jdsportsfashion plc

2021

ANNUAL REPORT AND ACCOUNTS

CONTENTS

NEW STORE IN

NYC

2021

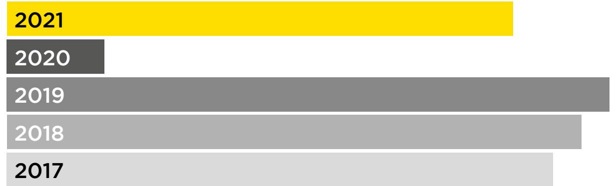
HIGHLIGHTS

REVENUE

£6,167.3m
£6,110.8m
£4,717.8m
£3,161.4m
£2,378.7m

TOTAL DIVIDEND PAYABLE PER ORDINARY SHARE

1.44p
0.28P**
1.71p
1.63p
1.55p



PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS*

£421.3m
£438.8M
£355.2m
£307.4m
£244.8m

PROFIT BEFORE TAX

£324.0m
£348.5M
£339.9m
£294.5m
£238.4m

BASIC EARNINGS PER ORDINARY SHARE

23.05p
25.29P
26.90p
23.83p
18.38p

ADJUSTED BASIC EARNINGS PER ORDINARY SHARE*

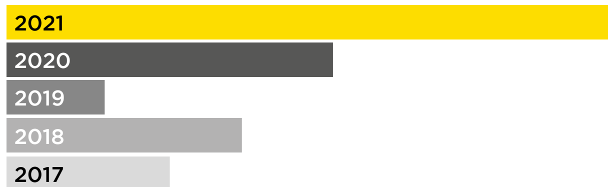
32.19p
34.26P
28.44p
25.15p
19.04p

NET ASSETS

£1,496.4m
£1,289.2M
£1,076.8m
£834.3m
£578.8m

NET CASH*

£795.4m
£429.9M
£125.2m
£309.7m
£213.6m



Throughout the Annual Report '' indicates the first instance of a term defined and is explained in the Alternative Performance Measures on page 329. Exceptional items are disclosed in Note 4 of the financial statements.

** Final dividend withheld as cash was preserved due to COVID-19 outbreak.

GROUP REVENUE BY GEOGRAPHICAL MARKET

GROUP REVENUE BY CHANNEL

TIMELINE

1981

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

1989

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

1996

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

2005

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

Pentland

2009

JD Sports Fashion Plc acquired Chausport, a French sports retailer; the Group's first international presence and entry into Europe.

2010

JD Sports opened its first JD store in Lille, France; our first store in Europe.

2011

The JD Group acquired Sprinter, a leading Spanish sports retailer, specialising in footwear, apparel and equipment; the Group's first entry into Spain.

2012

The JD Group expanded into the Outdoor market with Blacks and Millets joining the Group.

2016

The JD Group launched its first JD Sports store in Malaysia; the Group's first entry into Asia Pacific. JD now has stores in Australia, Singapore and Thailand.

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

The JD Group acquired Go Outdoors, the UK's 'destination' for everything outdoors.

2017

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

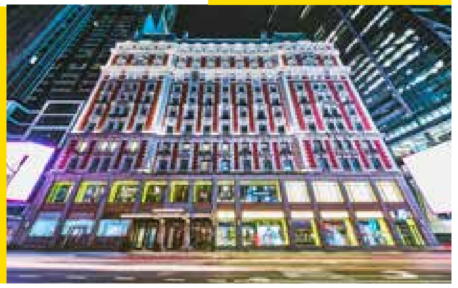
2018

The JD Group acquired Finish Line in the United States, a sports fashion retailer with a store presence across 44 states. JD Sports opened its first 5 JD stores in the USA: Chicago, Houston, Columbus, Washington and Indianapolis.

2019

The JD Group was promoted to the FTSE100 list of largest businesses in the UK.

2020



JD opened its first store in Times Square, New York, USA; JD's first flagship in the U.S.

The JD Group acquired Shoe Palace, a retailer of branded sports footwear and apparel based on the West Coast of the U.S. On acquisition, Shoe Palace had 167 stores, most of which are in California, with a strong connection with Hispanic and Latino communities.

2021

The JD Group now has over 2,600 stores in 20 territories, including over 850 JD stores, as we continue to expand.

2021

OUR BRANDS

WHO WE ARE

1981

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 sports fashion, multichannel retailer of branded sports and casual wear, combining globally recognised brands such as Nike, adidas, Puma and The North Face, with strong private labels such as Pink Soda and Supply & Demand to provide an elevated consumer experience. JD is an industry leading retail business which combines the best of physical and digital retail to give a compelling consumer proposition which enables its customers to shop seamlessly across all channels. JD now has over 850 stores in 19 territories worldwide with the first store in New Zealand expected to open later in the year.

853
STORES

19
TERRITORIES ACROSS THE GLOBE

size?

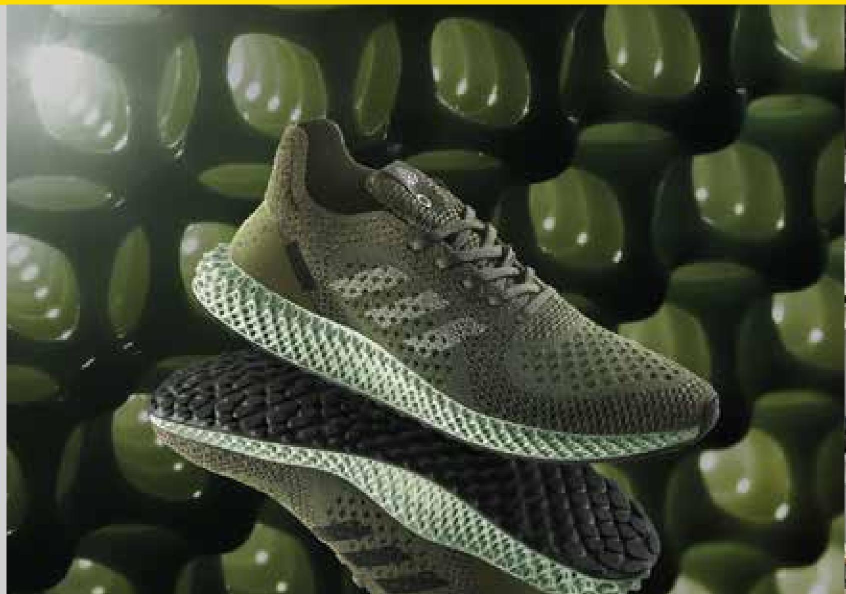
Established in 2000, Size? specialises in supplying the finest products from the best brands in footwear, apparel and accessories. Initially set up to trial edgier product collections before introducing them to the mass market through the JD fascia, the Size? offer has since grown to include its own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

33
STORES

FOOTPATROL

Footpatrol is famous for supplying the sneaker fraternity with the most desirable footwear, apparel and accessories specialising in new and classic sneakers, limited editions, Japanese exclusives and rare deadstock. The original Footpatrol store is based in the heart of Soho on Berwick Street which is complemented with a second store on the fashionable Rue de Temple in Paris. Footpatrol also has dedicated local language sites for seven other countries including the Netherlands and Germany.

2
STORES



chausport

Chausport operates throughout France retailing leading international footwear brands such as adidas, Nike and Timberland to a more family focused customer through a network of 66 stores and a trading website.

66
STORES

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 private labels.

163
STORES

SPORT ZONE

Sport Zone is a well-established and leading multibranded sports retailer in Portugal offering a wide apparel, footwear, accessories and equipment range across multiple sports.

107
STORES

PERRY SPORT& ADVENTURE · AKTIESPORT

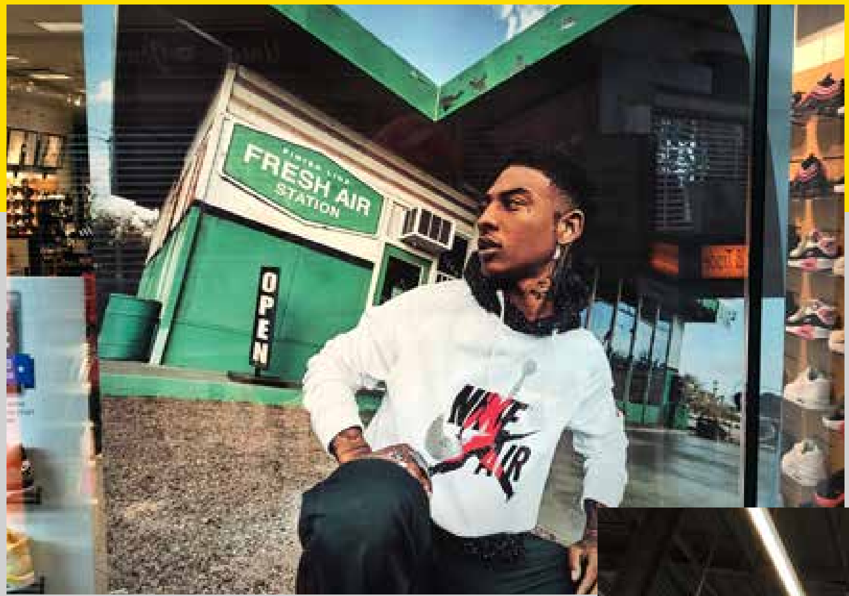
Sports Unlimited Retail operates in the Netherlands under the Perry Sport and Aktiesport fascias. Aktiesport is the largest sports retail business in the Netherlands with a sharp focus on selling football and lifestyle goods from various brands such as Nike, adidas, Under Armour and FILA. Perry Sport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

95
STORES

FINISH LINE

Finish Line is one of the largest retailers of premium, multibranded athletic footwear, apparel and accessories in the United States. Finish Line trades from over 460 branded retail stores in more than 40 US states and Puerto Rico and is also the exclusive partner of athletic shoes for Macy's.

464
STORES



SHOEPALACE

Shoe Palace is a retailer of branded sports footwear and apparel located on the West Coast of the United States. Shoe Palace currently has 167 stores, the vast majority of which trade under the Shoe Palace banner. More than half of the stores are located in California, although there is also an established retail presence in Texas, Nevada, Arizona, Florida, Colorado, New Mexico and Hawaii, with the store network supported by a developing e-commerce platform. Shoe Palace prides itself on its consumer connection with Hispanic and Latino communities and its strong social media presence.

167
STORES

LIVESTOCK

Livestock is renowned in Canada for being the premier destination in the country for limited release and classic sneakers. Accompanied by a premium apparel offering, Livestock has four stores and a website trading as www.deadstock.ca. This business will provide the platform for the development of JD Group fascias in Canada.

4 STORES

JD GYMS

JD Gyms offers seriously stylish, seriously affordable, award winning facilities across 38 prime locations and plays host to a bespoke mix of industry leading fitness equipment and an exciting range of fitness classes. The 38 sites include seven sites which previously operated as Xercise4Less. A further 32 gyms were still branded as Xercise4Less at the year-end although 12 of these have subsequently been converted to JD.

38 LOCATIONS

TESSUTI

Tessuti is a leading retailer of high fashion, aspirational brands catering to both men and women. Tessuti offers its consumers a unique shopping experience through its website and concept stores and is a consumer destination for luxury and desirable high fashion items, ranging from footwear and accessories to apparel. Tessuti stocks brands such as Hugo Boss, Polo Ralph Lauren, Parajumpers and Stone Island.

39 STORES

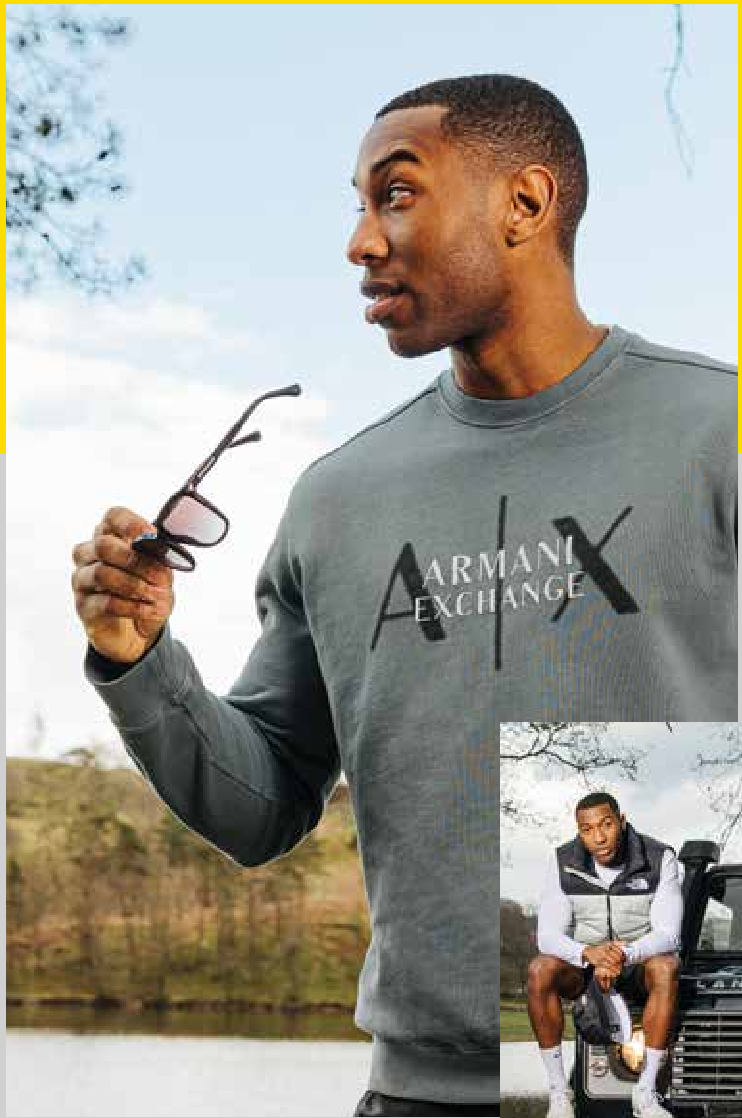
scotts

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.

20 STORES

MAINLINE

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



Blacks

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

57 STORES

millets

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

93
STORES

GO Outdoors

Go Outdoors ('GO') focuses on innovation and authenticity whilst never losing sight of the consumer expectation for value. GO helps 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. A number of GO stores also now benefit from specialist sections for fishing and equestrian leveraging off the specialist knowledge and reputation at Fishing Republic and Naylors respectively.

66
STORES

Tiso

Geared up for the outdoors

Tiso is Scotland's leading adventure sports retailer specialising in outdoor, mountain, skiing and cycling. Originally founded in 1962, their reputation for quality has been established over 58 years. The Tiso group is based in Scotland but includes the iconic George Fisher store in the English Lake District.

13 STORES

FISHING REPUBLIC

EST 1985 | UK

Fishing Republic aims to supply the best choice and value in UK angling. Trading from three stores and a number of concessions within our Go Outdoors stores, Fishing Republic prides itself on providing expert advice and guidance. A vast range of products are available both in-store and via the online tackle shop covering all angling disciplines, from carp and coarse, to sea, fly and predator fishing.

3 STORES

Naylors

EQUESTRIAN | COUNTRY | PET

Naylors has built a solid reputation for providing quality equestrian apparel, footwear, tack and horse supplies. Whether you are a happy hacker, a competitive rider, or simply love to get outdoors in the countryside, Naylors is your go-to store, for all things equestrian, country and pets. Naylors stock the biggest brands in the industry including Ariat, Horseware, WeatherBeeta, Barbour and Dubarry.

3
STORES

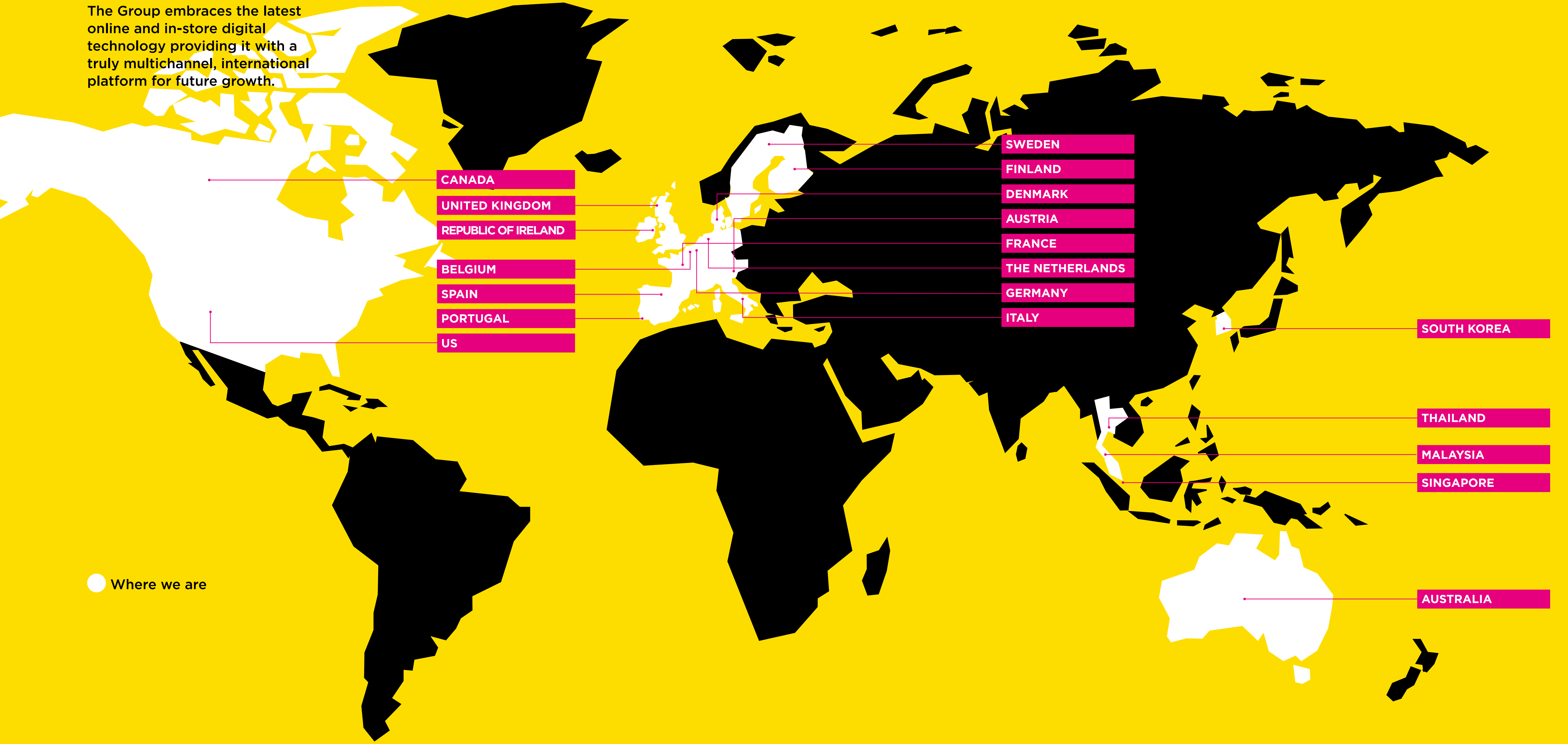
FROM THE NORTH WEST OF ENGLAND TO THE WEST COAST OF THE US

The Group has over 2,600 stores across a number of retail fascias and is proud of the fact that it always provides its customers with the latest products from the very best brands.

