: 53 weeks ended 3 February 2018).

	2019 £m	2018 £m	% Change
Revenue	4,717.8	3,161.4	+49.2%
Gross profit %	47.5%	48.4%	
EBITDA*	488.4	385.2	+26.8%
Depreciation / amortisation	<u>(126.9)</u>	<u>(76.4)</u>	
Operating profit (before exceptional items)*	361.5	308.8	+17.1%
Net interest expense	<u>(6.3)</u>	<u>(1.4)</u>	
Profit before tax and exceptional items*	355.2	307.4	+15.5%
Exceptional items	<u>(15.3)</u>	<u>(12.9)</u>	
Profit before tax	<u>339.9</u>	<u>294.5</u>	+15.4%
Basic earnings per ordinary share	26.90p	23.83p	
Adjusted earnings per ordinary share*	28.44p	25.15p	
Total dividend payable per ordinary share	1.71p	1.63p	
Net cash at period end (a)	125.2	309.7	

a) *Net cash consists of cash and cash equivalents less interest-bearing loans and borrowings*

b) *Throughout this release '*' indicates first instance of a term defined and explained in the Glossary at the end of these preliminary results*

Group Highlights

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

- Acquisition of Finish Line in the United States significantly extends the Group's global reach with the trial of the JD fascia delivering encouraging early results.
- Double digit EBITDA maintained in the Outdoor fascias after a particularly weather-challenged trading period.
- Revenue, gross margin and operating profit before exceptional items of the two business segments are tabulated below:

Period to 2 February 2019

	Sports Fashion £m	Outdoor £m	Total £m
Revenue	4,296.4	421.4	4,717.8
Gross margin %	48.0%	42.5%	47.5%
EBITDA	478.4	10.0	488.4
Depreciation / amortisation ¹	(112.6)	(14.3)	(126.9)
Operating profit / (loss) before exceptional items	365.8	(4.3)	361.5

¹ Depreciation / amortisation includes non-trading charges for the amortisation of various fascia names and brand names consequent to the accounting on acquisitions. These charges are as follows:

- Sports Fashion: £7.5 million (2018: £2.7 million)
- Outdoor: £4.5 million (2018: £4.5 million)

Period to 3 February 2018

	Sports Fashion £m	Outdoor £m	Total £m
Revenue	2,745.0	416.4	3,161.4
Gross margin %	49.2%	43.5%	48.4%
EBITDA	362.2	23.0	385.2
Depreciation / amortisation	(62.2)	(14.2)	(76.4)
Operating profit before exceptional items	300.0	8.8	308.8

- Final dividend payable increased by 5.1% to 1.44p (2018: 1.37p) bringing the total dividend payable for the year to 1.71p (2018: 1.63p) per ordinary share, an increase of 4.9%.

Peter Cowgill, Executive Chairman, said:

"I am very pleased to report that the Group continues to make excellent progress with Group EBITDA (before exceptional items) increasing by a further 27%, being more than £100 million, to £488.4 million (2018: £385.2 million). The headline profit before tax and exceptional items increased by a further 16% to £355.2 million (2018: £307.4 million) and, after delivering a headline profit of £100 million for the first time in the year to January 2015, the headline profit has now increased by more than £250 million over the subsequent four years, a compound rise in excess of 37% per annum. The Group profit before tax increased by 15% to £339.9 million (2018: £294.5 million).

"We firmly believe that the elevated and dynamic multibrand multichannel proposition of the core JD fascia, which enjoys the ongoing support of the key international brands, has the necessary agility to continue to exceed consumer expectations and prosper in an increasing number of international markets.

“We believe that our acquisition of the Finish Line business in the United States, the largest market for sport lifestyle footwear and apparel and the home to many of the global sportswear brands, will have positive consequences for our long-term brand engagement whilst significantly extending the Group’s global reach. We maintain our belief that Finish Line is capable of delivering improved levels of profitability.

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

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Executive Chairman's Statement

Introduction

I am very pleased to report that the Group continues to make excellent progress with Group EBITDA (before exceptional items) increasing by a further 27%, being more than £100 million, to £488.4 million (2018: £385.2 million). The headline profit before tax and exceptional items increased by a further 16% to £355.2 million (2018: £307.4 million) and, after delivering a headline profit of £100 million for the first time in the year to January 2015, the headline profit has now increased by more than £250 million over the subsequent four years, a compound rise in excess of 37% per annum. The Group profit before tax increased by 15% to £339.9 million (2018: £294.5 million).

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

JD is not immune to the widely reported challenges to physical retail in the UK with lower footfall on many high streets, malls and retail parks combined with cost challenges from increasing minimum wage rates and rises in business rates. Therefore, it is very pleasing that the core UK and Ireland Sports Fashion fascias, the most mature part of our Group, have delivered a further increase in sales and profitability. This helps maintain our belief that the store base at its current scale continues to provide a positive influence on our future development as it raises brand awareness, provides consumers with an opportunity to physically see and try the product, and enables us to provide multiple delivery points. The improved result was ultimately achieved through an uncompromising focus, intensive management and continuous analytical interpretation of a number of key principles:

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

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

- Europe: The JD fascia continues to gain momentum with a net increase of 39 stores in the period with new stores in all of our existing territories together with our first two JD stores in Finland. JD now has a presence in 10 countries in mainland Europe with our first store in Austria at Mariahilfer Strasse in Vienna expected to open later in the first half.