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

2,636

STORES



SPORTS FASHION FASCIAS

JD UK AND ROI	STORES	000 SQ FT
2021	400	1,669
2020	402	1,649

JD EUROPE	STORES	000 SQ FT
2021	335	947
2020	304	838

JD ASIA PACIFIC	STORES	000 SQ FT
2021	69	291
2020	64	268

JD US	STORES	000 SQ FT
2021	49	204
2020	11	47

SIZE	STORES	000 SQ FT
2021	33	48
2020	37	54

SUB-TOTAL JD AND SIZE	STORES	000 SQ FT
2021	886	3,159
2020	818	2,856

FASHION UK	STORES	000 SQ FT
2021	154	504
2020	153	494

OTHER EUROPE(i)	STORES	000 SQ FT
2021	431	2,861
2020	427	2,825

OTHER ASIA PACIFIC	STORES	000 SQ FT
2021	-	-
2020	2	8

FINISH LINE (OWN)	STORES	000 SQ FT
2021	464	1,564
2020	508	1,722

FINISH LINE (MACY'S)	STORES	000 SQ FT
2021	290	281
2020	295	286

SHOE PALACE (ii)	STORES	000 SQ FT
2021	167	491
2020	-	-

LIVESTOCK	STORES	000 SQ FT
2021	4	8
2020	-	-

TOTAL	STORES	000 SQ FT
2021	2,396	8,868
2020	2,203	8,191

(i) Chausport (France), Sprinter (Spain), Sport Zone (Portugal) and Perry Sport / Aktiesport (the Netherlands).
(ii) Shoe Palace includes four stores trading as Nice Kicks.

OUTDOOR FASCIAS

BLACKS	STORES	000 SQ FT
2021	57	204
2020	57	204

MILLETS	STORES	000 SQ FT
2021	93	195
2020	97	203

ULTIMATE OUTDOORS	STORES	000 SQ FT
2021	5	113
2020	6	146

TISO	STORES	000 SQ FT
2021	13	93
2020	13	93

GO OUTDOORS	STORES	000 SQ FT
2021	66	1,880
2020	67	1,945

FISHING REPUBLIC	STORES	000 SQ FT
2021	3	15
2020	5	22

NAYLORS EQUESTRIAN	STORES	000 SQ FT
2021	3	25
2020	-	-

TOTAL	STORES	000 SQ FT
2021	240	2,525
2020	245	2,613

EXECUTIVE CHAIRMAN'S STATEMENT

EXECUTIVE CHAIRMAN'S STATEMENT

GROUP DEVELOPMENTS

INTRODUCTION

The global COVID-19 pandemic and, more recently, the UK's formal exit from the European Union have presented a series of unprecedented challenges which have severely tested all aspects of our business including our multichannel capabilities, the robustness of our operational infrastructure and the resilience of our colleagues. However, at all times, the Group has strived to do the right thing for all stakeholders.

Notwithstanding these well publicised challenges, a number of positive themes have been increasingly apparent through the year which gives us confidence that, as we begin to emerge from the worst of the disruption, JD is at the pinnacle of the global sports fashion industry. We have a market leading multichannel proposition which continues to enhance its relevance to consumers and has the necessary agility to progress in an environment where the retailing of international brands may see permanent global structural change.

- **Deep consumer connection:** The deep bond between JD and its consumers is one that has been nurtured over a number of years. Regardless of the events of the past year, our loyal customers expect to engage with us through any channel and be presented with an innovative and exciting product mix that meets their style aspirations. Our teams have risen to the challenges associated with the frequent shift in demand between channels resulting in a strong retention of sales across our various markets, but particularly in the UK and United States. We also continue to invest in data analytics to further enhance our insight of the consumer.
- **Benefit of width in the category offer:** Apparel sales, principally casualwear and sportswear, performed strongly in the year with sales of apparel ranges representing more than 50% of revenues in the UK. Whilst we must obviously acknowledge the increased levels of working and exercising at home, it is our belief that the growth in casualwear and sportswear is not a temporary phenomenon with the culture of casual attire in working and social environments gathering momentum over a number of years.
- **Multichannel approach provides a competitive advantage:** Regardless of the fact that stores in a number of markets have been closed for extended periods of time, we believe it is clear that we will build the strongest connection with consumers and gain competitive advantage by operating stores in tandem with a strong online offer. Stores provide a platform to physically showcase product, offer consumers the opportunity to see and try the product, and give us the operational flexibility and agility to offer an enhanced speed of service for online orders.
- **JD is highly regarded by the brands:** JD has a positive relationship and is of increasing relevance to a significant number of international brands who recognise that we share their vision of an elevated marketplace and that we look to nurture collaborative affiliations over the long term. They also acknowledge that we actively seek to enhance the equity of a brand through a compelling and differentiated proposition in stores and online which gives a rich experience consistent with the premium nature of the product mix. These brands particularly value the fact that we have a unique relationship with our customer base that helps give immediate credibility to new styles and ranges.
- **Strong awareness comes from international momentum:** The COVID-19 pandemic is likely to be the catalyst that will drive further consolidation within the global retailing of the international sports brands. The Group is in a strong position to play a full part in this process with the Group's acquisition of Finish Line in the United States in 2018, combined with the rapid progress that we have made across a number of other international markets, transforming both the awareness of the Group and our reputation with potential partners. We are already seeing positive consequences of this with the Group complementing its existing fascias in the United States with the acquisition of the Shoe Palace business, which completed in December 2020, and the DTLR business, which completed after the year end in March 2021. Recognising the importance of being able to offer sellers certainty on execution in future competitive deal processes, the Group undertook a successful placing shortly after the end of the financial year with 58.4 million new shares admitted to the market on 8 February 2021, a process which has raised approximately £456.0 million (after costs).

Our positive outlook is reflected by the fact that, even with the unique circumstances of store closures for a substantial period of the year, the Group has retained substantially all of its record profitability from the prior year with a profit before tax and exceptional items of £421.3 million (2020: £438.8 million). On a proforma basis under IAS 17 'Leases', with rents recognised according to contractual terms, the headline profit before tax and exceptional items would have been £38.8 million higher at £460.1 million (2020: £26.8 million higher at £465.6 million).

This is a pleasing result although it should be recognised that transitioning multichannel businesses to operate purely online for a large part of the year necessitated additional costs principally from customer acquisition marketing and operating a more manual fulfilment process in our warehouses; a process which is even more challenging with strict rules on social distancing. Additional costs were also incurred in providing enhanced health and safety measures at all locations, including stores, and catering for flexible working arrangements for colleagues.

SIGNIFICANT M&A TRANSACTIONS

LIVESTOCK

At the beginning of the period, we acquired Onepointfive Ventures Limited in Canada which consists of four stores trading as Livestock and a website trading as Deadstock. Based in Vancouver, this business and its management team will provide the platform to develop JD group fascias in Canada with the first Size? store expected to open later in the Spring.

XERCISE4LESS

During the year we significantly increased our critical mass and national presence with the acquisition, out of administration, of an initial 50 gyms which had previously traded as Xercise4Less for a total consideration of £24.2 million. We have subsequently returned 11 of the acquired sites back to the relevant landlords and currently anticipate retaining at least 36 of the remaining gyms longer term, although negotiations on new leases are still ongoing on a small number of sites. The programme of works to convert these gyms to the JD fascia was accelerated through the most recent temporary closure period with a total of 19 clubs now converted to the JD format.

SHOE PALACE

The transaction to acquire the Shoe Palace business completed on 14 December 2020. Based in San Jose, California, Shoe Palace was established in 1993 by the Mersho family and, on acquisition, had 167 stores, the vast majority of which trade under the Shoe Palace banner. More than half of the stores are located in California, although there is also an established retail presence in Texas, Nevada, Arizona, Florida, Colorado, New Mexico and Hawaii, with the store network supported by a developing e-commerce platform.

The acquisition of Shoe Palace significantly enhances our connection with the Spanish speaking communities on the West Coast and in the Southern border states and is therefore an excellent complementary fit with our existing Finish Line and JD businesses whose consumer connection is at its strongest in the industrial states in the North and East of the United States.

DTLR

On 31 January 2021, we exchanged contracts on the conditional acquisition of DTLR Villa LLC which is based in Baltimore, Maryland. At exchange, this business had 247 stores trading primarily as DTLR across 19 states. The transaction was subject to certain conditions, including those related to the Hart–Scott–Rodino Antitrust Improvements Act, with formal completion taking place on 17 March 2021.

As with Shoe Palace, we fully recognise and appreciate the rich connection that DTLR has with the communities where its stores are located. Therefore, this is another excellent complementary fit to our existing businesses, strengthening our connection with the African American communities in the North and East of the United States.

SIZEER

On 11 March 2021, we exchanged contracts on the conditional acquisition of a 60% stake in Marketing Investment Group Spółka Akcyjna which is based in Krakow, Poland. At exchange, this business had 410 stores trading as either Sizeer or 50 Style across nine countries in Central and Eastern Europe. Completion of this acquisition is subject to receiving clearance from the relevant competition authorities which is anticipated before the end of May 2021. Once completed, this acquisition will provide us with an infrastructure and management team for the future development of JD in Central and Eastern Europe.

UPDATE ON FOOTASYLUM

The Competition and Markets Authority ('CMA') announced in its Final Report in May 2020 that it had decided to prohibit the merger with Footasylum and that, consequently, it required the Group to fully divest its investment. This decision was subsequently quashed on appeal in November 2020 by the Competition Appeal Tribunal ('CAT') who determined that the case should be passed back to the CMA for full reconsideration. Subsequently, the CMA asked both the CAT and the Court of Appeal for leave to appeal the CAT's decision but, on each occasion, this was refused. Accordingly, the merger with Footasylum will now be re-examined by the CMA; a process expected to take several months.

The continuation of the temporary store closures into the new financial year together with the reduction in the support available for local authority rates have inevitably had a negative impact on the expectations for the performance of Footasylum in the year to 29 January 2022. Furthermore, there is inevitably considerable uncertainty as to whether levels of footfall into the Footasylum stores, which attract an older demographic than JD, will recover to historic levels which could adversely impact the longer term viability of certain stores. As a consequence, the financial projections no longer support the carrying value of the fascia name and goodwill which arose on the acquisition with a charge of £55.6 million recognised in relation to the impairment of these assets.

In the meantime, whilst the results of Footasylum continue to be consolidated within the Group's financial statements, we continue to observe the CMA's ongoing enforcement undertakings which oblige us to operate the Footasylum business separately from the rest of the Group.

SUPPLY CHAIN DEVELOPMENTS AND BREXIT

We successfully kept our warehouses running throughout the pandemic by adopting new operating procedures and investing in the necessary modifications which ensured the safety of our colleagues whilst on site. However, given that sales through online channels will, in all probability, remain at an elevated level and that our warehouses may need to operate with social distancing restrictions for the foreseeable future, we have concluded that we require additional warehousing capacity in the UK which can be dedicated to the fulfilment of online orders. In this regard, we have signed a Letter of Intent with Clipper Logistics Plc for Clipper to provide a range of logistics operations, including warehousing and e-fulfilment. These new services are planned to commence later in the year. At this point, our warehouse at Kingsway will largely focus on the supply of product for physical stores which better suits the current automation equipment at the site.

Further, the terms of the UK's trading agreement with the European Union mean that we no longer enjoy 'tariff free' frictionless trading with our former European partners. As a consequence, we are now incurring some duties and disruption from Customs checks on the transfer of goods from the UK into EU countries. We have been able to reduce our exposure to the adverse consequences of Brexit by opening an 80,000 sqft warehouse in Belgium in Autumn 2020 which is fulfilling a large proportion of our core ranges and fastest moving lines required for stores in Mainland Europe. This site is functioning very well but it does not provide a solution for either online orders or product destined for the Republic of Ireland. In this regard, we are currently fitting out a 65,000 sqft warehouse near Dublin which will become operational in the second half of this year. We also continue to review opportunities for a larger permanent facility in Europe which can process substantially all of the volume required for stores and online orders in Mainland Europe although it will likely be Autumn 2022 before an enlarged facility would be available for use.

COVID-19 LEASE NEGOTIATIONS

It has been well publicised that we have withheld the payment of some rents across our global retail estate this year where we have been forced to close stores as a result of the pandemic. We have worked tirelessly with our landlord partners in all markets to find solutions to support the business through these closure periods. We have now reached agreement in the vast majority of cases and continue to engage with the small number of those landlords who, to date, have not been prepared to share any of the financial burden during this challenging time when our stores have not been trading.

GOVERNMENT SUPPORT

The Group acknowledges the various public sector initiatives which were put in place in a number of territories where it operates to provide support to businesses on taxation, including those related to property occupation, and the costs of employment. This support included the furlough scheme, and its equivalents in other countries, which achieved their objectives of conserving jobs as, without this support, it is likely we would have had to make tens of thousands of our colleagues, particularly those who work in stores, redundant. To help minimise the financial impact on affected colleagues, the Group has voluntarily enhanced the furlough payments in the UK for those colleagues paid above the £2,500 monthly cap.

During the year, the Group was granted a £300 million facility under the UK Government's Covid Corporate Financing Facility Scheme. The Group did not access this facility at any time with the scheme closing on 22 March 2021.

PEOPLE

We are indebted to all of our teams in our different territories for their determination and resilience in dealing with the potentially life changing challenges of the past year and we fully acknowledge the contribution that our colleagues made in delivering this excellent result. We particularly recognise the efforts of our colleagues who work in our logistics and retail operations whose roles do not lend themselves to working from home and who have perhaps had to deal with the greatest amount of change in their roles. Whilst there may be some cause for optimism at this time, we are not complacent about the ongoing threat to health from COVID-19 and I want to assure all our colleagues that their safety, and that of our consumers, has been and will always be our number one priority.

In a rapidly changing global environment, our colleagues will have both challenges and opportunities in the future. It is vital therefore that we continue to attract the best talent for our business. In this regard, we are delighted to be part of the UK Government's 'Kickstart Scheme' and will be providing national work placements across our Retail Stores, Distribution Centre and Head Office throughout the year for 16–24 year olds on Universal Credit who have been impacted by the negative effects of the pandemic on the employment market. As retailers of the latest and most exclusive sports fashion and outdoor clothing, footwear and equipment we offer many different career opportunities for young people who want to develop in a fast-paced and exciting company and Kickstart is the perfect way for them to get a flavour of our operations whilst being fully supported to gain the essential skills that they will need in the future.

The Board welcomes the initiative and focus of the Parker Review and will engage with the Parker Review as appropriate, just as it did with the Alexander-Hampton Review in recent years. The Board strives to build a diverse and inclusive team and to promote a diverse and inclusive culture throughout the business. The success of the Group is in its ability to speak to and identify with its consumers and, as such, it is crucial that the employees of the Group, at all levels, reflect the diverse nature of our consumers and of our communities. It is the Board's strong belief that if all colleagues of the Group feel supported and respected and are inspired to grow and develop as individuals then this will ultimately serve our business better and promote the long term success of the Group.

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

We have launched our Inclusivity Campaign which will support our promise to educate and train our colleagues, with a focus on key topics such as Equality, Diversity, Biases and Cultural Intelligence. Alongside the introduction of our Diversity & Inclusion forums for our colleagues, we are committed to engage, learn and promote dialogue around potentially sensitive subjects in order to improve understanding and awareness throughout the business.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE UPDATE

Prior to the Group's entry into the FTSE 100, the Group founded a formal Environmental, Social and Governance ('ESG') Committee to drive a step-change in the transparency and performance comparison on ESG matters within the Group. The ESG Committee determines ESG-related strategy, risk assessment and the monitoring of ESG performance across the Group's respective fascias and territories. The ESG Committee is also responsible for the assessment and publication of our ESG-related principal risks and the communication of our strategy to colleagues, customers and investors.

Whilst our physical stores have seen significant interruption during the year, our desire to continue making progress is undiminished with the ESG section within this Annual Report detailing our further achievements in the year and our objectives for future years. A key tool within the communication process is our corporate website which has been re-purposed over the last two years to provide detailed explanations and case studies highlighting our progress on ESG matters.

Our achievements in the year include:

- The Group achieved an 'A-' rating for our 2020 Carbon Disclosure Project ('CDP') Climate Change assessment which outperformed our sector benchmark by three grades.
- We attained a 'B' rating for our first submission within the CDPs 'Water Security' category which outperformed our sector benchmark by two grades.
- The Group achieved recognition as a 'Committed' supporter by the Science Based Targets initiative (SBTi) board in December 2020.
- We launched our '#IAmSustainable' learning programme, with the aim of helping our colleagues become better protectors of the planet, whilst also achieving valuable skills accreditation.
- The Group achieved an independently audited 'zero to landfill' accreditation for our largest directly operated site (Kingsway Distribution Centre).
- The Group has reduced its use of virgin polyester in its private label manufacturing whilst increasing the use of responsibly sourced cotton.
- In October 2020, the JD Foundation (our primary vehicle for social and community support) announced a two-year partnership with Blueprint For All (formerly known as the Stephen Lawrence Charitable Trust) as part of our Diversity and Inclusion programme.

CURRENT TRADING AND OUTLOOK

After a difficult start to the year with a further period of store closures in a number of markets and the operational disruption from Brexit, it is pleasing to report that stores in our domestic market have now started to re-open. We are absolutely confident that JD's premium multi-brand proposition retains its consumer appeal and we look forward to welcoming customers back into stores in our remaining markets in due course. We are encouraged with trading to date in the new year with levels of sales retention in those markets which have experienced closures running slightly ahead of those in Spring 2020.

Our recent completed acquisitions of Shoe Palace and DTLR in the United States together with the conditional acquisition of Sizeer in Central and Eastern Europe are important steps in our evolution which will transform our consumer connection in these markets and further develop our key brand relationships. We look forward to working with our new colleagues in these businesses to further enhance their market leading propositions.

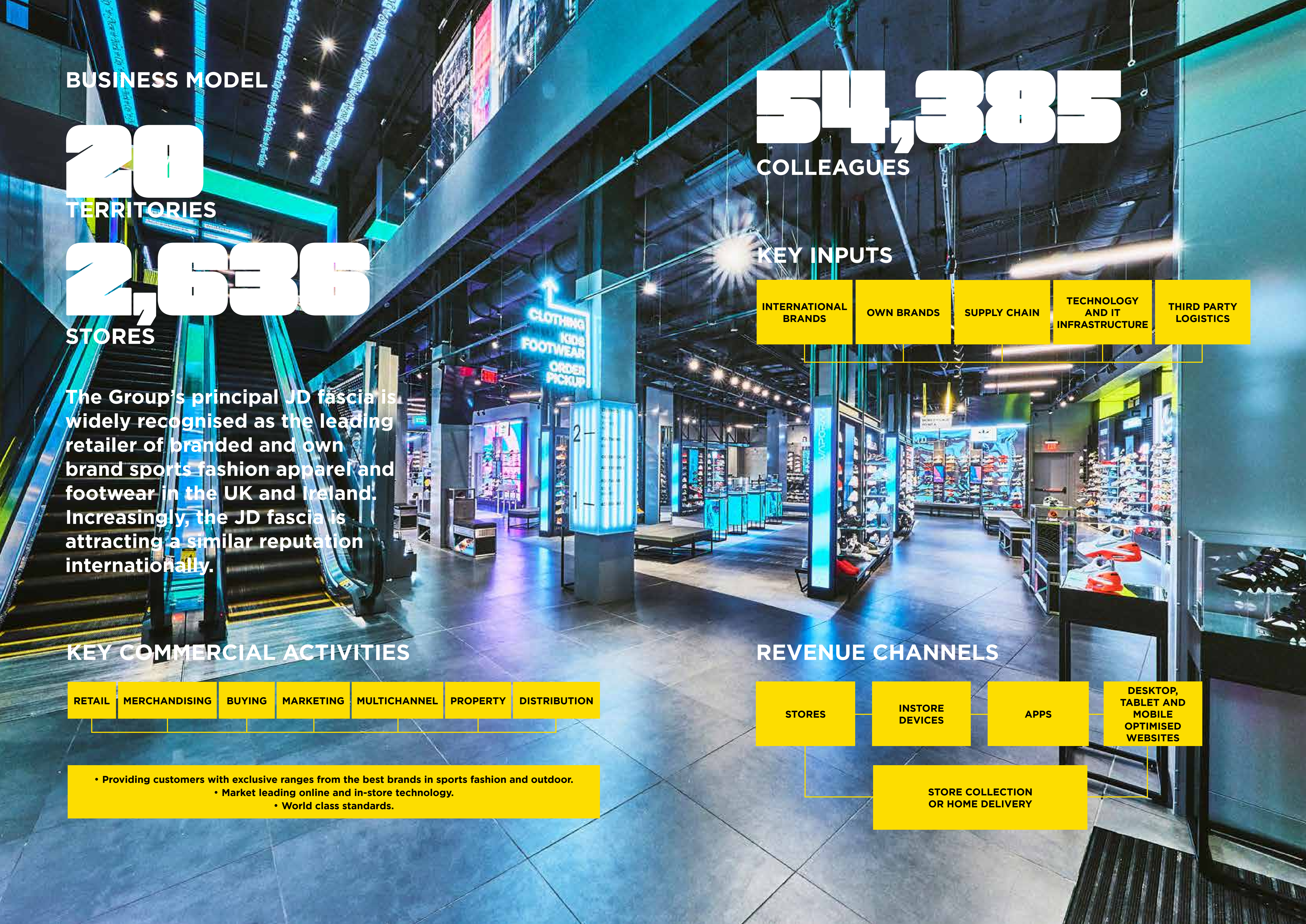
Whilst we must recognise the substantial level of temporary store closures to date and ongoing, we remain confident that we are well placed to benefit from the opportunities that prevail and, at this early stage, our current best estimate is that the Group headline profit before tax for the full year to 29 January 2022 will be in the range of £475 million to £500 million.

Our next scheduled update will take place upon the announcement of our Interim Results which is scheduled for 14 September 2021.

Peter Cowgill
Executive Chairman
13 April 2021

2021

STRATEGIC REPORT



BUSINESS MODEL

20
TERRITORIES

2,636
STORES

54,385
COLLEAGUES

The Group's principal JD fascia is widely recognised as the leading retailer of branded and own brand sports fashion apparel and footwear in the UK and Ireland. Increasingly, the JD fascia is attracting a similar reputation internationally.

KEY INPUTS

- INTERNATIONAL BRANDS
- OWN BRANDS
- SUPPLY CHAIN
- TECHNOLOGY AND IT INFRASTRUCTURE
- THIRD PARTY LOGISTICS

KEY COMMERCIAL ACTIVITIES

- RETAIL
- MERCHANDISING
- BUYING
- MARKETING
- MULTICHANNEL
- PROPERTY
- DISTRIBUTION

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

REVENUE CHANNELS

- STORES
- INSTORE DEVICES
- APPS
- DESKTOP, TABLET AND MOBILE OPTIMISED WEBSITES

STORE COLLECTION OR HOME DELIVERY

OUR STRATEGY

GLOBAL EXPANSION
The Group's principal JD fascia has been widely recognised for a number of years as the leading retailer of branded and private label sports fashion apparel and footwear in the UK and Ireland. Increasingly, the JD fascia is attracting a similar reputation internationally where we now have more than 850 stores across 19 countries with JD Group fascias scheduled to open in Canada and New Zealand later in 2021.

EUROPE
Our previously stated ambition of opening one store on average per week across Europe was impacted by the COVID-19 outbreak but, despite this, JD has achieved further expansion this year with a net increase of 31 stores across its existing territories. We would anticipate regaining our previous development momentum in 2021.

NORTH AMERICA
The development of JD in the United States has also continued to gain momentum with a further 37 stores converted from Finish Line to JD in the year complemented by the opening of the JD Times Square flagship store in the second half of the year. Notwithstanding the operational restrictions caused by COVID-19, it remains our intention to convert a further 50 stores to JD in the year to January 2022.

Further afield, the acquisition of Onepointfive Ventures Limited in Canada will provide the platform to develop JD Group fascias in Canada where we anticipate opening our first store in the second half of 2021.

ASIA PACIFIC
There has been further expansion in Australia with an additional six stores opening in the year.

Extending the global reach of our JD fascia is viewed positively by the international brands, both existing and new, and we look to leverage that positive regard for our proposition by negotiating enhanced access to new and often exclusive products, further increasing the differentiation in our offer.

Further details are provided in the Property and Stores Review on page 88.

MARKET POSITION
We ensure that the JD retail fascia retains its dynamic appeal and forges a deep connection with its consumers through the continual investment in our physical store portfolio, digital platforms and creative marketing. We continually look to further elevate the market position of the JD fascia and enhance the experience for the customer through the constant nurturing of global branded supplier relationships, existing and new, which we can develop and exploit to ensure our overall product range remains both authentic and uniquely appealing with our stores being highly differentiated destinations.

Our core business strength is branded sports fashion and outdoor retail presented in an omnichannel environment. Where we use private labels, we will seek to present them as complementary to third party brands giving us additional options in ranging and price architecture. We seek to build very strong market positions and we look to maintain these through a continuous and intensely analytical approach to understanding business performance. We update our brand line up regularly, endeavouring to be the partner of choice to as many brands as possible with as much exclusive product as possible. The Board considers that continuing supply from Nike and adidas, being the main suppliers of third party branded sporting products, to the Group's core sports fashion retail operation is essential to the business of the Group.

We look to protect profitability by maintaining a rigorous analytical approach to managing product rate of sale and minimising markdown. Whilst we will promote product where appropriate, we aim to avoid short-term reactive discounting unnecessarily when our proposition is well differentiated.

STORE PORTFOLIO
We are engaged in omnichannel retail with the retail estate being essential to brand and product awareness, the customers' overall digital experience and our ability to provide multiple delivery points. We believe that the combination of a largely exclusive product offering, presented in a well fitted store with world class standards of retail theatre, are major drivers of footfall to our stores.

Stores give a platform to showcase product, provide consumers with the opportunity to physically see and try the product, and give us the operational flexibility and agility to offer an enhanced speed of service for online orders. We will continue to invest in property with a focus on the international expansion of the JD fascia.

Considerable time and financial resources are invested in expanding and refurbishing our retail property portfolio although we continue to work with landlords on ensuring that our portfolio of leases has the maximum flexibility and the lowest committed cost possible. The movements in store numbers and square footage at the start and end of the period are documented in the 'Where We Are' section on page 32.

For further details please refer to the Property and Stores review on page 88.

MULTICHANNEL
The continuing international growth in physical store space is complemented by ongoing investment in our international multichannel capability through a significant multicurrency and multilanguage website estate. We utilise our digital platforms to maximise our reach and impact to consumers at a domestic and international level with consumers able to shop seamlessly across all channels. We believe this multichannel capability is a key differentiator for our business.

Our digital and social media channels are important destinations for our customers with in-store digital devices (kiosk, web tills and iPad's) also giving customers additional options to purchase in store as they enable access to the full product range on the website and the full inventory held in the warehouse. Our multichannel capabilities also now include the 'Pick from Store' option giving customers access to the full stock listing regardless of location.

COVID-19 IMPACT
The penetration of online sales as a proportion of total sales in a business varies depending on a number of factors including customer demographics, geographical reach, technological capability and relative maturity of the website. We see the greatest penetrations in our specialist Size? business, which has a significant international following, and Finish Line, which distributes product across the whole geography of the United States and has had 'Pick from Store' capabilities for a number of years. The United States is widely regarded as the most mature market in the world for online trading with our digital team at Finish Line highly regarded within the industry. As such, it is not surprising that, of all our global businesses, it was Finish Line and JD in the United States that saw the greatest retention rate through the temporary closure period in the first half with online revenues equivalent to approximately 75% of the combined physical and digital revenues in the prior year.

In terms of our core JD fascia then online sales represented 50% (2020: 22%) of total fascia sales in the core markets of the UK and Republic of Ireland (excluding kiosk sales). During the initial closure period in the Spring approximately 70% of the combined store and online revenues from the prior year were retained through solely digital channels. This retention rate increased to 100% through November when stores in the UK were closed again.

In Europe, online JD fascia sales represented 29% (2020: 15%) of total fascia sales. Across Europe, the average retention of sales through the period of the temporary store closures in the Spring was approximately 35% with a stronger retention in Northern Europe where online is more mature.

BREXIT

The transition period ended during the financial year on 31 December 2020. The key direct and indirect risks associated with the range of outcomes at the end of this transition period along with the mitigating activities that have been, or will be implemented, by the Group are detailed further in the Principal Risks section on page 51.

INVESTMENT IN NEW BUSINESSES

Any new business which we invest in will have relevance to our core strength and all businesses in the Group need to be capable of enhanced profitability in the medium term. For details of the acquisitions made in the period, please refer to Note 11. 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 202.

INFRASTRUCTURE AND RESOURCES

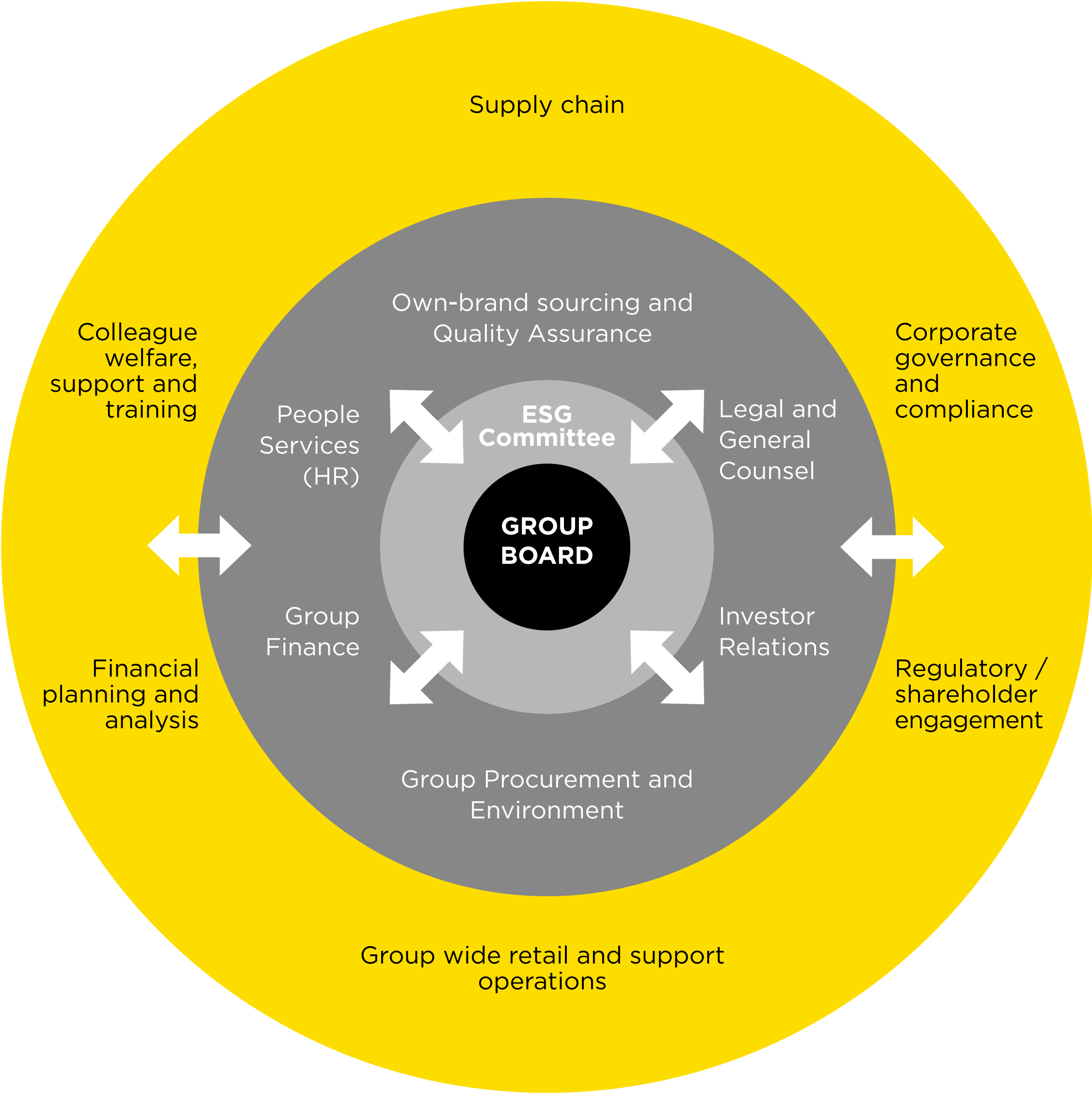
Details of the significant investments we continue to make in logistics are included in the Executive Chairman's Statement on page 39, the Working Capital and Cash section of the Financial Review on page 84 and the Principal Risks section on page 51.

	52 week period ended 30 January 2021	52 week period ended 1 February 2020
	£m	£m
Number of items processed by:		
Kingsway Distribution Centre	**82.7**	94.8
Belgian Distribution Centre	**3.9**	–
Middlewich Distribution Centre	**9.6**	9.0

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) STRATEGY

Subsequent to the Group's FTSE 100 entry, we have made further commitments to improve our sustainability and environmental performance by establishing an ESG Committee. The Committee determines our future ESG strategy and monitors adherence to our existing documented Sustainability and ESG standard. Progress and updates from the ESG committee are communicated to the Board at scheduled Group board meetings by our Chief Financial Officer.

This allows our ESG plans and strategy to be reviewed and scrutinised by a wider audience of Directors, the majority of whom hold multiple Non-Executive Director positions with other organisations, thus allowing our Chief Financial Officer and ESG Committee access to wider experience, feedback and comparative environmental performance information.



The actual and potential ESG-related risks faced by our business (including use of climate-change scenario analysis) are provided within pages 56 to 71.