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

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

Finish Line and JD US

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

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

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

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

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

Outdoor

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

Infrastructure

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

Sports Fashion

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

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

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

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

Europe

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

Asia Pacific

Further afield, we are also pleased with our progression in the Asia Pacific region with 34 stores either opened or converted to JD in the period. This includes 10 new stores in Australia with a flagship store on Pitt Street in the centre of Sydney and our first stores in both Brisbane and Perth.

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

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

United States

There were five JD stores trading at the end of the year with conversions of existing Finish Line stores in Chicago, Indianapolis and Columbus; the conversion and extension of an existing store in Washington D.C.; and a new store in a premium mall in Houston. The conversion of the Finish Line store at the Mall of America in Bloomington, Minnesota, is ongoing with this store due to open shortly.

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

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

Premium Branded Fashion (UK)

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

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

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

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

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

Finish Line (United States)

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

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

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

JD Gyms (UK)

We are pleased with the continued development of our gyms business which comprised 23 gyms at the end of the period and a membership base in excess of 100,000 members. The 10 gyms opened in the period included four gyms where the site was acquired from an existing operator. This is an effective way of adding further scale more rapidly with an established membership but it is an approach we will only adopt if the locations are well-located, appropriately costed and pass our usual rigorous assessment criteria. One further gym has opened subsequently.

Outdoor

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

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

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

The project to transfer Go Outdoors onto the Group's primary ERP system is ongoing with completion scheduled for later in the first half. Elsewhere, the project to fit out a new 350,000 sqft dedicated warehouse facility for the Outdoor businesses in Middlewich is also nearing completion with stock already being received at this new site. Fulfilment for the Go Outdoors stores and website will commence shortly with the stocks for the Blacks and Millets businesses expected to transfer into this facility in the second half of the year. We expect these developments to bring long term financial and operational benefits.

Financial Summary

Revenue, gross margin and overheads

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

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

Operating profits and results

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

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

The exceptional items comprised:

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

1. The impairment in the current period relates to the impairment of the goodwill arising in prior years on the acquisition of Source Lab Limited, JD Sports Fashion South Korea and the partial impairment of the goodwill arising in prior years on the acquisition of Champion. The impairment in the previous period related to the impairment of the fascia name arising on the acquisition of Next Athleisure Pty Limited and JD Sports Fashion SDN BHD and the goodwill arising in prior years on the acquisition of Tiso Group Limited.
2. Movement in the fair value of the liabilities in respect of the put and call options.
3. Costs arising from the integration and consolidation of the principal IT systems, warehousing and other infrastructure in Go Outdoors and Blacks.

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

Working capital and cash

During the year, the Group agreed a new syndicated committed £400 million bank facility which has a term of five years expiring on 29 May 2023. The new facility, together with the ongoing strong cash generation in our core retail fascias has been used to fund the significant investments that we have made in the period on both acquisitions, principally Finish Line with a consideration of £400.5 million before net cash acquired of £50.9 million, and capital expenditure with the gross spend in the period (excluding disposal costs) increasing slightly to £191.0 million (2018: £186.6 million). Consequent to these significant investments, we maintained a net cash position at the end of the period of £125.2 million (2018: £309.7 million) although the year end represents one of the highest points for cash in the working capital cycle.

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

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

Store Portfolio

During the period, store numbers have moved as follows:

Sports Fashion Fascias

(Store Nos.)	JD UK & ROI	JD Europe	JD AsiaPac	JD US	Size	JD & Size	Fash'n UK	Other Europe (i)	Other AsiaPac (ii)	Fin.Lin (own)	Fin.Line (Macy's) (iii)	Total
Period start	385	213	12	-	38	648	77	445	67	-	-	1,237
New stores	28	38	16	1	3	86	12	10	1	-	-	109
Transfers	(1)	2	18	4	-	23	1	(2)	(18)	(4)	-	-
Acquired	-	-	-	-	-	-	12	-	-	556	375	943
Closures	(22)	(1)	-	-	-	(23)	(18)	(15)	(17)	(23)	(26)	(122)
Period end	390	252	46	5	41	734	84	438	33	529	349	2,167
(000 Sqft)												
Period start	1,525	541	56	-	60	2,182	179	2,953	284	-	-	5,598
New stores	139	115	76	4	3	337	54	60	4	-	-	455
Transfers	(6)	5	71	18	(4)	84	10	(5)	(71)	(18)	-	-
Acquired	-	-	-	-	-	-	39	-	-	1,879	322	2,240
Closures	(92)	(1)	-	-	-	(93)	(34)	(139)	(61)	(64)	(11)	(402)
Remeasure	17	1	(2)	-	-	16	2	-	-	-	-	18
Period end	1,583	661	201	22	59	2,526	250	2,869	156	1,797	311	7,909

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

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

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

In addition, there were 23 JD branded Gyms at the period end after 10 openings in the year with one further gym opened to date in the current financial year.