FINANCIAL KEY PERFORMANCE INDICATORS

	Note	2021 £m	2020 £m	Change %
Revenue		**6,167.3**	6,110.8	0.9%
Gross profit %		**48.0%**	47.0%	
Operating profit		**385.0**	426.6	(9.8%)
Operating profit (before exceptional items)*		**482.3**	516.9	(6.7%)
Profit before tax and exceptional items		**421.3**	438.8	(4.0%)
Profit before tax		**324.0**	348.5	(7.0%)
Basic earnings per ordinary share		**23.05p**	25.29p	
Adjusted earnings per ordinary share	10	**32.19p**	34.26p	
Total dividend payable per ordinary share		**1.44p**	0.28p	
Net cash at end of period	29	**795.4**	429.9	

On behalf of the Board

Peter Cowgill
Executive Chairman
13 April 2021

PRINCIPAL RISKS

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 albeit impacted by the additional complexities of the COVID-19 pandemic and the end of the Brexit transition period. These principal risks are described below along with explanations of how they are managed / mitigated.

SUPPLY CHAIN RISKS

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

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

BREXIT

Colleagues were selected from each area of the business to collectively work with external advisors and prepare for the possible changes that could be required as a result of the various different Brexit scenarios. Ultimately, the UK Government reached an agreement with the European Union shortly before the end of the transition period which left very little time to prepare for the actual new operating agreements. Indeed, some important guidance was only released on the night of the exit from the transition agreement itself. However, our detailed planning meant that we were well prepared in terms of the new documentation that may be required although there is still some disruption from Customs checks on the transfer of goods from the UK into the EU. Further, the terms of the UK's trading agreement with the European Union mean that we have also lost 'tariff free' trading with our former European partners. We have a clear plan to expand our European supply chain operations which will mitigate against the disruption and duties on transferring goods into the European Union although this will likely take up to two years to implement fully and it will result in significant additional fixed cost.

COVID-19

COVID-19 has impacted our supply chain in 2020/21 and this is outlined throughout the Annual Report where relevant. Our global warehousing operations have been impacted throughout by the ongoing requirement to maintain strict social distancing. Colleague safety and wellbeing has been, and continues to be, our number one priority. We have significantly reduced the number of colleagues on site at any one time to ensure that social distancing can be maintained, and we will continue to make further modifications as necessary to our operations to ensure that we are operating safely and effectively. Further, given that our warehouses may need to operate with social distancing restrictions for the foreseeable future, we have concluded that we require additional long term warehousing capacity in the UK which can initially be dedicated to the fulfilment of online orders. In this regard, we have signed a Letter of Intent with Clipper Logistics Plc for Clipper to provide a range of logistics operations, including warehousing and e-fulfilment. The new services are planned to commence later in the year.

AVAILABILITY OF CONTAINERS
Approximately 90% of the product which the Group sells is product bought from third party brands. These brands control the supply chain for these ranges and so the Group is only responsible for the supply chain on its private label ranges. As with other businesses, we have witnessed an increase in the cost of securing shipping containers. Where possible, we look to avoid short-term fluctuations in the cost of these containers by securing capacity in bulk in advance.

During the COVID-19 pandemic, there has been a global shortage of equipment in the right ports to meet demand, resulting in supply and demand pricing from shipping lines and non-shipment of those containers on contracted rates. We have worked with all parties to ensure that we minimise these costs whilst ensuring continued supply of product.

The supply chain risks and uncertainties that are specific to the Group and the markets in which its businesses operate are detailed further below:

RISK AND IMPACT	CHANGE IN RISK EXPOSURE 2020/21 BEFORE MITIGATING ACTIVITIES	MITIGATING ACTIVITIES	LINK TO OUR STRATEGY
KEY SUPPLIERS AND BRANDS The retail fascias offer a proposition that contains a mixture of third party and private label product. The Group maintains and is dependent on long term supplier relationships. 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 private labels, including brands licensed exclusively to it, to maintain their design and marketing prominence to sustain that desirability. 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.		The Group seeks to ensure it is not overly reliant on a small number of athletic brands by constantly adding new brands to its offer and by offering a stable of evolving private labels. 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. Furthermore, the Group continues to actively seek additional brands which it can either own or license exclusively.	**MARKET POSITION**

RISK AND IMPACT	CHANGE IN RISK EXPOSURE 2020/21 BEFORE MITIGATING ACTIVITIES	MITIGATING ACTIVITIES	LINK TO OUR STRATEGY
INTELLECTUAL PROPERTY The Group's trademarks and other intellectual property rights are critical in maintaining the value of the Group's private labels. 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.		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.	**MARKET POSITION**

RISK AND IMPACT	CHANGE IN RISK EXPOSURE 2020/21 BEFORE MITIGATING ACTIVITIES	MITIGATING ACTIVITIES	LINK TO OUR STRATEGY
UK WAREHOUSE OPERATIONS A large proportion of the Group's stock was previously held in the Group's Kingsway Distribution Centre in the UK. Having the stock in one location with increased automation in the picking process has brought significant benefits in terms of capacity, universal product availability and quicker deliveries to our stores. However, there is an increased risk to store replenishment and multichannel fulfilment from both equipment and system failure, together with the inherent risk of having all the stock in one location. The construction of an extension to the Kingsway Distribution Centre was completed in the previous financial year including the installation of additional automation equipment. This enables a large part of the fulfilment for stores and online to be processed independently in different locations thereby providing greater flexibility and resilience.	↑	To address the inherent risk of having significant amounts of stock in one location the Group has ensured that the following mitigating activities are in place: 1 A conceptual Business Continuity Plan has been in place for a number of years. 2 A full support contract with our automation equipment providers is in place which includes a 24/7 presence from qualified engineers thereby enabling immediate attention to any equipment issues. The Group also pays for enhanced 'hypercare' support over the seasonal peak period from Black Friday in November to after Christmas. 3 The Kingsway Distribution Centre extension has a two-hour fire resistant wall between the original building and the extension. The Group's insurers were involved at every stage of the project. 4 There is now a separate dedicated facility for the Group's Outdoor businesses (excl. Tiso which will maintain its facility in Edinburgh). This facility, based in Middlewich, has a footprint of 353,000 sq. ft. and became operational, initially for the Go Outdoors business in late Spring 2019 with the Blacks and Millets fascias transferring into this facility in the first quarter of 2020. The removal of Outdoor product which is often not of a size, shape and weight compatible with automation equipment will help simplify the operations at our Kingsway Distribution Centre. 5 We have signed a Letter of Intent with Clipper Logistics Plc for Clipper to provide a range of logistics operations, including warehousing and e-fulfilment. The new services are planned to commence later in the year.	INFRASTRUCTURE AND RESOURCES

RISK AND IMPACT	CHANGE IN RISK EXPOSURE 2020/21 BEFORE MITIGATING ACTIVITIES	MITIGATING ACTIVITIES	LINK TO OUR STRATEGY
EUROPEAN WAREHOUSE OPERATIONS The terms of the UK's trading agreement with the European Union mean that we have lost 'tariff free' trading with our former European partners. As a consequence, we are now incurring some duties and disruption from Customs checks on the transfer of goods from the UK into the EU. The Group previously operated with a highly integrated stock management infrastructure for its stores across Europe where the stock requirement for the JD stores outside of the UK was aggregated with that of the UK stores with one consolidated order then sent to the supplier. All stocks were then delivered to the Group's primary Kingsway warehouse with different import processes for third party brands and the Group's owned and licensed brands. Third Party Brands: These orders are largely placed on a landed cost basis with the suppliers dealing with the import process and the accounting for any duty. Some of these goods are delivered direct to the Group from the original factory whilst some are routed through the Brands own warehouses located both in the UK and mainland Europe. The Group also often only receives stocks for launches just before the launch date. Owned and Licensed Brands: These orders are largely placed on a 'Free on Board' basis with the Group then processing the necessary import documentation and accounting for the duties. The majority of the Group's retail stores across Europe were previously supplied with stock by the Group's principal Kingsway Distribution Centre.	↑	The Group has taken the following action to mitigate the impact of Brexit whilst also further reducing the risk of having the stock in one location (as identified in the UK warehouse operations risk): 1 An 80,000 sq. ft facility based in Belgium became operational in Autumn 2020 and now fulfils a large proportion of the fast moving core ranges for stores in Mainland Europe, reducing the risk to store replenishment in the Kingsway Distribution Centre. 2 The Belgium facility is not large enough to handle all the volumes required for stores in mainland Europe nor does it provide a solution for either online orders or product destined for the Republic of Ireland. In this regard we have now secured a 65,000 sq. ft. warehouse near Dublin which will become operational in the second half of the 2021/22 financial year. 3 Work is ongoing to secure a larger permanent facility in Europe which can process substantially all of the volume required for stores and online orders in mainland Europe although it will likely be Autumn 2022 before an enlarged facility would begin to be available for use. A larger facility in Europe will make our future European logistics more streamlined and will ensure that the vast majority of the potential duties are mitigated.	INFRASTRUCTURE AND RESOURCES

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISKS
Improving the sustainability and environmental performance of the Group has been an integral facet of our business plan over recent years with efforts intensifying due to both external pressures and our increasing global footprint. The Group continues to adhere to Environmental, Social and Governance (ESG) best practice by identifying and detailing climate-related and social impact risks.

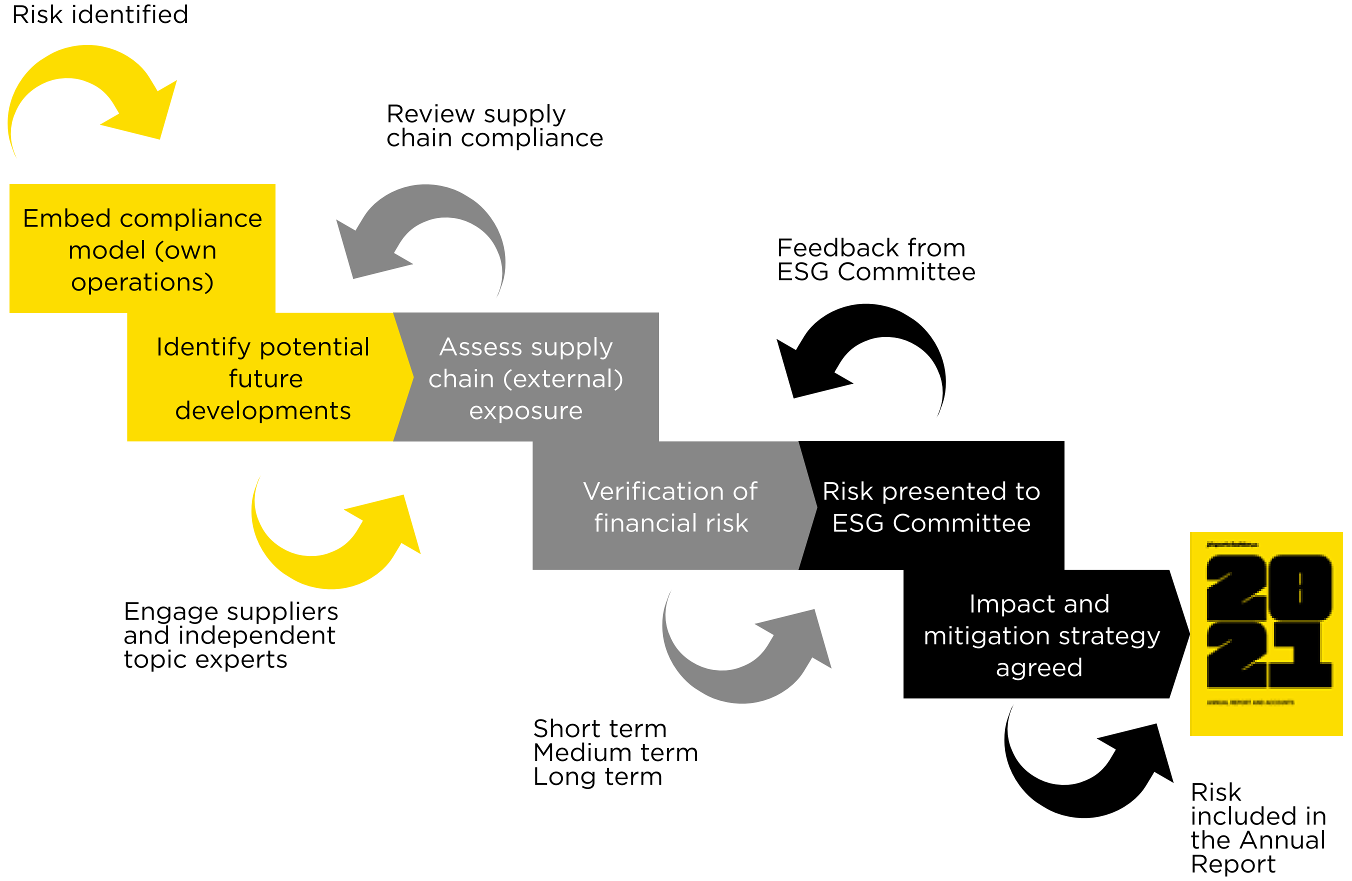
In our 2020 Annual Report, the Group aggregated our known ESG risks, impacts and mitigating activities within a new 'ESG' risk section, a measure that received a very positive response from our shareholders.

ESG RISK IDENTIFICATION AND MANAGEMENT

ESG RISK IDENTIFICATION – SOURCES:

FORMAL:
- International NGOs (e.g. United Nations)
- Global inter-governmental organisations
- National-level government/regulatory consultations
- National government notifications
- Financial Conduct Authority updates
- Independent benchmarks (e.g. Carbon Disclosure Project)
- Global, issue-based initiatives (e.g. RE100 – renewable energy targets
- Audit recommendations

INFORMAL:
- Media coverage
- Customer feedback
- Industry forum feedback (e.g. British Retail Consortium)
- Supplier engagement
- Independent market reports



This year, the Group has commenced the requirements of the Task Force on Climate-related Financial Disclosures (TCFD) within our reporting by mapping our ESG-related progress against the structures provided by the TCFD see page 110 for summary.

The Group continues to use globally-recognised independent benchmarks to assess our ESG performance and to help identify ESG-related risks. Recognition of the prioritisation of environmental and social considerations within our corporate strategy has been evidenced via the Carbon Disclosure Project (CDP) assessment of our Carbon Management, Water Security and Forests disclosures.

Robust governance, transparency and accountability principles underpin our approach across all areas of the business. Understanding and assessing ESG risks supports our efforts to mitigate and manage accordingly, benefitting both the Group, and the local environments in which we operate. We have identified specific ESG 'Risk and Impacts' within the section below. For the 2021 Annual report, we have categorised the ESG risks as 'short', 'medium' and 'long term'.

The Group recognises the TCFD recommendation to quantify financial impact of strategic climate-related risks. Considerable time has been invested in our attempts to fulfil this requirement. However, our research into quantifying climate risks identified that (owing to the current lack of standard calculation method) there are large variances in the interpretations and estimates from the leading brands that have provided estimates. As TCFD becomes more widely adopted (or mandatory), we anticipate that more accurate, verifiable climate-related financial planning risks can be provided. The Group continues to discuss climate-related risks within our regular financial planning activities, primarily via the Group ESG committee, chaired by our Chief Financial Officer.

RISK AND IMPACT	CHANGE IN RISK EXPOSURE 2020/21 BEFORE MITIGATING ACTIVITIES	MITIGATING ACTIVITIES	LINK TO OUR STRATEGY
ENVIRONMENTAL – CLIMATE CHANGE The 2016 Paris Agreement called for science based targets to limit global warming at a maximum level of 2°c increase. A level of 1.5°c global warming impacts on natural and human systems and accordingly recommendations are in place for mitigation pathways to try and restrict global warming to the 1.5°c scenario. Within the UK, the 2019 UK Climate Act and Carbon Reduction Commitment (including 'Streamlined Energy and Carbon Reporting') has already been implemented, and the Group remains fully compliant with its requirements. **SHORT TERM:** We anticipate further legislation within the UK and Europe in support of the 1.5°c scenario planning. This may include but not be limited to net-zero emission targets being brought forward from 2050, and the introduction of mandatory science based targets. **MEDIUM TERM:** Within the UK and Europe, we envisage increasing levels of localised policy and regulation. Examples include local councils and transport authorities operating 'Clean air zones' and related emission-reduction initiatives. Business logistics services will be one of the prominent areas targeted by such schemes.		**CARBON EMISSIONS** The Group has direct control of a limited number of non-retail sites but proactively manages the energy use and carbon emissions of our global retail businesses (within leased buildings). The Group analyses the robustness of its Climate Change strategy, risk assessment and performance via the established, independent global benchmark of the Carbon Disclosure Project (CDP). During the financial year, the Group achieved an improved CDP Carbon Management score of 'A-', establishing the Group as a 'leader' with its approach to this essential risk category. The Group takes a pro-active approach to emission reductions, procuring renewable energy wherever viable. This commitment was further embedded within our strategy via the Group joining the RE100 in 2019. The RE100 is a collection of the world's largest companies committed to achieving 100% renewable energy usage. In December 2020, the Group joined the Science Based Target (SBT) group as a 'committed' member. The Group will submit our Scope One-Three SBTs to the SBT advisory group in 2021. Scope Three emissions account for 99% of the Group's carbon emissions, with 'Purchased goods and services' (our suppliers) accounting for over two-thirds of this value. The Group has worked with a sustainability specialist consultant to complete a screening exercise. This exercise identified the volume of Scope Three emissions by supplier and we will be monitoring our largest suppliers to ensure that they deliver their stated carbon reduction targets.	**ENVIRONMENTAL (ESG)**