Outdoor Fascias

(Store Nos.)	Blacks	Millets	Ultimate Outdoors	Tiso	Go Outdoors	Go Outdoors Fishing	Total
Period start	57	100	7	13	60	-	237
New stores	1	4	-	1	3	-	9
Transfers	-	-	(1)	-	1	-	-
Closures	(2)	(5)	-	-	-	-	(7)
Acquired	-	-	-	-	-	14	14
Period end	56	99	6	14	64	14	253
(000 Sqft)							
Period start	206	211	162	88	1,794	-	2,461
New stores	5	7	-	8	94	-	114
Transfers	-	-	(16)	-	16	-	-
Closures	(13)	(9)	-	-	-	-	(22)
Acquired	-	-	-	-	-	79	79
Period end	198	209	146	96	1,904	79	2,632

Dividends and Earnings per Share

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

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

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

People

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

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

Offer for Footasylum Plc

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

Pretty Green

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

Impact of IFRS 16

The Group will adopt the requirements of IFRS16 'Leases' for the first time in its results to 1 February 2020. As a result, we will recognise a balance sheet asset and corresponding obligation relating to our use of properties and other assets leased under multi-year agreements.

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

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

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

There is no cashflow impact from the transition to IFRS16 and the adoption of this standard will have no impact on the way that we evaluate store investment opportunities.

The Group has assessed the impact that the application of IFRS16 has on its income statement for the period ended 2 February 2019 and on its balance sheet as at that date. This is presented in Note 6.

Current Trading and Outlook

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

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

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

Peter Cowgill
Executive Chairman
16 April 2019

Consolidated Income Statement
For the 52 weeks ended 2 February 2019

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

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

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

**Consolidated Statement of Financial Position
As at 2 February 2019**

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

**Consolidated Statement of Changes in Equity
For the 52 weeks ended 2 February 2019**

	Ordinary Share Capital £m	Share Premium £m	Retained Earnings £m	Treasury Reserve £m	Other Equity £m	Foreign Currency Translation Reserve £m	Total Equity Attributable to Equity Holders of The Parent £m
Balance at 28 January 2017	2.4	11.7	543.3	(15.9)	(0.6)	11.3	552.2
Profit for the period	-	-	231.9	-	-	-	231.9
<u>Other comprehensive income:</u>							
Exchange differences on translation of foreign operations	-	-	-	-	-	5.2	5.2
Total other comprehensive income	-	-	-	-	-	5.2	5.2
Total comprehensive income for the period	-	-	231.9	-	-	5.2	237.1
Dividends to equity holders	-	-	(15.2)	-	-	-	(15.2)
Put options held by non-controlling interest	-	-	-	-	(33.2)	-	(33.2)
Acquisition of non-controlling interest	-	-	(0.3)	-	-	-	(0.3)
Divestment of non-controlling interest	-	-	13.9	15.9	-	-	29.8
Non-controlling interest arising on acquisition	-	-	-	-	-	-	-
Balance at 3 February 2018	2.4	11.7	773.6	-	(33.8)	16.5	770.4
Profit for the period	-	-	261.8	-	-	-	261.8
<u>Other comprehensive income:</u>							
Exchange differences on translation of foreign operations	-	-	-	-	-	(1.8)	(1.8)
Total other comprehensive income	-	-	-	-	-	(1.8)	(1.8)
Total comprehensive income for the period	-	-	261.8	-	-	(1.8)	260.0
Dividends to equity holders	-	-	(15.9)	-	-	-	(15.9)
Put options held by non-controlling interest	-	-	-	-	(2.5)	-	(2.5)
Acquisition of non-controlling interest	-	-	(4.1)	-	-	-	(4.1)
Divestment of non-controlling interest	-	-	0.9	-	-	-	0.9
Non-controlling interest arising on acquisition	-	-	-	-	-	-	-
Share capital issued	-	-	-	-	-	-	-
Balance at 2 February 2019	2.4	11.7	1,016.3	-	(36.3)	14.7	1,008.8

Consolidated Statement of Changes in Equity (continued)
For the 52 weeks ended 2 February 2019