RISK AND IMPACT	CHANGE IN RISK EXPOSURE 2020/21 BEFORE MITIGATING ACTIVITIES	MITIGATING ACTIVITIES	LINK TO OUR STRATEGY
ENVIRONMENTAL – CLIMATE CHANGE (CONTINUED) As a consequence of the US re-joining the Paris Agreement, we envisage that it will also introduce additional legislation for businesses, related to carbon emissions and the 1.5°c scenario. The largest risk to the Group of not achieving our emission reduction targets is linked to the ability of our largest merchandise suppliers to achieve their own carbon reduction targets. Our suppliers account for over 71% of Group's Scope Three emissions targets, with Nike and adidas accounting for the largest percentage. In the event that our suppliers were not on track to achieve their disclosed carbon reduction targets, the Group would have to invest in additional energy performance certificates and energy-reducing infrastructure in order to achieve both our own targets, and those mandated by the governments within our operating territories. The Group is aware that a number of our operating territories (including Australia, South Korea and Singapore) are subject to high costs for renewable energy, owing to limited availability and regulatory complexity. In addition to state-level legislation and targets, we anticipate that investors may seek to introduce additional climate-related targets and/or reporting frameworks as part of 'green credential' verification.		**CARBON EMISSIONS (CONTINUED)** Nike Inc has a 2030 Science-Based Target to reduce its carbon footprint by 65% in owned or operated spaces and by 30% across their extended supply chain[1]. Nike has also set a target of 70% absolute reduction of Greenhouse Gases in owned or self-operated facilities by end of FY25 and measures to decrease energy use and CO2e emissions 35% per kg in textile dyeing and finishing processes. adidas has committed to an annual absolute CO2e reduction of 3% and has also committed to achieving a 30% reduction in CO2 emissions by 2030, thus paving their way to climate neutrality by 2050[2]. Our continued progress in identifying, managing, and reducing Scope Three emissions mitigates Group risk associated with operating cost increases relating to environmental legislation. The Group continues to transition any non-renewable energy sites as soon as legacy contracts or local infrastructure permits. Our planned 2021 Science Based Targets have made a provision for the continued financial and operational barriers to using renewable energy in certain Asia-Pacific territories.	**ENVIRONMENTAL (ESG)**

1 https://purpose.nike.com/fy20-nike-impact-report
2 https://report.adidas-group.com/2020/en/servicepages/downloads/files/annual-report-adidas-ar20.pdf

RISK AND IMPACT	CHANGE IN RISK EXPOSURE 2020/21 BEFORE MITIGATING ACTIVITIES	MITIGATING ACTIVITIES	LINK TO OUR STRATEGY
ENVIRONMENTAL – CLIMATE CHANGE (CONTINUED) **LONG TERM:** In the event that the targets of the Paris Agreement are not being met, the Group anticipates the potential for additional supply chain and infrastructure costs relating to: **Merchandise** Increased costs from 'environmental tariffs' levied on factories or territories, and 'passing on' of operational costs incurred as part of potential new tariffs and laws. Additional taxation may be incurred on goods sourced from territories without renewable energy infrastructure. **Group operations** Potential additional costs may impact the Group's own infrastructure and leased premises as a result of investment in carbon-reducing technology. **Weather-related impact** Increases in 'extreme' weather events may lead to increases in insurance premiums, and margin reduction associated with an increased number in lost trading days. This could also result in disruption to our supply chain, impacting raw material supply, labour availability, production capability and distribution of goods.		The Group has continued to develop our corporate website throughout the period, garnering positive feedback from a wide range of investors. The implementation of Science Based Targets and commencement of TCFD reporting facilitates continued Group progression. Our high CDP scores vs. sector and international averages evidences that the Group has been independently verified as a strong ESG performer.	**ENVIRONMENTAL (ESG)**

RISK AND IMPACT	CHANGE IN RISK EXPOSURE 2020/21 BEFORE MITIGATING ACTIVITIES	MITIGATING ACTIVITIES	LINK TO OUR STRATEGY
ENVIRONMENTAL – BIODIVERSITY, RESOURCES AND WATER SECURITY **BIODIVERSITY, IMPACT ON HABITATS & FORESTS** Growing human demand for natural resources may negatively impact the biodiversity system. **COTTON/POLYESTER – PRIVATE LABEL** The fashion industry depends on natural resources including cotton as well as other oil based fibres such as polyester. Making sustainable products can directly impact farmers, the use of pesticides and water. Using recycled polyester can offer many sustainable benefits vs virgin polyester.		The Group submitted its second response to the 'Forests' CDP. The industries with the largest impact on biodiversity continue to be agriculture and manufacturing. For our own footwear and accessories brands we supply and monitor a 'supplier manual' including policies on modern slavery, procurement and global environmental footprint reduction. Standards to be met include Reach (Registration, Evaluation & Authorisation of Chemicals) and suppliers of leather manufactured goods must adhere to Leather Working Group (LWG) standards. During the period, the Group has reduced its use of virgin polyester and increased the use of responsibly sourced cotton ('sustainable cotton'). Sustainable cotton ensures; i) that farmers are trained on methods of water reduction ii) farms are economically irrigated and iii) the receipt and payment of fair wages.	**ENVIRONMENTAL (ESG)**

RISK AND IMPACT	CHANGE IN RISK EXPOSURE 2020/21 BEFORE MITIGATING ACTIVITIES	MITIGATING ACTIVITIES	LINK TO OUR STRATEGY
ENVIRONMENTAL – BIODIVERSITY, RESOURCES AND WATER SECURITY (CONTINUED) **SHORT TERM:** Where immediate international labour-related risks have been identified, the Group continues to receive guidance from leading non-government organisations (such as the Better Cotton Initiative) in order to implement appropriate solutions. **WATER REDUCTION** The fashion sector is the second largest consumer of the world's water supply and there is an ever-growing issue of water scarcity.[3] **MEDIUM TERM:** The Group acknowledges that large organisations will be required via legislation, or consumer pressure to improve the reporting on water usage and reduction measures. **LONG TERM:** We envisage that water usage reporting may follow the route of carbon reporting via a tiered system of primary, secondary and tertiary usage.		The Group joined the Better Cotton Initiative (BCI) in the last quarter of 2020. Our goal is for 80% of our cotton to be sourced through the programme by 2022, recognising the importance of working with a global not-for-profit organisation and the largest cotton sustainability programme in the world. The Group's private label manufactured garments are now accredited via a 'Sustainability flag' process. Over four million garments were categorised against our sustainability goals, featuring Gold, Silver and Bronze award criteria. The Group has completed the CDP 'Water Security' survey, achieving a 'B' score, outperforming the fashion and luxury goods sector by two grades. Nike exceeded its target of a 20% reduction in freshwater use in textile dyeing and finishing (L/kg p/ production unit) achieving 30% in its most recent report[4]. adidas continues to drive water efficiency initiatives, achieving accumulated water savings of 35% per employee between 2008 and 2020[5]. We engaged with the WWF Water Risk Filter during the period, allowing the Group to assess our water risk in sourcing countries used for private label manufacturing.	**ENVIRONMENTAL (ESG)**

3 https://www.businessinsider.com/fast-fashion-environmental-impact-pollution-emissions-waste-water-2019-10?r=US&IR=T
4 https://purpose.nike.com/fy20-nike-impact-report
5 https://report.adidas-group.com/2020/en/servicepages/downloads/files/annual-report-adidas-ar20.pdf

RISK AND IMPACT	CHANGE IN RISK EXPOSURE 2020/21 BEFORE MITIGATING ACTIVITIES	MITIGATING ACTIVITIES	LINK TO OUR STRATEGY
ENVIRONMENTAL – BIODIVERSITY, RESOURCES AND WATER SECURITY (CONTINUED) **PLASTIC** Demand for plastic reduction and recycling continued to increase during the period. Consumer focus on plastic reduced somewhat due to the impact of COVID-19, but national-level legislation continued to progress. **SHORT TERM:** The Group anticipates further taxation on single-use items and an increase in the threshold standard of bags and packaging termed 'reusable' and 'recyclable'. **MEDIUM TERM:** Whilst much of the UK and Europe has moved to using paper-based bags, the Group anticipates that, due to its impact on natural resources, such as water, paper bags will also be subject to mandatory minimum charges within the next few years, both across Europe and the UK. **LONG TERM:** The Group considers that the UK re-processing and recycling infrastructure is below the standards of mainland Europe and Scandinavia. This increases the likelihood of the UK government using taxes as its primary means to achieve reductions in plastic and other waste usage.		The Group's approach to plastic continues to encompass the three classic principles of 'reduce, re-use and recycle'. The Group's most commonly used plastic bag (the JD 'duffle') represents a fantastic example of how a design-led plastic product can generate continued re-use from customers. During the period, our JD fascia has trialled flexi-loop bags with 70% recycled content. The Group has very few single-use bags remaining and continues to reduce or remove single-use items from acquisition businesses. Almost all customer bags used by the Group are >50% recycled or categorised as 'bags for life'. The Group complies with all territory level bag legislation. Within England, Wales and Scotland, 100% of proceeds from plastic bag sales are passed to The JD Foundation, supporting youth, mental health and social justice causes throughout our communities. The proceeds from carrier bags in Northern Ireland are remitted to the Northern Ireland Executive as required by law.	**ENVIRONMENTAL (ESG)**

RISK AND IMPACT	CHANGE IN RISK EXPOSURE 2020/21 BEFORE MITIGATING ACTIVITIES	MITIGATING ACTIVITIES	LINK TO OUR STRATEGY
ENVIRONMENTAL – BIODIVERSITY, RESOURCES AND WATER SECURITY (CONTINUED) **ENHANCED RETAILER TAKE BACK** With growing focus and pressure on 'circular economy' enablement, there is increasing expectation from consumers on store take back schemes. The Group further anticipates additional regulatory measures such as 'Extended Producer Responsibility', whereby brand owners and manufacturers are required to take on additional responsibility for the recycling or disposal of end of life products and packaging.		The Group is committed to an internal circular economy model to ensure the minimisation and eradication of landfill waste across our business. We have already achieved 'zero waste to landfill' certification for our UK distribution centre and continue to re-use, repurpose and recycle across all of our operations.	**ENVIRONMENTAL (ESG)**

SOCIAL RISKS

RISK AND IMPACT	CHANGE IN RISK EXPOSURE 2020/21 BEFORE MITIGATING ACTIVITIES	MITIGATING ACTIVITIES	LINK TO OUR STRATEGY
SOCIAL – HUMAN RIGHTS, LABOUR STANDARDS AND RESPONSIBILITY **HUMAN RIGHTS & LABOUR STANDARDS** Respecting human rights within the Group and across our supply chain is a key part of running a successful organisation. Human rights are fundamental principles which allow individuals to lead a dignified and independent life, free from abuse and violations.		Identification and prevention of Modern Slavery is a key priority throughout our supply chain. The Group actively investigates several tiers of processing within our private label supply chain (including agents, factories, mills, dye houses and print houses) and is committed to further transparency.	**SOCIAL (ESG)**

RISK AND IMPACT	CHANGE IN RISK EXPOSURE 2020/21 BEFORE MITIGATING ACTIVITIES	MITIGATING ACTIVITIES	LINK TO OUR STRATEGY
SOCIAL – HUMAN RIGHTS, LABOUR STANDARDS AND RESPONSIBILITY (CONTINUED) The Group recognises that building fair relationships with their suppliers is critical to maintaining standards across the global workforce. The COVID-19 pandemic has halted the successful, interactive face to face collaborations completed in 2019. The rights of people working in the supply chain of the international brands is subject to increased scrutiny by the media and other bodies. Adverse reports may influence consumer decision making.		The pandemic disrupted travel (a vital part of our ethical sourcing policy) but progress continued on corrective action plans, managing the sourcing challenges presented to the best of our ability. The Group has an 'Ethical Code of Practice', the purpose of which is to establish a procedure for protecting individuals who work within our supply chain and providing assurance that our products are manufactured in safe and fair conditions. We will take the appropriate and remedial action(s) required if a supplier cannot commit to the same standards and principles. However, the Group remains cautious about making short-term reactionary decisions to media reports as the removal of employment opportunities is unlikely to enhance the protection of rights, cultural respect and fair treatment of workers within our supply chain. In order to achieve long-term, sustainable improvements in labour rights across the supply chain, it is imperative that the Group, our brands and other relevant governmental bodies continue to work with host countries to improve conditions for workers. The JD business has successfully mapped the second and third tiers of its manufacturing supply chain to include mills and dye houses. Our Tier Four (print houses) have been partially included within the 2021 transparency map at www.jdplc.com. This is a complex part of the manufacturing supply chain and will be updated every half year to adapt to the changing seasonal product categories. This will be progressed with the subsidiaries in the Group during 2021 and 2022.	**SOCIAL (ESG)**

RISK AND IMPACT	CHANGE IN RISK EXPOSURE 2020/21 BEFORE MITIGATING ACTIVITIES	MITIGATING ACTIVITIES	LINK TO OUR STRATEGY
SOCIAL – HUMAN RIGHTS, LABOUR STANDARDS AND RESPONSIBILITY (CONTINUED)		With regards to Modern Slavery in the UK, the Group has focused on the Kingsway Distribution Centre and we have implemented several procedural based strategies. Furthermore, the Group has joined the Gangmasters and Labour Abuse Authority (GLAA) and hosted events on site, with participation from our third-party suppliers. We hope to be able to progress this project in 2022. To mitigate and prevent labour standard breaches, the Group promotes an Ethical Code of Practice for all private label suppliers, outlining minimum required standards including wages being paid in line with local laws. The Ethical Code of Practice also ensures worker protection and provides assurance that our products are manufactured within safe and fair conditions.	SOCIAL (ESG)
RELIANCE ON NON-UK MANUFACTURERS The majority of both third-party branded product and the Group's private label 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.		The Group pro-actively manages risk within its own supply chain for private label and licensed products. For our largest third-party brand partners, the Group collates disclosures and statements (such as supply chain risk and ESG-related issues) on material matters including, but not limited to, Modern Slavery, codes of practice, carbon emissions and water security. A consolidated view of risks and opportunities identified is periodically provided to our ESG Committee for review and appropriate action. The Group uses third-party accredited auditors to continuously audit the factories it uses for its private label business. The Group's factories are also screened and verified prior to being included within our sourcing strategy.	

RISK AND IMPACT	CHANGE IN RISK EXPOSURE 2020/21 BEFORE MITIGATING ACTIVITIES	MITIGATING ACTIVITIES	LINK TO OUR STRATEGY
SOCIAL – HUMAN RIGHTS, LABOUR STANDARDS AND RESPONSIBILITY (CONTINUED)		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. 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.	SOCIAL (ESG)
HEALTH AND SAFETY The health and safety of our customers and colleagues is of the utmost importance. Policies are implemented in conjunction with training programs to protect our employees and customers. Personal injuries, distress and fatalities could result from a failure to establish and maintain safe environments. **COVID-19** The COVID-19 pandemic has presented significant health and safety challenges. We continue to develop and establish revised working practices to ensure the safety of our colleagues, customers and visitors.		The Group Health and Safety Committee meets on a quarterly basis. The Committee is chaired by the Group Health and Safety Manager with attendees including the Chief Financial Officer, 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. Performance against targets, incidents, and legal claims that arise are reported to the Board. The Group also works closely with its principal insurers who undertake regular risk reviews both in the store portfolio and in the distribution centres.	SOCIAL (ESG)

RISK AND IMPACT	CHANGE IN RISK EXPOSURE 2020/21 BEFORE MITIGATING ACTIVITIES	MITIGATING ACTIVITIES	LINK TO OUR STRATEGY
HEALTH AND SAFETY (CONTINUED)		There is a comprehensive induction and training program for all staff covering Health and Safety issues. The Health and Safety team have assessed the risks faced by our colleagues, customers and other visitors as a result of COVID-19. The documented risk assessments produced for our retail, office and distribution environments set out the control measures required to reduce the risk of potential exposure to COVID-19 virus. From the initial risk assessment, the appropriate teams developed operating procedures, visual messaging, procured personal protective equipment and hygiene products appropriate to their area of the business but following a consistent Group approach. As Government guidance has changed, the risk assessments and control measures have been updated. This in turn has informed changes in the procedures of the teams around the business, ensuring consistency across the Group. The control measures in place for our retail stores are published on our customer facing websites. Those in place for colleagues working in distribution and office based roles are communicated and regularly updated through internal channels.	**SOCIAL (ESG)**

RISK AND IMPACT	CHANGE IN RISK EXPOSURE 2020/21 BEFORE MITIGATING ACTIVITIES	MITIGATING ACTIVITIES	LINK TO OUR STRATEGY
GOVERNANCE – ANTI-CORRUPTION, RISK MANAGEMENT, REGULATORY AND COMPLIANCE **ANTI-CORRUPTION AND ANTI-BRIBERY** The Group could face the risk across its employees of breaching rules and regulations to conduct responsible business. This can include risks of corruption and bribery.		The Group is committed to acting professionally, fairly and with integrity in all its business dealings. The Group has an Anti-corruption and bribery policy and also works closely with its Profit Protection team to monitor and investigate any convictions and issues.	**GOVERNANCE (ESG)**
TAX TRANSPARENCY The Group operates on a global scale across many countries, with tax policies that vary for each country, this can result in potential tax risks.		Our Group aims to ensure that it pays the right amount of tax in each country in which it operates and does not engage in arrangements which are artificial or contrived. We actively identify, evaluate, manage and monitor tax risks where appropriate and strive to remain low-risk. Where there is significant uncertainty or complexity in relation to risk, external advice may be sought from professional advisors and discussed with the relevant tax authority.	

RISK AND IMPACT	CHANGE IN RISK EXPOSURE 2020/21 BEFORE MITIGATING ACTIVITIES	MITIGATING ACTIVITIES	LINK TO OUR STRATEGY
GOVERNANCE – ANTI-CORRUPTION, RISK MANAGEMENT, REGULATORY AND COMPLIANCE (CONTINUED) **DATA PROTECTION COMPLIANCE** The General Data Protection Regulation (GDPR), which significantly increased the Group's risk exposure in the event of non-compliance with data protection requirements has been in force for three years now. As such, the Information Commissioner's Office has now firmly established its enforcement practices with regard to GDPR and, following a period of increased focus on data protection legislation, there remains a heightened awareness of data protection rights and protections amongst data subjects, primarily the Group's employees and customers. The Group is obliged to have an extensive programme of measures to ensure compliance with all data protection legislation across the Group and to regularly review the Group's compliance. This ongoing review process must include (i) the carrying out of audits to test compliance and to refresh processes and materials where necessary; and (ii) training the Group's employees to ensure there is sufficient awareness of the Group's data protection obligations.	< >	The Group Data Protection Officer (DPO) has ultimate responsibility for data protection compliance matters across the Group. This role is supported by the Group's legal team, information security team, HR and Profit Protection team who ensure that all compliance measures are adhered to and maintained and updated as appropriate. A number of 'data protection champions' have been nominated to ensure these measures are implemented effectively in each area of the business. The Group utilises its ongoing programme of compliance measures, which includes regular audits and training, to ensure compliance with the data protection legislation. The legal team regularly advise on the manner in which the data protection legislation is being enforced by the relevant regulatory bodies in each territory and keeps abreast of any developments in this area. The Group also has an extensive body of data protection policies which are updated as required.	**GOVERNANCE (ESG)**

RISK AND IMPACT	CHANGE IN RISK EXPOSURE 2020/21 BEFORE MITIGATING ACTIVITIES	MITIGATING ACTIVITIES	LINK TO OUR STRATEGY
GOVERNANCE – ANTI-CORRUPTION, RISK MANAGEMENT, REGULATORY AND COMPLIANCE (CONTINUED) **REGULATORY AND COMPLIANCE** The Group operates in a fast-paced retail environment which is subject to various legislation, codes of practice, guidance and standards including, but not limited to, the listing rules, consumer protection and trading standards legislation, advertising regulations, product safety and quality standards, carbon emission reporting, bribery and corruption requirements, market abuse regulation, competition law and health and safety law. The Group recognises that failure to comply with these legal frameworks may result in financial or reputational damage to the business. Further, as a result of Brexit, laws and regulations could diverge between the UK and EU leading to increased operational complexity and a greater risk of non-compliance.	< >	The Group actively monitors adherence to its existing regulatory requirements and has a number of internal policies and standards to ensure compliance where appropriate. The Group has a legal team to ensure that various aspects of the business are aware of their regulatory obligations and have a clear understanding of the measures they need to implement to ensure compliance. External and specialist legal advice is obtained where necessary. The Group's legal team provides training where required and operates a confidential whistleblowing hotline for colleagues to raise concerns in confidence. The Group expects all suppliers to comply with its Conditions of Supply which clearly sets out its expectations of its suppliers and includes an Ethical Code of Practice which all suppliers must adhere to. The legal team will continue to work with external advisors to ensure that procedures are in place to monitor legal and regulatory changes with regards to Brexit. The Group will implement appropriate measures to ensure continued compliance with laws and regulations. The Group is also fully complying with the Competition and Market Authorities who announced in December 2020 that they were investigating suspected anti-competitive behaviour in relation to the price at which Rangers FC-branded replica football kit was sold in the United Kingdom.	**GOVERNANCE (ESG)**

PROPERTY RISKS

RISK AND IMPACT	CHANGE IN RISK EXPOSURE 2020/21 BEFORE MITIGATING ACTIVITIES	MITIGATING ACTIVITIES	LINK TO OUR STRATEGY
RETAIL PROPERTY FACTORS The retail landscape has seen significant changes in recent years with a high volume of retail units becoming vacant consequent to a number of retail insolvencies. We firmly believe that retail occupancy levels will decrease significantly as a direct consequence of COVID-19. The Group can be financially exposed where it has committed itself to a long lease in a location which, as a result of external factors, now has high vacancy rates making it less attractive to the customer which can drive further reductions in footfall and potentially lower sales volumes in the future. Additionally, there could be a further shift of revenue from bricks and mortar stores to e-commerce as consumer preferences change over time. The COVID-19 pandemic may have accelerated this shift in consumer preferences.		Wherever possible, the Group will seek a number of protections when agreeing to new property leases: • New leases taken out for a maximum period of 10 years. • Break option no later than halfway through the lease with three year breaks becoming increasingly the norm. • Capped rent reviews. • Rents which flex with turnover in the store. As a consequence of COVID-19, the Group is actively managing the property risks and is engaging with all of its landlords, regardless of the remaining lease term. 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. 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 to another retailer. The Group is mindful of general economic factors and the already wide availability of retail unit's consequent to the bankruptcy or other restructuring processes of other retail businesses.	**STORE PORTFOLIO**

RISK AND IMPACT	CHANGE IN RISK EXPOSURE 2020/21 BEFORE MITIGATING ACTIVITIES	MITIGATING ACTIVITIES	LINK TO OUR STRATEGY
RETAIL PROPERTY FACTORS (CONTINUED)		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. The Board reviews the list of assigned leases regularly to assess the probable risk of the store returning to the Group under privity of contract. The Group continues to invest in store refurbishment, visual merchandising, retail theatre, customer service and digital integration to enhance the consumers' in store retail experience.	**STORE PORTFOLIO**

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 2020/21 BEFORE MITIGATING ACTIVITIES	MITIGATING ACTIVITIES	LINK TO OUR STRATEGY
IT SYSTEMS The Group relies heavily on its IT systems and networks and those of its partners to service its customers throughout the year across all channels. Any long-term interruption in the availability of core enterprise systems would have a significant impact on the retail businesses.		The Group manages this risk by combining the best available premise solutions with active cloud provisioning to form a robust architecture. The principal IT services are hosted in enterprise grade data centres with high availability and reliability at the core of their design. In addition, there are robust backup and disaster recovery capabilities in place which are tested periodically throughout the year. Outside of the core ERP system, in previous financial years the Eurostop ERP system was implemented for a number of our subsidiaries. This drive to achieve consistency on ERP developments across the Group has continued in FY21 by successfully installing the Eurostop ERP system in Onepointfive Ventures Limited in Canada.	**STORE PORTFOLIO AND MULTICHANNEL**

RISK AND IMPACT	CHANGE IN RISK EXPOSURE 2020/21 BEFORE MITIGATING ACTIVITIES	MITIGATING ACTIVITIES	LINK TO OUR STRATEGY
CYBER SECURITY Cybercrime is becoming more sophisticated with the risk increasing across all markets. Any cyber-attack or breach of data may result in the short-term loss of revenue and diverted resources, while there is also the risk of a longer-term negative impact on customer confidence and the Group's reputation.		The Group continues to invest in protecting our sites, systems, and customer data from exposure to cyber attacks. There has also been a strong focus on increasing the level of cyber security education and awareness across all Group staff, with a particular focus on the increased risk when working remotely due to the COVID-19 pandemic. Regular independent assessments of the Group's security posture are undertaken to ensure that the correct people, processes and technology are in place to mitigate against the ever-changing threat landscape.	MULTICHANNEL
COVID-19 AND REMOTE WORKING The significant increase in the number of staff working remotely due to the impact of the COVID-19 pandemic has introduced both new security risks and new challenges centered around maintaining staff productivity.		Through a program of continuous improvement, key parts of the Group's critical IT infrastructure have been enhanced to support the increase in remote workers including network capacity, and the ability to access more key applications from any location without compromising on security. To address the change in daily working practices, a plethora of training sessions and additional support material have been made available to all staff around the use of new technology to ensure they are able to communicate and collaborate with colleagues regardless of their working location.	INFRASTRUCTURE AND RESOURCES

PERSONNEL RISKS

RISK AND IMPACT	CHANGE IN RISK EXPOSURE 2020/21 BEFORE MITIGATING ACTIVITIES	MITIGATING ACTIVITIES	LINK TO OUR STRATEGY
PERSONNEL 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.		To help achieve this continued service, the Group has competitive reward packages for all staff. More specifically for the retail businesses, the Group also has a long established and substantial training function which seeks to develop training for all levels of retail employees and thereby increase morale and improve staff retention. This ensures that knowledge of the Group's differentiated product offering is not lost, thereby enhancing customer service. The Board regularly considers the actions required to ensure there is succession planning for all key roles.	CORPORATE AND SOCIAL RESPONSIBILITY

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 income. These economic factors are impacted by events outside of the Group's control, in particular the COVID-19 pandemic and Brexit. 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 internationally, 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 2020/21 BEFORE MITIGATING ACTIVITIES	MITIGATING ACTIVITIES	LINK TO OUR STRATEGY
TREASURY AND FINANCIAL The Group is exposed to fluctuations in foreign exchange rates. Branded product for the JD fascia throughout Europe is purchased mainly 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 a significant Sterling/Euro exposure in the UK trading business for the Euros which are remitted back for stock purchases. There is also exposure in relation to Sterling/US Dollar consequent to the sourcing of private label 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.	< >	The Belgium Distribution Centre has created a natural hedge for Euros as the fast-moving core ranges for stores in Mainland Europe that are delivered into the facility are increasingly sourced in Euros. Nike orders delivered into the Belgium DC will be placed in Euros from July 2021. This has resulted in a reduction in the volume of surplus Euros that are then required to be converted back into sterling. The further expansion of our European logistics capabilities will further enhance the natural hedging and reduce the exposure of Sterling/Euro. Surplus Euros are also used to fund the international store developments thus alleviating the need for local third-party financing. The resulting Euros that will continue to flow back to the UK are converted back to sterling with hedging now put in place for approximately 75% of the anticipated surplus for the year to 29 January 2022. This leaves some Euros available should the Group need to move quickly to take advantage of an acquisition or other investment opportunity. The Group sets a buying rate for the purchase of private label 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 95% of the anticipated requirement for the year to 29 January 2022.	**GLOBAL EXPANSION, MARKET POSITION AND BREXIT**

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 51 to 76.

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 42 to 158.

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 3 February 2024.

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 51 to 76. The Board has evaluated the impact of these risks actually occurring based on severe but plausible scenarios. The evaluation included performing sensitivity analysis by flexing the main assumptions in each scenario individually.

Furthermore, the global COVID-19 pandemic has presented a series of unprecedented challenges which have severely tested all aspects of our business including our multichannel capabilities, the robustness of our operational infrastructure and the resilience of our colleagues. Whilst COVID-19 has inevitably constrained our short-term progress, we firmly believe that we have a robust premium branded multichannel proposition with our loyal consumers comfortable engaging with us in any channel.

For the purposes of both Viability and Going Concern Reporting, the Directors have prepared severe but plausible downside scenarios which cover the same period as the base case, including specific consideration of a range of impacts that could arise from the continued COVID-19 pandemic. These scenarios included more prolonged store closures, transition from physical sales to online and disruptions to supply chain causing delays in receiving stock. As part of this analysis, mitigating actions within the Group's control should these severe but plausible scenarios occur have also been considered. These forecast cash flows indicate that there remains sufficient headroom in the forecast period for the Group to operate within the committed facilities and to comply with all relevant banking covenants during the forecast period.

CONCLUSION

VIABILITY STATEMENT

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

GOING CONCERN

The financial statements are prepared on a going concern basis, which the Directors believe to be appropriate for the following reasons.

At 30 January 2021, the Group had net cash balances of £795.4 million (2020: £429.9 million) with available committed UK borrowing facilities of £700 million (2020: £700 million) of which £nil (2020: £nil) has been drawn down (see Note 19) and US facilities of approximately $300 million of which $nil was drawn down (2020: $nil). These facilities are subject to certain covenants (see Note 19). With a UK facility of £700 million available up to 6 November 2024 and a US facility of approximately $300m available up until 18 June 2023, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Since the year end, the Company completed the placing of new ordinary shares in the capital of the Company raising gross proceeds of approximately £456.0 million after costs. In addition, the Group has completed acquisitions in the new year to date with aggregate cash consideration paid of approximately £380 million. At the date of approval of these financial statements the Group had net cash of £709.5 million as at 6 April 2021.

The Directors have prepared cash flow forecasts for the Group covering a period of at least 12 months from the date of approval of the financial statements, which indicate that the Group will be able to operate within the level of its agreed facilities and covenant compliance. These forecasts include a number of assumptions including gross profit margins and the response of customers to transition from physical sales to online and vice versa as lockdown restrictions ease.

The Directors have considered all of the factors noted above, including the inherent uncertainty in forecasting the impact of the COVID-19 pandemic, and are confident that the Group has adequate resources to continue to meet all liabilities as and when they fall due for a period of at least 12 months from the date of approval of these financial statements.

Neil Greenhalgh
Chief Financial Officer
13 April 2021

	Sports Fashion		Outdoor		Unallocated[2]	Total	
	IFRS 16	IAS 17	IFRS 16	IAS 17		IFRS 16	IAS 17
Period to 30 January 2021	£m	£m	£m	£m	£m	£m	£m
Revenue	**5,808.0**	5,808.0	**359.3**	359.3	–	**6,167.3**	6,167.3
Gross profit %	**48.4%**	48.4%	**42.2%**	42.2%	–	**48.0%**	48.0%
EBITDA before exceptional items	**955.1**	636.2	**35.1**	13.1	–	**990.2**	649.3
Depreciation	**(454.9)**	(151.2)	**(32.9)**	(11.8)	–	**(487.8)**	(163.0)
Amortisation[1]	**(15.5)**	(15.5)	**(4.6)**	(4.6)	–	**(20.1)**	(20.1)
Operating profit / (loss) before exceptional items	**484.7**	469.5	**(2.4)**	(3.3)	–	**482.3**	466.2
Net interest expense	**(51.2)**	–	**(3.7)**	–	(6.1)	**(61.0)**	(6.1)
Profit / (loss) before tax and exceptional items	**433.5**	469.5	**(6.1)**	(3.3)	(6.1)	**421.3**	460.1
Exceptional items	**(76.9)**	(76.9)	**(20.4)**	(27.9)	–	**(97.3)**	(104.8)
Profit / (loss) before tax	**356.6**	392.6	**(26.5)**	(31.2)	(6.1)	**324.0**	355.3

1 This is a non-trading charge relating to the amortisation of various fascia names and brand names which arise consequent to the accounting of acquisitions made over a number of years. These charges are as follows:
- Sports Fashion: £15.5 million (2020: £5.4 million)
- Outdoor: £4.6 million (2020: £4.5 million)

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

SPORTS FASHION

UK AND REPUBLIC OF IRELAND

JD & SIZE?

We are encouraged by the resilient nature of trading in our core UK and Republic of Ireland market throughout the year. During the initial closure period in the Spring approximately 70% of the combined store and online revenues from the prior year were retained through solely digital channels. This retention rate increased to 100% through November when stores in the UK were closed again. There is cause for optimism in the future of our store estate though as, even with materially lower footfall into many city centres and major shopping malls, sales in like for like stores grew by more than 4% in the Q3 period from August to October, which was largely a period free from restrictions.

Recognising the benefits that accrue from investing in our retail estate in terms of consumer engagement, we have continued with our programme of upsizes in key locations with bigger stores opened during the year in Exeter, Plymouth and Brighton. We intend to continue with this programme in the new financial year with new larger format stores scheduled to open in a number of key locations including Belfast, Edinburgh and Stratford, East London.

PREMIUM FASHION

Our premium brand Fashion businesses are an important part of our Group, further elevating our overall proposition. Mainline Menswear, which to all extents is a pureplay online business, had a very strong year in particular with new customers attracted by its reputation for a high quality digital and customer service experience. Elsewhere, in those businesses which have both physical and digital offers, we are reassured by the fact that the retention of sales through the various temporary closure periods was broadly consistent with that seen in JD. We continue to make selective complementary acquisitions in this area where they expand our geographical presence or brand relationships.

GYMS
The lockdowns in the year have brought into sharper focus the physical and mental health benefits of regular exercise. Therefore, we are pleased to welcome our members back to our clubs in England which have now re-opened and look forward to re-opening in the other nations shortly. We are confident that our JD and X4L clubs offer a safe environment for our members, with significant investments made in reconfiguring the space in our clubs to facilitate social distancing and providing sanitisation stations.

It is inevitable that the COVID-19 pandemic resulted in a temporary slowing of the organic club opening programme with only one new gym, being a second club in Glasgow, opening during the year. We are optimistic that we will return to previous levels of activity in the new financial year with at least five further organic clubs opening this year complementing further conversions of the acquired X4L clubs.

EUROPE
JD & SIZE?
Across Europe, the average retention of sales through the period of the temporary store closures in the Spring was approximately 35% with a stronger retention in Northern Europe where online is more mature. Footfall was initially slow to recover as stores re-opened although it progressively improved through the Summer and early Autumn. Like for like store sales were positive in Q3 in many markets although the significant exception to this were the stores in Iberia where a large part of employment, and consequently the wider economy, is linked to tourism. Restrictions were reintroduced before Christmas in a number of markets including the closure of all stores in Germany and the Netherlands.

The retention of sales through this closure period in these countries was approximately 60%, which is slightly ahead of the retention that we saw in the Spring. There continue to be partial closures or restricted trading hours elsewhere including Italy, France and Spain.

As would be expected, as a direct result of the COVID-19 outbreak, the number of new store openings this year was reduced with 31 net new stores opened during the year, which included a flagship style store on the key shopping street of Rue de Rivoli in the centre of Paris. We expect to increase the number of new stores in the new financial year with openings closer to our previously stated ambition of one new store per week on average.

SPRINTER & SPORT ZONE
As with JD, online trading is less mature for Sprinter and Sport Zone across Iberia and, consequently, only 20% of the combined physical and digital revenues in the prior year were retained online in the period of the national store closures in the Spring.

We were encouraged though with trading through the second half of the year, prior to the second national closure in Portugal in early January 2021, with total growth across the region of around 10%. There have also been further temporary closure periods in Spain although these have been at the local rather than national level with some restrictions limited to weekends only. Restrictions across both Spain and Portugal have now begun to ease and we are confident that we are well placed to progress positively.

ASIA PACIFIC
JD
We are pleased with the further positive developments in Australia with 30 stores now trading (2020: 24) after six stores were opened in the year. Other than the temporary closure of seven stores in the Melbourne area through September and October, the stores in Australia were largely able to remain open throughout the year.

Elsewhere, the performance in our other territories was negatively impacted by the lack of tourism from China which is a strong driver of footfall in Malaysia and South Korea in particular. We would not expect the performance in these markets to materially improve until there is a re-opening of the tourist sector.