	Total Equity Attributable to Equity Holders of The Parent £m	Non- Controlling Interest £m	Total Equity £m
Balance at 28 January 2017	552.2	26.6	578.8
Profit for the period	231.9	4.5	236.4
<u>Other comprehensive income:</u>			
Exchange differences on translation of foreign operations	5.2	1.2	6.4
Total other comprehensive income	<u>5.2</u>	<u>1.2</u>	<u>6.4</u>
Total comprehensive income for the period	237.1	5.7	242.8
Dividends to equity holders	(15.2)	(8.8)	(24.0)
Put options held by non-controlling interest	(33.2)	-	(33.2)
Acquisition of non-controlling interest	(0.3)	(0.9)	(1.2)
Divestment of non-controlling interest	29.8	25.7	55.5
Non-controlling interest arising on acquisition	-	15.6	15.6
Balance at 3 February 2018	770.4	63.9	834.3
Profit for the period	261.8	2.4	264.2
<u>Other comprehensive income:</u>			
Exchange differences on translation of foreign operations	(1.8)	1.0	(0.8)
Total other comprehensive income	<u>(1.8)</u>	<u>1.0</u>	<u>(0.8)</u>
Total comprehensive income for the period	260.0	3.4	263.4
Dividends to equity holders	(15.9)	(0.7)	(16.6)
Put options held by non-controlling interest	(2.5)	-	(2.5)
Acquisition of non-controlling interest	(4.1)	(5.2)	(9.3)
Divestment of non-controlling interest	0.9	0.4	1.3
Non-controlling interest arising on acquisition	-	(0.2)	(0.2)
Share capital issued	-	6.4	6.4
Balance at 2 February 2019	<u>1,008.8</u>	<u>68.0</u>	<u>1,076.8</u>

Consolidated Statement of Cash Flows
For the 52 weeks ended 2 February 2019

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

**Analysis of Net Cash
As at 2 February 2019**

	At 3 February 2018 £m	On acquisition of subsidiaries £m	Cash flow £m	Non- cash movements £m	At 2 February 2019 £m
Cash at bank and in hand	347.5	51.9	(148.3)	0.1	251.2
Overdrafts	(12.9)	-	(0.6)	-	(13.5)
Cash and cash equivalents	334.6	51.9	(148.9)	0.1	237.7
Interest-bearing loans and borrowings:					
Bank loans	(20.8)	(1.2)	(52.4)	-	(74.4)
Syndicated bank facility	-	-	(30.0)	-	(30.0)
Finance lease liabilities	(3.8)	-	(4.3)	-	(8.1)
Other loans	(0.3)	-	0.3	-	-
	309.7	50.7	(235.3)	0.1	125.2

1. Segmental analysis

IFRS 8 'Operating Segments' requires the Group's segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker to allocate resources to the segments and to assess their performance. The Chief Operating Decision Maker is considered to be the Executive Chairman of JD Sports Fashion Plc.

Information reported to the Chief Operating Decision Maker is focussed on the nature of the businesses within the Group. The Group's operating and reportable segments under IFRS 8 are therefore Sports Fashion and Outdoor.

The Chief Operating Decision Maker receives and reviews segmental operating profit. Certain central administrative costs including Group Directors' salaries are included within the Group's core Sports Fashion result. This is consistent with the results as reported to the Chief Operating Decision Maker.

IFRS 8 requires disclosure of information regarding revenue from major products and customers. The majority of the Group's revenue is derived from the retail of a wide range of apparel, footwear and accessories to the general public. As such, the disclosure of revenues from major customers is not appropriate. Disclosure of revenue from major product groups is not provided at this time due to the cost involved to develop a reliable product split on a same category basis across all companies in the Group.

Intersegment transactions are undertaken in the ordinary course of business on arm's length terms.

The Board consider that certain items are cross divisional in nature and cannot be allocated between the segments on a meaningful basis. Net funding costs and taxation are treated as unallocated reflecting the nature of the Group's syndicated borrowing facilities and its tax group. A deferred tax liability of £11.0 million (2018: £5.3 million) and an income tax liability of £27.3 million (2018: £30.2 million) are included within the unallocated segment. During the year, there has been a draw down on the syndicated bank facility of £30 million. This has been treated as unallocated.

Each segment is shown net of intercompany transactions and balances within that segment. The eliminations remove intercompany transactions and balances between different segments which primarily relate to the net down of long term loans and short term working capital funding provided by JD Sports Fashion Plc (within Sports Fashion) to other companies in the Group, and intercompany trading between companies in different segments.

1. Segmental analysis (continued)

Business segments

Information regarding the Group's reportable operating segments for the 52 weeks to 2 February 2019 is shown below:

Income statement

	Sports Fashion £m	Outdoor £m	Total £m
Gross revenue	4,296.4	421.4	4,717.8
Operating profit / (loss) before exceptional items	365.8	(4.3)	361.5
Exceptional items	(13.7)	(1.6)	(15.3)
Operating profit / (loss)	352.1	(5.9)	346.2
Financial income			1.2
Financial expenses			(7.5)
Profit before tax			339.9
Income tax expense			(75.7)
Profit for the period			264.2

Total assets and liabilities

	Sports Fashion £m	Outdoor £m	Unallocated £m	Eliminations £m	Total £m
Total assets	2,039.2	255.9	-	(89.6)	2,205.5
Total liabilities	(978.5)	(171.5)	(68.3)	89.6	(1,128.7)
Total segment net assets / (liabilities)	1,060.7	84.4	(68.3)	-	1,076.8