NORTH AMERICA
FINISH LINE & JD
The Finish Line and JD businesses have had an exceptional year. There are a number of reasons for this:

- The United States is widely regarded as the most mature market in the world for online trading with our digital team at Finish Line highly regarded within the industry. As such, it is not surprising that, of all our global businesses, it was Finish Line and JD in the United States that saw the greatest retention rate through the temporary closure period in the first half with online revenues equivalent to approximately 75% of the combined physical and digital revenues in the prior year.
- Consistent with other national retailers in the United States, our businesses benefitted significantly from May to July from the fiscal stimulus made available by the Federal Government. Total revenues across physical and digital channels increased by nearly 50% in this period. This strong demand resulted in sector wide lower inventory levels which are not expected to normalise until later in 2021. Consequently, there was less promotional activity through the rest of the year than might have been expected which has benefitted gross margins in the second half of the year.
- We are encouraged by the development of JD in the United States with 49 stores trading at the end of the year (2020: 11) including the conversion of 37 former Finish Line stores, the majority of which were converted in the lower cost ‘badge flip’ style, complementing the opening of our first flagship store in Times Square, New York. It is our intention to convert up to 50 more Finish Line stores to JD in the current financial year.

FINANCIAL PERFORMANCE
Whilst COVID-19 has inevitably constrained our short term progress, we firmly believe that we have a robust premium branded multichannel proposition with our loyal consumers comfortable engaging with us in any channel. The resilience of our businesses is reflected in the fact that, despite the challenges of the year, the profitability in Sports Fashion has largely been maintained with a profit before tax and exceptional items of £433.5 million (2020: £468.5 million). On a proforma basis under IAS 17 ‘Leases’ the profit before tax and exceptional items would have been £469.5 million (2020: £492.2 million).

Included within the result is a very positive performance from the Finish Line and JD businesses in the United States with the Government stimulus in the first half of the year driving a material, but short term, impact on performance with total revenues from these businesses increasing to £1,704.3 million (2020: £1,601.5 million) and the profit before tax and exceptional items increasing significantly to £156.6 million (2020: £94.2 million). Elsewhere in North America, in the six week period after completion, the Shoe Palace business has contributed a profit before tax and exceptional items of £13.9 million with revenues of £56.1 million.

Overall gross margins increased within Sports Fashion by 1.0% to 48.4% (2020: 47.4%). This is largely due to a stronger margin in the United States with strong demand resulting in lower levels of promotional activity in the overall market compared to previous years.

After recognising exceptional items in the period of £76.9 million (2020: £40.6 million) principally relating to the impairment of intangible assets arising on the acquisition of the Footasylum business in previous years, the profit before tax in Sports Fashion was £356.6 million (2020: £427.9 million).

OUTDOOR

We acknowledge that the restructure of Go Outdoors in the first half of the year was a difficult process. However, we believe that it was a necessary exercise as the inflexible and uncompetitive terms of the historic property leases in the business meant that Go Outdoors was in danger of becoming a material drain on Group profitability for the foreseeable future. The Group protected the interests of creditors in this process by honouring all liabilities with regards to branded stock suppliers, employees, HMRC taxation, customer returns and historic gift card sales. Further, all pre-existing Go Outdoors employees transferred across to the new business with their previous terms and conditions of employment preserved. To date, two significantly loss-making stores have been closed with new terms either completed or substantially agreed on a further 53 stores. Dialogue continues with landlords on the remaining stores.

This restructure has given Go Outdoors a positive platform from which to develop and we intend to invest in all aspects of the business to provide an instore and digital experience which inspires consumers to get outdoors. We will do this by presenting authoritative product offers in key categories. This includes fishing where we have now started to integrate the Fishing Republic business into larger Go Outdoors stores by creating specialist areas for fishing products. In December 2020, we further delivered on this approach through the acquisition of the highly regarded Naylors equestrian business which, on acquisition, had three standalone stores. As with Fishing Republic, it is our intention to include Naylors branded equestrian areas in Go Outdoors stores where space allows.

The Go Outdoors, Blacks, Millets and Ultimate Outdoors businesses now operate on common merchandising systems with shared commercial resources. Further, all stock is now fulfilled from a separate dedicated warehouse at Middlewich. This operational integration provides the most cost efficient platform for these businesses to develop.

We are encouraged by the performance of all of our Outdoor businesses in the second half of the year. In the Q3 period, which was largely a period free from trading restrictions, we saw sales growth across the combined physical and digital channels of more than 10%. Many of our stores had to be closed again at various times through Q4 with total sales retention through the closure periods of approximately 80%, which was ahead of the retention rates that we saw in the initial closure period in the Spring.

Peter Cowgill
Executive Chairman
13 April 2021

	IFRS 16 2021 £m	2020 £m	Proforma IAS 17 2021 £m	2020 £m
Revenue	**6,167.3**	**6,110.8**	6,167.3	6,110.8
Gross profit %	**48.0%**	**47.0%**	48.0%	47.0%
EBITDA before exceptional items	**990.2**	**979.8**	649.3	623.6
Depreciation / amortisation	**(507.9)**	**(462.9)**	(183.1)	(151.8)
Operating profit before exceptional items	**482.3**	**516.9**	466.2	471.8
Net interest expense	**(61.0)**	**(78.1)**	(6.1)	(6.2)
Profit before tax and exceptional items	**421.3**	**438.8**	460.1	465.6
Exceptional items	**(97.3)**	**(90.3)**	(104.8)	(90.3)
Profit before tax	**324.0**	**348.5**	355.3	375.3
Basic earnings per ordinary share	**23.05p**	**25.29p**	26.26p	27.44p
Adjusted earnings per ordinary share	**32.19p**	**34.26p**	36.19p	36.41p
Total dividend payable per ordinary share	**1.44p**	**0.28p**	1.44p	0.28p
Net cash at period end (a)	**795.4**	**429.9**	795.4	429.9

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

REVENUE, GROSS MARGIN AND OVERHEADS

Notwithstanding the temporary closure of stores in a number of countries at various times in the year, total revenue for the Group increased by approximately 1% in the year to £6,167.3 million (2020: £6,110.8 million). This includes total revenues of £1,760.4 million from our combined businesses in the United States (2020: £1,601.5 million) of which Shoe Palace, which was only part of the Group for approximately six weeks following its acquisition on 14 December 2020, contributed £56.1 million. Given the temporary closure periods in the year, it would not be meaningful to present sales on a like for like basis.

Total gross margin in the year of 48.0% was slightly ahead of the prior year (2020: 47.0%) largely due to a stronger margin in the United States with strong demand consequent to the federal fiscal stimulus driving lower levels of promotional activity in the overall market compared to previous years.

PROFIT BEFORE TAX

Profit before tax and exceptional items decreased slightly to £421.3 million (2020: £438.8 million).

The profit before tax and exceptional items includes a profit of £170.5 million (2020: £94.2 million) from our combined businesses in the United States of which Shoe Palace contributed £13.9 million in the six weeks post acquisition.

Group profit before tax decreased by approximately 7% to £324.0 million (2020: £348.5 million).

Proforma Results Under IAS17 'Leases'

On a proforma basis under IAS 17 'Leases', with rents recognised according to contractual terms, the headline profit before tax and exceptional items for the Group would have been £38.8 million higher at £460.1 million (2020: £26.8 million higher at £465.6 million). After exceptional items totalling £104.8 million (2020: £90.3 million), the profit before tax on the same proforma basis would have been £355.3 million (2020: £375.3 million).

There were exceptional items in the year of £97.3 million (2020: £90.3 million). These exceptional items comprised:

	IFRS 16		Proforma IAS 17	
	2021	2020	2021	2020
	£m	£m	£m	£m
Impairment of goodwill and fascia names (1)	56.2	43.1	56.2	43.1
Movement in fair value of put and call options (2)	20.7	31.4	20.7	31.4
Restructuring of Go Outdoors (3)	20.4	–	27.9	–
Integration of Outdoor systems and warehousing (4)	–	7.2	–	7.2
Integration of Sport Zone into Sprinter infrastructure (5)	–	8.6	–	8.6
Total exceptional charge	**97.3**	**90.3**	**104.8**	**90.3**

1. The impairment in the current period principally constitutes a charge of £55.6 million relating to the impairment of the goodwill and fascia name arising in prior years on the acquisition of Footasylum. The impairment in the prior period relates to the impairment of the goodwill arising in prior years on the acquisition of Go Outdoors Topco Limited and Choice Limited.
2. Movement in the fair value of the liabilities in respect of the put and call options.
3. The net impact consequent to the restructuring of Go Outdoors in the period including a charge of £33.3 million in relation to the impairment of intangible assets, a charge of £4.9 million in relation to the impairment of leasehold improvements and a credit of £17.8 million in relation to the extinguishment of lease commitments (the credit in relation to the extinguishment of lease commitments under IAS 17 'Leases' was £10.3 million).
4. Costs arising from the integration and consolidation of the principal IT systems, warehousing and other infrastructure in Go Outdoors.
5. Costs associated with transferring the stocks and other operations of Sport Zone into the Sprinter infrastructure.

CASH AND WORKING CAPITAL

The net cash balance at the end of the period was £795.4 million (2020: £429.9 million) with very strong cash generation in the United States reflecting the exceptional trading in that country, particularly through the first half. The net cash at 30 January 2021 is stated net of £68.9 million ($94.9 million) in relation to deferred consideration on the acquisition of Shoe Palace which is due to be paid, with no conditionality or dependence on performance criteria, to the Mersho Brothers on various dates through 2021. The net cash position at the period end is also stated before the cash consideration paid on completed acquisitions in the new year to date, which total approximately £380 million. The net cash also includes a number of temporary factors which, in aggregate across the Group, total in excess of £125 million and will likely reverse in the first half of the year to 29 January 2022. This total principally relates to deferred rents as we continue to reach agreements with the relevant landlords.

Stocks at the end of the period of £813.7 million are broadly consistent with the prior year (2020: £811.8 million). However, this includes £50.9 million of stocks in businesses which were acquired in the year. Therefore, stocks in the like for like businesses of £762.8 million are £49.0 million lower than the previous year largely as a result of lower stocks in the combined Finish Line and JD business in the United States where the period end stocks of $167.7 million were approximately 40% lower than the previous year (2020: $282.2 million). As with other retailers in the United States, we have recently experienced some minor delays in receiving product due to delays at ports. To date, this is not materially constraining the overall financial performance with margins ahead of prior year levels. Some new product launches have had to be pushed back though and we continue to work with our international brand partners to ensure the timely flow of product.

COVID-19 has inevitably had a significant impact on the projects which we have undertaken in the period with gross capital expenditure (excluding disposal costs) decreased to £132.0 million (2020: £177.2 million) as construction activity, including the fitting out of stores, was temporarily paused on occasions in a number of countries. Despite these challenges, the primary focus of our capital expenditure remains our physical retail fascias with a spend in the period of £73.5 million (2020: £106.5 million). It is significant that whilst the overall spend on our retail fascias may have reduced, the spend across our combined retail fascias in North America actually increased slightly to £21.0 million (2020: £20.4 million).

The Group's principal bank facilities continue to comprise a £700 million committed syndicated Revolving Credit Facility ('RCF') in the UK, which expires on 6 November 2024 and a syndicated Asset Based Lending Facility ('ABL') in the United States which has a maximum revolving advance amount of approximately $300 million and expires on 18 June 2023. Neither facility was drawn down at the period end (2020: UK RCF £nil; US ABL $nil).

Subsequent to the period end, the Group undertook a successful placing with 58.4 million new shares admitted to the market on 8 February 2021, a process which has raised approximately £456.0 million (after costs).

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

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 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:

- The sourcing of private label 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 2022 is now $350 million. Cover is in place for $331.6 million meaning that the Group is currently exposed on exchange rate movements for $18.4 million of the current year's estimated requirement.
- 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 2022, pre any potential acquisition activity to be funded in Euros, is €450 million. Hedging contracts are in place to sell €336.0 million meaning that the Group is currently exposed on exchange rate movements for €114.0 million of the current year's estimated surplus.

DIVIDENDS AND EARNINGS PER SHARE

Given the significant contribution to profitability from the Group's international operations, particularly those in the United States, the Board have concluded, after a careful and considered review, that it is appropriate to resume the payment of dividends. However, the Board also recognises that, in the current situation, dividends should be modest with funding retained for our ongoing development opportunities. Accordingly, the Board proposes paying a final dividend of 1.44p (2020: nil) per ordinary share which is at the same level as the final dividend made after the year to 2 February 2019. Subject to shareholder approval at our AGM, the proposed final dividend will be paid on 2 August 2021 to all shareholders on the register at 25 June 2021.

The adjusted earnings per ordinary share before exceptional items decreased by 6.0% to 32.19p (2020: 34.26p).

The basic earnings per ordinary share decreased by 8.9% to 23.05p (2020: 25.29p).

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 within the applicable statutory deadlines. The tax we pay reflects the underlying commercial transactions across our global business.

Whilst the UK mainstream corporation tax rate is 19%, the effective rate of tax on profit from continuing operations for the Group has increased from 28.1% to 29.1% due to impairments of goodwill on consolidation, the increase in the value of put options, the level of overseas profits in some territories which are subject to higher rates of corporation tax than the UK, in particular the US, and losses which, in the current climate, have not been recognised.

Excluding both exceptional items and prior year adjustments from the tax charge, the effective core rate from continuing activities has increased from 25.2% to 28.2%. This core effective rate continues to be above the UK standard rate due to the effects of the above.

Neil Greenhalgh
Chief Financial Officer
13 April 2021

SPORTS FASHION

JD

JD is a world class retail fascia with an elevated multichannel proposition. A unique and constantly evolving sports and fashion premium brand offer is presented in a vibrant retail theatre with innovative digital technology.

IMPACT OF COVID-19

As a result of the COVID-19 pandemic, there have been periods of store closures in a number of markets during 2020 and this has continued into 2021. Whilst the stores have been closed, consumers have readily switched to online channels reflecting the benefits of the agile omni-channel approach that the Group has developed over a number of years. There may be a more permanent shift in consumer preference in the future from bricks and mortar stores to e-commerce, however, we believe it is clear that future competitive advantage will come from operating stores in tandem with a strong online offer. Stores give a platform to showcase product, provide consumers with the opportunity to physically see and try the product, and give us the operational flexibility and agility to offer an enhanced speed of service for online orders. We will continue to invest in property with a focus on the international expansion of the JD fascia. We are confident that our increasing international reach and the consistency of our premium proposition across our territories will be even more attractive at this time to the major international landlords and property agents.

COVID-19 LEASE NEGOTIATIONS

It has been well publicised that we have withheld the payment of some rents across our global retail estate this year where we have been forced to close as a result of the COVID-19 pandemic. We have worked tirelessly with our landlord partners in all markets to find solutions to support the business through these closure periods. We have now reached agreement in the vast majority of cases and continue to engage with the small number of those Landlords who, to date, have not been prepared to share any of the financial burden during this challenging time when our stores have not been trading.

PROPERTY DEVELOPMENTS

The property developments of note in the year to 30 January 2021 were as follows:

- **UK & Republic of Ireland** – Nine new stores were opened in the period with 11 stores permanently closed. Despite the challenges of COVID-19 we have continued to enhance our proposition in smaller cities and larger provincial towns by replacing six of the 11 closures with larger stores. Ensuring that we remain in positions with the highest footfall and have sufficient space to present our full offer in major markets remains a key strategy. In addition, we completed the renegotiations of new terms on 26 stores during the year with an average saving of more than 25% achieved.
- **Europe** – At the start of the financial year there were over 300 stores in 12 countries and JD has increased its store presence further with a net increase of 31 stores across its existing territories. Our previously stated ambition of opening one store on average per week across Europe was impacted by the COVID-19 outbreak but, despite this, JD has achieved further expansion this year with the key changes to note as follows:
  - **Germany** has seen the largest increase in JD stores in mainland Europe, with 11 new stores, including larger stores in Hanover and Stuttgart to allow JD to offer its full proposition. There was one closure in Berlin to make way for a flagship style store that is expected to open in the first half of 2021.
  - **Spain:** We have increased the JD store base further with 70 stores in total at the year end after opening nine stores during the period. The JD Spain stores perform well in similar locations to our Sprinter stores and we have continued to target these areas.
  - **France:** JD now has 78 stores in France after a net increase of seven stores, including the conversion of one former Chausport store. In the second half of the year, JD opened a flagship style store on the key street of Rue de Rivoli in the centre of Paris.
  - **Austria:** Following the opening of JD's first store in Austria in 2019, we have added a further three stores including a store in Shopping City Sud, the largest shopping centre in Austria.
- **Asia Pacific** – At the period end there were 69 stores trading as JD across the region following a net increase of five stores during the period:
  - **Australia:** We opened six stores in the year taking the total number of stores in Australia to 30. We are planning a similar number of new stores in 2021 with one store open already in Adelaide which is our first store in that city. Elsewhere, we intend to strengthen our presence in the suburban areas surrounding Sydney, Melbourne, Brisbane and Perth.
  - **South Korea:** During the year we added two stores and closed three, with the strategy being to focus on locations with a high volume of tourist footfall such as the Lotte World Mall, Seoul.
- **North America** – COVID-19 has not changed our overall view on the strategic development of JD in the United States and JD's presence was cemented by the opening of our 16,000 sq. ft. flagship store in Times Square, New York in the second half of the year. Furthermore, we continued to increase our critical mass by converting 37 Finish Line stores to JD. 34 of these conversions were in the lower cost 'badge flip' style with the installation of fixtures for apparel and changes to the signage. These conversions require less non-trading time and can be delivered with substantially less capital investment.

  At the beginning of the period, we acquired Onepointfive Ventures Limited based in Vancouver, Canada. This acquisition will provide the platform to develop JD in Canada and we anticipate opening our first store in the second half of 2021.