1. Segmental analysis (continued)

Other segment information

	Sports Fashion £m	Outdoor £m	Total £m
Capital expenditure:			
Software development	12.3	-	12.3
Property, plant and equipment	159.7	13.9	173.6
Non-current other assets	5.1	-	5.1
Depreciation, amortisation and impairments:			
Depreciation and amortisation of non-current assets	101.4	13.6	115.0
Impairment of intangible assets (exceptional)	8.1	-	8.1
Impairment of non-current assets (non-exceptional)	11.2	0.7	11.9

The comparative segmental results for the 53 weeks to 3 February 2018 are as follows:

Income statement

	Sports Fashion £m	Outdoor £m	Total £m
Gross revenue	2,745.0	416.4	3,161.4
Operating profit before exceptional items	300.0	8.8	308.8
Exceptional items	(9.6)	(3.3)	(12.9)
Operating profit	290.4	5.5	295.9
Financial income			0.6
Financial expenses			(2.0)
Profit before tax			294.5
Income tax expense			(58.1)
Profit for the period			236.4

Total assets and liabilities

	Sports Fashion £m	Outdoor £m	Unallocated £m	Eliminations £m	Total £m
Total assets	1,446.4	257.3	-	(77.5)	1,626.2
Total liabilities	(667.6)	(166.3)	(35.5)	77.5	(791.9)
Total segment net assets / (liabilities)	778.8	91.0	(35.5)	-	834.3

1. Segmental analysis (continued)

Other segment information

	Sports Fashion £m	Outdoor £m	Total £m
Capital expenditure:			
Software development	4.5	-	4.5
Property, plant and equipment	157.4	11.9	169.3
Non-current other assets	12.8	-	12.8
Depreciation, amortisation and impairments:			
Depreciation and amortisation of non-current assets	58.7	12.6	71.3
Impairment of intangible assets (exceptional)	8.3	3.3	11.6
Impairment of non-current assets (non-exceptional)	3.5	1.6	5.1

Geographical Information

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

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

	2019 £m	2018 £m
UK	2,137.9	2,058.7
Europe	1,368.6	939.9
United States	967.3	-
Rest of world	244.0	162.8
	4,717.8	3,161.4

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

The following is an analysis of the carrying amount of segmental non-current assets by the geographical area in which the assets are located:

	2019 £m	2018 £m
UK	391.6	362.1
Europe	323.3	260.8
United States	258.2	-
Rest of world	40.2	31.5
	1,013.3	654.4

2. Exceptional items

	52 weeks to 2 February 2019 £m	53 weeks to 3 February 2018 £m
Impairment of goodwill and fascia names (1)	8.1	11.6
Movement in fair value of put and call options (2)	5.6	1.3
Integration and consolidation of Outdoor fascias (3)	1.6	-
	<hr/>	<hr/>
Administrative expenses - exceptional	15.3	12.9
	<hr/>	<hr/>
Total exceptional items	15.3	12.9
	<hr/>	<hr/>

- (1) The impairment in the current period relates to the impairment of the goodwill arising in prior years on the acquisition of Source Lab Limited, JD Sports Fashion South Korea and the partial impairment of the goodwill arising in prior years on the acquisition of Champion. The impairment in the previous period related to the impairment of the fascia name arising on the acquisition of Next Athleisure Pty Limited and JD Sports Fashion SDN BHD and the goodwill arising in prior years on the acquisition of Tiso Group Limited.
- (2) Movement in the fair value of the liabilities in respect of the put and call options.
- (3) Costs arising from the integration and consolidation of the principal IT systems, warehousing and other infrastructure in Go Outdoors and Blacks.

Items that are, in aggregate, material in size and / or in nature, are included within operating profit and disclosed separately as exceptional items in the Consolidated Income Statement. Exceptional items are disclosed separately as they are not considered reflective of the year on year trading performance of the Group.

3. Earnings per ordinary share

Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per ordinary share at 2 February 2019 is based on the profit for the period attributable to equity holders of the parent of £261.8 million (2018: £231.9 million) and a weighted average number of ordinary shares outstanding during the 52 week period ended 2 February 2019 of 973,233,160 (2018: 973,233,160).

	52 weeks to 2 February 2019	53 weeks to 3 February 2018
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.

	52 weeks to 2 February 2019	53 weeks to 3 February 2018
Note	£m	£m
Profit for the period attributable to equity holders of the parent	261.8	231.9
Exceptional items excluding loss on disposal of non-current assets	2 15.3	12.9
Tax relating to exceptional items	(0.3)	-
Profit for the period attributable to equity holders of the parent excluding exceptional items	276.8	244.8
Basic and diluted earnings per ordinary share	26.90p	23.83p
Adjusted basic and diluted earnings per ordinary share	28.44p	25.15p

4. Acquisitions

Current period acquisitions

The Finish Line, Inc.

On 18 June 2018, the Group acquired 100% of the issued share capital of The Finish Line, Inc. ('Finish Line') for cash consideration of \$558 million (£400.5 million).

Finish Line is one of the largest retailers of premium multibranded athletic footwear, apparel and accessories in the United States ('US'), the largest sportswear market in the world. At acquisition, Finish Line traded from 556 Finish Line branded retail stores across 44 US states and Puerto Rico in addition to a well-established multichannel offering. Finish Line is also the exclusive retailer of athletic shoes, both in-store and online for Macy's, one of the US' premier retailers, operating 375 branded and more than 150 small unbranded concessions within Macy's stores at acquisition.

Included within the provisional fair value of the net identifiable assets on acquisition is an intangible asset of £70.6 million, representing the Finish Line fascia name. The Board believes that the excess of consideration paid over the net assets on acquisition of £98.5 million is best considered as goodwill on acquisition representing future operating synergies. The provisional goodwill calculation is summarised below:

	Book value £m	Measurement adjustments £m	Provisional fair value at 2 February 2019 £m
Acquiree's net assets at acquisition date:			
Intangible assets	16.9	70.6	87.5
Property, plant & equipment	76.5	4.9	81.4
Inventories	261.6	(5.8)	255.8
Cash and cash equivalents	50.9	-	50.9
Trade and other receivables	38.6	-	38.6
Income tax liabilities	(1.5)	-	(1.5)
Deferred tax assets / (liabilities)	7.0	(11.5)	(4.5)
Trade and other payables – current	(135.9)	(16.8)	(152.7)
Trade and other payables – non-current	(40.2)	(13.3)	(53.5)
Net identifiable assets	273.9	28.1	302.0
Goodwill on acquisition			98.5
Consideration paid – satisfied in cash			400.5

Included in the 52 week period ended 2 February 2019 is revenue of £956.6 million and profit before tax of £24.6 million in respect of The Finish Line Inc.

4. Acquisitions (continued)

Current period acquisitions (continued)

Choice Limited

On 13 August 2018, the Group acquired, via its subsidiary Tessuti Limited, 100% of the issued share capital of Choice Limited for cash consideration of £4.0 million and 8.8% of the issued share capital of Tessuti Limited with a fair value of £1.3 million. Choice Limited operates as a retailer of premium fashion apparel and footwear with six stores and a trading website at acquisition. Included within the provisional fair value of the net identifiable assets on acquisition is an intangible asset of £1.5 million, representing the Choice fascia name. The Board believes that the excess of consideration paid over the net identifiable assets on acquisition of £3.0 million is best considered as goodwill representing future operating synergies.

Included in the 52 week period ended 2 February 2019 is revenue of £11.6 million and profit before tax of £1.2 million in respect of Choice Limited.

Other acquisitions

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

Full year impact of acquisitions

Had the acquisitions of the entities listed above been effected at 4 February 2018, the revenue and profit before tax of the Group for the 52 week period to 2 February 2019 would have been £5.2 billion and £318.8 million respectively.

Acquisition costs

Acquisition related costs amounting to £3.9 million (The Finish Line Inc. £3.8 million, other acquisitions £0.1 million) have been excluded from the consideration transferred and have been recognised as an expense in the year, within administrative expenses in the Consolidated Income Statement.

4. Acquisitions (continued)

Prior period acquisitions

JD Sports Fashion South Korea Inc.

On 14 September 2017, the Group acquired an initial 15% of the issued ordinary share capital of J&S Partners Inc. for cash consideration of 8.1 billion South Korean Won (KRW). As part of the joint venture agreement, the Group had a call option, exercisable at the Group's discretion, to acquire a further 35% of the share capital. This was exercised on 13 April 2018.

J&S Partners Inc. subsequently changed its company name to JD Sports Fashion South Korea Inc. and at the date of acquisition operated 24 multibranded Hot-T stores and a trading website. During the current financial period 14 of the Hot-T stores have been rebranded as JD stores. It is the Group's current intention to re-fascia the remaining Hot-T stores as JD.

The period in which the call option could be exercised commenced in October 2017. The Group has concluded, in accordance with IFRS 10, that the Group had 'deemed control' and therefore had the ability to control the entity from the point at which the Group had the right to exercise the option, being October 2017. The Group has therefore included the results of the entity in the consolidated financial statements of the Group from 14 September 2017.

The Board believed that the excess of cash consideration paid over the net identifiable assets on acquisition of £2.9 million is best considered as goodwill on acquisition representing anticipated future operating synergies. The goodwill was subsequently impaired in the financial period ended 2 February 2019. No measurement adjustments have been made to the fair values during the 52 week period ended 2 February 2019. The period in which measurement adjustments could be made has now closed on this acquisition and the final goodwill calculation is summarised below:

	Book value £m	Measurement adjustments £m	Fair value at 2 February 2019 £m
Acquiree's net assets at acquisition date:			
Property, plant & 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

4. Acquisitions (continued)

Prior period acquisitions (continued)

SDSR - Sports Division SR, S.A. ('Sport Zone Portugal')

On 31 January 2018, JD Sports Fashion Plc completed the acquisition of Sport Zone Portugal resulting in the combination of its existing interests across Iberia with those of Sport Zone in Portugal, Spain and the Canary Islands.

The Group acquired, via its 50% subsidiary Iberian Sports Retail Group SL, 100% of the issued share capital of SDSR - Sports Division SR, S.A. ('Sport Zone Portugal') for initial net cash consideration of £1.6 million and 30% of the issued share capital in Iberian Sports Retail Group SL with a fair value of £61.1 million. Included within the 30% of the issued share capital was the 24.95% of shares of Iberian Sports Retail Group SL that were held in the Treasury Reserve.

Sport Zone Portugal owns 100% of the issued share capital of Sport Zone Espana, Comercio de Articulos de Deporte S.A ('Sport Zone Spain') and 60% of the issued share capital of Sport Zone Canarias (SL) ('Sport Zone Canaries'). Sport Zone is a well-established and leading multibranded sports retailer in Portugal, with a presence in mainland Spain and the Canary Islands. Sport Zone offers a multisport product range with a wide apparel, footwear, accessories and equipment offering.

Included within the fair value of the net identifiable assets on acquisition are intangible assets of £13.1 million; £9.2 million representing the 'Sport Zone' fascia name and £3.9 million of Sport Zone exclusive brands.

The Board believes that the excess of consideration paid over the net assets on acquisition of £15.5 million is best considered as goodwill on acquisition representing anticipated future operating synergies. The fair value measurement adjustment to inventories has been increased by £2.3 million and cash consideration paid reduced by £1.5 million following the finalisation of the acquisition accounting in the period to 2 February 2019. The period in which measurement adjustments could be made has now closed on this acquisition and the final goodwill calculation is summarised below:

	Book value £m	Measurement adjustments £m	Fair value at 2 February 2019 £m
Acquiree's net assets at acquisition date:			
Intangible assets	-	13.1	13.1
Property, plant & equipment	39.7	(6.2)	33.5
Other non-current assets	1.2	-	1.2
Inventories	43.0	(4.3)	38.7
Cash and cash equivalents	4.8	-	4.8
Trade and other receivables	5.0	-	5.0
Income tax assets	0.2	-	0.2
Deferred tax assets / (liabilities)	5.3	(7.5)	(2.2)
Trade and other payables - current	(38.1)	(1.9)	(40.0)
Trade and other payables – non current	(0.9)	-	(0.9)
Interest bearing loans and borrowings	(6.9)	-	(6.9)
Net identifiable assets	53.3	(6.8)	46.5
Non-controlling interest (40% of Sport Zone Canarias SL)	(0.9)	0.1	(0.8)
Goodwill on acquisition			15.5
Consideration paid – satisfied in cash			0.1
Consideration paid – fair value of shares in Iberian Sports Retail Group			61.1
Total consideration			61.2

4. Acquisitions (continued)

Prior period acquisitions (continued)

Ben Dunne Gyms (UK) Limited

On 28 December 2017, the Group acquired, via its 87.5% owned subsidiary JD Sports Gyms Limited, 100% of the issued ordinary share capital of Ben Dunne Gyms (UK) Limited for cash consideration of £1 assuming £2.0 million of net debt as part of the transaction. Following the acquisition, the company name was changed to JD Sports Gyms Acquisitions Limited. The Board believes that the excess of cash consideration paid over the net identifiable assets on acquisition of £1.0 million is best considered as goodwill representing future operating synergies. No measurement adjustments have been made to the fair values during the 52 week period ended 2 February 2019 and the period in which measurement adjustments could be made has now closed on this acquisition.

Dantra Limited ('Kids Cavern')

On 1 February 2018, the Group acquired 75% of the issued ordinary share capital of Dantra Limited for cash consideration of £6.3 million. Dantra Limited trades under the fascia name Kids Cavern from three stores and a trading website. The Board believes that the excess of cash consideration paid over the net identifiable assets on acquisition of £4.2 million is best considered as goodwill representing future operating synergies. No measurement adjustments have been made to the fair values during the 52 week period ended 2 February 2019 and the period in which measurement adjustments could be made has now closed on this acquisition.

Other acquisitions

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

5. Subsequent Events

Footasylum Plc ('Footasylum')

On 18 February 2019, JD Sports Fashion Plc acquired 19,579,964 Footasylum shares at prices between 50 pence and 75 pence per share, representing 18.7% of the issued ordinary share capital.

On 18 March 2019, in conjunction with the board at Footasylum Plc, JD Sports Fashion Plc announced the terms of an offer to be made for the remaining 81.3% of the ordinary share capital of Footasylum at a price of 82.5 pence per ordinary share. This offer was declared unconditional in all respects on 12 April 2019 with acceptances received for a total of 78,176,481 shares representing a further 74.8% of the issued ordinary share capital.

Footasylum is a UK-based fashion retailer founded in 2005 focusing on the footwear and apparel market. The company operates a multi-channel model which combines a store estate of 69 stores in a variety of high street, mall and retail park locations in cities and towns throughout Great Britain, with a strong online platform and a recently launched wholesale arm for distributing its own brand ranges via a network of partners.

The Board believes that Footasylum is a well-established business with a strong reputation for lifestyle fashion and, with its offering targeted at a slightly older consumer to JD's existing offering, it is complementary to JD. The Board also believes that there will be significant operational and strategic benefits from a combination of the two businesses.

PG2019 Limited (Pretty Green)

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

Due to the proximity of the date of the acquisition and the date of this announcement, it is not possible to present a provisional goodwill calculation or the provisional fair values of the assets and liabilities acquired. The provisional goodwill calculation and fair value table will be presented in the announcement of our Interim Results on the 10 September 2019.

6. Indicative Impact of IFRS16 'Leases'

The Group has assessed the impact that the application of IFRS16 has on its income statement for the period ended 2 February 2019 and on its balance sheet as at that date as shown below:

IFRS16 Indicative Impact on Income Statement for 52 Week Period to 2 February 2019

	IAS 17 £m	Adjustment £m	IFRS 16 £m
EBITDA	488.4	287.0	775.4
Depreciation	<u>(126.9)</u>	<u>(235.1)</u>	<u>(362.0)</u>
Operating profit before exceptional items	361.5	51.9	413.4
Exceptional items	<u>(15.3)</u>	<u>-</u>	<u>(15.3)</u>
Operating profit	346.2	51.9	398.1
Net interest expense	<u>(6.3)</u>	<u>(60.7)</u>	<u>(67.0)</u>
Profit before tax	<u>339.9</u>	<u>(8.8)</u>	<u>331.1</u>

IFRS16 Indicative Impact on Balance Sheet at 2 February 2019

	IAS 17 £m	Adjustment £m	IFRS 16 £m
Right of use asset	-	1,780.2	1,780.2
Total assets	2,205.5	(21.3)	2,184.2
Total liabilities	(1,128.7)	134.0	(994.7)
Lease debt	<u>-</u>	<u>(1,892.9)</u>	<u>(1,892.9)</u>
Net Assets	<u>1,076.8</u>	<u>-</u>	<u>1,076.8</u>

7. Accounts

The financial information set out above does not constitute the Group's statutory accounts for the 52 weeks ended 2 February 2019 or 53 weeks ended 3 February 2018 but is derived from those accounts. Statutory accounts for the 53 weeks ended 3 February 2018 have been delivered to the Registrar of Companies, and those for the 52 weeks to 2 February 2019 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Copies of full accounts will be sent to shareholders in due course. Additional copies will be available from JD Sports Fashion Plc, Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR or online at www.jdplc.com

Glossary (terms are listed in alphabetical order)

The Directors measure the performance of the Group based on a range of financial measures, including measures not recognised by EU-adopted IFRS. These alternative performance measures may not be directly comparable with other companies' alternative performance measures and the Directors do not intend these to be a substitute for, or superior to, IFRS measures. The Directors believe that these alternative performance measures assist in providing additional useful information on the underlying performance of the Group.

Alternative Performance Measures are also used to enhance the comparability of information between reporting periods, by adjusting for exceptional items. Exceptional items are disclosed separately as they are not considered reflective of the year on year trading performance of the Group. The separate reporting of exceptional items, which are presented as exceptional within the relevant category in the Consolidated Income Statement, helps provide an indication of the Group's underlying business performance.

Adjusted earnings per share

The calculation of basic earnings per share is detailed in Note 3. Adjusted basic earnings per ordinary share has been based on the profit for the period attributable to equity holders of the parent for each financial period but excluding the post-tax effect of certain exceptional items. A reconciliation between basic earnings per share and adjusted earnings per share is shown below:

	2019	2018
Basic earnings per share	26.90p	23.83p
Exceptional items excluding loss on disposal of non-current assets	1.57p	1.32p
Tax relating to exceptional items	(0.03p)	-
Adjusted earnings per share	28.44p	25.15p

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 exceptional items, interest, tax, depreciation and amortisation.

	2019 £m	2018 £m
Profit for the period	264.2	236.4
<i>Addback:</i>		
Financial expenses	7.5	2.0
Income tax expense	75.7	58.1
Depreciation, amortisation and impairment of non-current assets	126.9	76.4
Exceptional items	15.3	12.9
<i>Deduct:</i>		
Financial income	(1.2)	(0.6)
EBITDA	488.4	385.2

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.

Like for Like Sports Fashion businesses

The performance in the Sports Fashion segment excluding acquisitions in the current financial year and the annualisation period of businesses acquired in the previous financial year.

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 (Headline profit)

A reconciliation between profit before tax and profit before tax and exceptional items is as follows:

	2019	2018
	£m	£m
Profit before tax	339.9	294.5
Exceptional items	15.3	12.9
Profit before tax and exceptional items	355.2	307.4