SIZE?
Size? specialises in supplying the finest products from the best brands in footwear, apparel and accessories with stores and dedicated local websites in nine countries. During the year we added a store in Newcastle, relocated the Glasgow store and closed four stores in the UK and one store in France. The Size? websites typically contribute more than 50% of overall sales for Size? and the consequence from a property perspective is that we would not expect to materially increase the number of stores in our existing territories with the focus on ensuring that our stores in the major cities have sufficient space to present the full offer and provide the full digital experience to both consumers and our third party brand partners.

We are currently on site fitting out our first Size? store in North America with the store on Queen Street, Toronto, scheduled to open later in the Spring.

INTERNATIONAL SPORTS FASHION FASCIAS

EUROPE
The Group's other international fascias across Europe focus on active sport participation and fitness with the key fascia's being:

- **Chausport (France):** Consistent with previous messaging, there has been minimal change to the Chausport store portfolio in this financial year with one store converted to JD.
- **Sprinter & Sport Zone (Iberia):** A further seven stores opened during the year under the Sprinter fascia. These stores had an average size of 5,800 sq. ft. which is considered to be the most effective trading space for the core offer focusing on active sport participation and fitness.

  We continue to invest in the physical and online channels to ensure a robust platform for future growth across Iberia.
- **Perry Sport and Aktiesport (the Netherlands):** We continue to take action where it is necessary, opening one new Aktiesport store and closing two in the year. The Group remains committed to the business and we continue to make limited investments where they enhance our proposition with one new store opened in the year.

UNITED STATES

SHOE PALACE
The acquisition of Shoe Palace in December 2020 complements the Group's ongoing positive developments from the existing Finish Line and JD fascias in the US. In particular, this acquisition will significantly increase the Group's presence on the West Coast of the United States and strengthen its connection with the Hispanic and Latino consumers, who represent a significant proportion of Shoe Palace's customer base.

The intention is that, from next year, the JD Finish Line and Shoe Palace teams will begin to share ideas and best practices as we look to create an unrivalled proposition which connects with all relevant consumers. We are confident that our combined fascias will provide us with the flexibility and expertise to fulfil our mutual ambition of becoming a prime customer destination for footwear and lifestyle apparel in the United States.

Based in San Jose, California, Shoe Palace currently has 167 stores, the vast majority of which trade under the Shoe Palace banner. More than half of the stores are located in California, although there is also an established retail presence in Texas, Nevada, Arizona, Florida, Colorado, New Mexico and Hawaii.

FINISH LINE
During the financial year we have seen a significant improvement in performance and whilst the temporary federal stimulus has inevitably had a significant positive impact, we firmly believe that the performance has also benefitted from the constant review of the store portfolio and the continued remediation of the issues caused by a lack of investment in the real estate portfolio over a number of years prior to acquisition. We have continued to address the size of the portfolio by reviewing each store on a case by case basis and as a result 37 Finish Line stores were converted to JD during the period and a further seven underperforming stores were closed. At the end of the financial year there were 464 Finish Line stores across 42 US states.

There has also been a further reduction in the number of Macy's concessions this year with a net decrease of five branded concessions in the year, all of which were as a consequence of the closure of the Macy's host store. At the year end there were branded concessions in 290 Macy's stores across 38 US states.

FASHION FASCIAS

Our Premium Fashion businesses further elevate our overall offer. Our principal Fashion businesses comprise:

- **Scotts & Tessuti** – There are 59 stores in total at the end of the year following two closures during the period. We continue to look to exit smaller stores in secondary markets and focus our activity on larger space stores in premium centres where we can showcase the full range of the premium fashion offer.
- **Choice** has six stores and is a retailer of premium men's, women's and children's apparel and footwear. There are many similarities with Scotts and Tessuti with the management of the businesses working increasingly close together to deliver a consistent proposition in this sector.
- **Base Childrenswear and Kids Cavern**, two specialist retailers of children's premium apparel and footwear with 11 stores in total.
- **The Hip Store** – The Hip Store continues to bring together an eclectic mix of domestic and international labels including emerging talent and globally-established brands. The Hip Store has been an institution in Leeds for over 20 years with a second store, in Nottingham, opened in the previous year.

We have made further selective complementary acquisitions in this area during the financial year with four new stores added to the Fashion portfolio under various fascias including Cricket in Liverpool, Wellgosh in Leicester, and Oi Polloi based in the Northern Quarter in Manchester.

GYMS

During the year we significantly increased our critical mass and national presence with the acquisition, out of administration, of an initial 50 gyms which had previously traded as Xercise4Less for a total consideration of £24.2 million. We have subsequently returned 11 of the acquired sites back to the relevant landlords and would currently anticipate retaining at least 36 of the remaining gyms longer term although negotiations on new leases are still ongoing on a small number of sites. The programme of works to convert these gyms to the JD fascia was accelerated through the most recent temporary closure period with a total of 19 clubs now converted to the JD format.

The lockdowns in the year have brought into sharper focus the physical and mental health benefits of regular exercise. We are confident that our JD and X4L clubs offer a safe environment for our members, with significant investments made in reconfiguring the space in our clubs to facilitate social distancing and providing sanitisation stations.

It is inevitable that the COVID-19 pandemic resulted in a temporary slowing of the organic club opening programme with only one new JD site, being a second club in Glasgow, opened during the year. As at the 30 January 2021 there were 70 gyms in total and we are optimistic that we will return to previous levels of activity in the new financial year with at least five further organic clubs opening this year complementing further conversions of the acquired X4L clubs.

OUTDOOR

BLACKS, MILLETS AND ULTIMATE OUTDOORS

Our approach continues to be to keep leases flexible with break clauses wherever possible so we can react quickly if market conditions change. Whilst there has been no change to the Blacks store portfolio in the year, our policy of flexibility means that the Millets store portfolio has continued to change with the closure of four stores during the year along with the relocation of one store. Five stores continue to trade as Ultimate Outdoors following the closure of one store in the year at Merryhill.

GO OUTDOORS

Following the onset of COVID-19, the future viability of Go Outdoors became materially uncertain with the enforced closure of the stores on 23 March 2020 bringing into sharper focus the underlying structural weaknesses of the business. In particular, the performance of Go Outdoors is very dependent on levels of footfall into stores which, historically, have represented more than 90% of annual revenues. Further, the terms of the property leases were very inflexible with the stores having an average remaining period to lease expiry of approximately ten years with upwards only rent reviews, many of which are fixed at rates above inflation regardless of the market rent in the location.

Reduced consumer confidence and the requirement to maintain social distancing in stores as a result of COVID-19 impacted footfall. This, combined with the inflexible lease terms, resulted in the Board deciding that it was not in the best interests of the wider Group, and its shareholders, to provide continued financial support to Go Outdoors in its current form. Accordingly Go Outdoors entered into administration on 23 June 2020.

The Board considered a number of strategic options which included the appointment of advisers in May 2020 to market the business for a potential sale. The Board examined the offers made through the marketing process together with the other options available to it and ultimately determined that, if fundamentally restructured, Go Outdoors had a future in the Group. Consequently, the Group, via its newly incorporated subsidiary Go Outdoors Retail Limited, subsequently re-acquired the business and substantially all of the assets of Go Outdoors from its Administrators with this proposal being reviewed and cleared in advance by the independent Pre Pack Pool.

The Group has subsequently completed or substantially agreed new leases with terms that were more appropriately structured for 53 stores. Advanced negotiations continue for the remaining stores that the Group would like to trade from longer term with two significant loss-making stores closed to date.

Prior to Go Outdoors entering into administration, we had started to integrate the Fishing Republic business into the Go Outdoors stores by creating dedicated areas for fishing products where space allows. As a consequence, we did not need a large number of stand-alone Fishing Republic stores with a further two stores closed in the year leaving a portfolio of three stores at the end of the year.

In December 2020, the Group also acquired the highly regarded Naylors equestrian business which had three stores on acquisition. As with Fishing Republic, it is our intention to include Naylors branded equestrian areas in to Go Outdoors stores where space allows.

TISO, ALPINE BIKES AND GEORGE FISHER

There were no changes to the Tiso store portfolio during the financial year. Tiso continued with 13 stores; 12 of which are in Scotland, consisting of nine Tiso Outdoor Experience stores and three stand alone Alpine Bikes stores, plus the highly regarded George Fisher store in Keswick.

For a complete table of store numbers see page 32.

Peter Cowgill
Executive Chairman
13 April 2021

2021

CORPORATE AND SOCIAL RESPONSIBILITY

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)

OVERVIEW AND GOVERNANCE
Prior to the Group's entry into the FTSE 100, the Board instigated a formal ESG engagement process, leading to a step-change in our commitment to provide greater transparency and performance comparison on our environmental performance.

Cognisant of our enhanced reporting responsibilities as part of the FTSE 100, the Group founded its ESG committee to determine ESG-related strategy, corporate risk-assessment and monitoring of ESG performance across the Group's respective fascias and territories. The ESG Committee is responsible for the assessment and publication of our ESG-related principal risks, our environment related investment plans, and the communication of our strategy to colleagues, customers and investors.

Our ESG Committee has shared our 2020 achievements and 2021 objectives with our leading brands, outlining our progress within the period, and encouraging our largest suppliers to increase the disclosure of information relating to their own environmental stewardship and progress.

ESG SECTION CONTENTS

OUR PEOPLE

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

Our goal is to provide opportunities, support and guidance to our colleagues all over the world, whilst promoting inclusivity, social mobility and mutual respect across the Group. This is achieved by educating, informing and responding to our colleagues, delivering a consistent employee experience.

RESPONSE TO COVID-19

Throughout the COVID-19 pandemic, our priority has been to protect our colleagues when they have been at their most vulnerable. As a business, we recognise that we have a responsibility not only to our colleagues' physical health but also their mental wellbeing and we have strived to ensure that nobody felt as though they had to face this unique situation alone. In the face of the challenges this year, we have sought to provide our colleagues with job security and to support them as individuals, giving them the platform to continue to thrive.

Throughout 2020 our people continued to deliver in challenging circumstances. This is testament to the outstanding work ethic which exists throughout the Group. Our colleagues' response to the challenges resulting from the COVID-19 pandemic has been a source of great pride. We truly have an extraordinary team across all fascias, divisions and sectors of the business globally.

The patience of furloughed colleagues waiting to return to their workplace, the adaptability of those who have had to transform their way of working to perform their roles remotely and the tenacity of individuals who have continued to work throughout, whilst adhering to guidance as it has been issued, have all been admirable. Our colleagues have overwhelmingly risen to the challenge and continued to deliver and exceed expectations. This is reflective of the "can-do" culture fostered within the business and our unwavering commitment to getting the job done to the highest possible standard.

During a time when people have felt more geographically disconnected than ever, the Group has invested in the tools and technology to ensure that our colleagues could continue to work closely together.

INCLUSIVITY

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

We have launched our Inclusivity Campaign which will support our promise to educate and train our colleagues, with a focus on key topics such as equality, diversity, biases and cultural intelligence. Alongside the introduction of our Diversity & Inclusion forums for our colleagues, we are committed to engage, learn and promote dialogue around potentially sensitive subjects in order to improve understanding and awareness throughout the business.

In addition, a series of videos have been created highlighting individual experiences of diversity and inclusivity. These have been distributed via our people platform, JD4U, to emphasise the importance of the campaign to all colleagues and drive engagement at all levels. The videos have generated over 40,000 views by our colleagues.

The campaign is ongoing and the first phase of virtual training sessions on the topic were attended by 540 employees across 151 sessions. The feedback received has been exceptional with 91% of participants stating that 50% or more of the information received during training was new to them. As a result, over 80% of participants stated that they will be more aware of the way in which they behave and communicate.

To promote widespread engagement in the campaign, colleagues were also asked to help the JD Foundation to nominate its latest charity partner from a shortlist of organisations. At the end of this process, Blueprint For All (formerly known as The Stephen Lawrence Charitable Trust) was selected as the charity partner (please refer to page 142 for further details).

All colleagues have a part to play in the future of the Group and we will continue to remain committed to breaking down the barriers to our collective progress and sense of belonging.

GENDER ANALYSIS

The breakdown of the Plc Board and the Group as a whole by gender as at the end of the financial period ended 30 January 2021 is as follows:

	Male	Female	Total	% Male	% Female
Plc Board	5	2	7	71%	29%
Senior Managers*	409	150	559	73%	27%
Other employees	30,003	30,484	60,487	50%	50%

The breakdown for the comparative period as at 1 February 2020, is set out below:

	Male	Female	Total	% Male	% Female
Plc Board	5	2	7	71%	29%
Senior Managers*	322	106	428	75%	25%
Other employees	28,924	27,326	56,250	51%	49%

*Senior Managers are defined as persons responsible for planning, directing or controlling the activities of a Group company or companies, a strategically significant part of a Group company or Directors of subsidiary undertakings.

EMPLOYEE WELFARE

The changes that society in general has faced as a result of the pandemic has provided the business with the opportunity to focus on the safety and wellbeing of our most important resource; our colleagues.

The promotion of social distancing and COVID-19 control measures throughout the business have seen a huge cross-functional effort to provide environments that are as safe as possible for our colleagues and customers.

However, the Group has not purely concentrated on physical safety with significant investment in providing support for colleagues' general wellbeing.

The groundwork for some aspects of this were in place from last year, such as the training of colleagues on First Aid, Mental Health First Aid, behavioural training sessions and Modern Slavery Awareness Campaigns. During 2020, the Group has taken this to another level:

- Regular checks regarding the vulnerability status of our colleagues were conducted on JD4U, allowing us to provide the appropriate instruction and support where required.
- Resources for campaigns regarding Mental Health Awareness and Domestic Abuse have been made available via JD4U.
- Messages of support from key business heads issued to large sectors of the business to whom it would previously have been impossible to reach during the lockdown.
- Working from home guidance and tools provided to all colleagues expected to work remotely.
- Comprehensive "Return to Work" training for our colleagues as they returned from lockdown to a workplace different to anything they had previously encountered.

The welfare of our colleagues is of the utmost importance to the business. To ensure our approach to this subject is at the required standard, we have trialled 'Welfare Champion' roles in our Head Office and Kingsway Distribution Centre.

Our Welfare Champions are a designated point of contact for colleagues who need to reach out for help regarding any aspects of their mental or physical wellbeing. These colleagues receive the appropriate training from the Group to ensure that responses are treated with the required levels of sincerity, respect and professionalism. The trial has been a success and the first retail Welfare Champions will be nominated in 2021.

The Group will also launch our wellbeing network where nominated sponsors will come together to drive the mental health agenda and champion open communication to raise awareness.

COMMUNICATION

The requirement to bring our colleagues together has meant that our people management system, JD4U, has become an even more invaluable asset throughout 2020.

Previously JD4U allowed colleagues to ensure they have access to the latest information regarding their pay, holiday and contract information but the deployment of the system's new homepage in March 2020 saw a development which has been crucial to keeping colleagues aware of materials that are both necessary and beneficial.

Over 550,000 tasks have been completed by colleagues since the launch of the new homepage, which is accessible by colleagues from any web enabled device and assisted by push notifications from the JD4U mobile app.

These tasks relate to all aspects of Group communications, from upcoming events, to providing support through lockdown and providing general updates, ensuring all our colleagues continue to remain well-informed in an ever-changing environment.

The homepage also provides a hub for important documents, user guides and resources on wellbeing topics such as Mental Health Awareness and JD Foundation initiatives.

The year also saw the introduction of Company Office 365 accounts for all retail colleagues at Supervisor level and above within the UK. Allowing daily access to Microsoft Teams and Outlook provided colleagues with additional communication tools to perform their roles effectively.

ENGAGEMENT

The Group continually strives to improve, and we are always looking for ways to empower colleagues with the opportunity to provide us with their unique insights into how we can make the business an even better place to work.

Our Employee engagement forums are designed to understand the motivations of our diverse employee base and the representatives meet monthly to discuss the topics that matter to our colleagues.

This provides representatives from all levels, fascias and sectors of the business with the opportunity to convene and provide the Group with honest feedback, ideas and concerns from employees and present ideas to the members for consideration. The forum then collects relevant data to analyse, and provide productive feedback, enabling two-way communication between our colleagues and the Group.

This process is assisted by the items put forward by colleagues across the business via our anonymous 'Your Voice' digital suggestion box. Your Voice allows all colleagues to submit their suggestions regarding how to improve the business from any web-enabled device.

Representatives from each forum are selected to attend a forum with the Group Executive Chairman, as the Group continues to cultivate meaningful, two-way dialogue between the business and its colleagues. This generates a wide range of topics which furthers discussions such as how to create a better place to work. Details of the engagement that has taken place with our colleagues in relation to Executive remuneration can be found in the Directors Remuneration Report on page 179.

LEARNING AND DEVELOPMENT

In 2020, the Learning and Development department restructured to allow strategic focus on four key areas (Leadership, Brands, Operations and Technology) and to better facilitate their reach across the Group in response to the restrictions imposed due to COVID-19. These restrictions have necessitated an increased focus on online workshops and webinars whilst improving the use of existing technology.

Our team are experienced in delivering training solutions to support a broad range of initiatives and their greatest achievement in 2020 was the number of sessions delivered despite the constant changes to COVID-19 restrictions.

The team have conducted 364 virtual courses, attended by 1,202 delegates across the Group (including 216 courses internationally reaching 894 attendees) within 2020. The overwhelming majority of attendees (94%) agreed that virtual courses allowed for effective learning and the quality of training was maintained.

Our online e-learning platform played a crucial part in the accelerated adoption of digital learning. An example of this was the rollout of the COVID-19 module to 39,554 colleagues across UK & Europe; achieving a company record for the highest number of participants to a single course. The module ensured a consistent message was communicated across the Group, enhancing awareness and helping to keep our colleagues and customers safe.

The platform opened up an opportunity to promote existing digitally enabled portfolios of learning offerings as a way to help colleagues during challenging times and to help them to develop new skills. Globally, our employees have access to almost 800 courses, tailored to support their specific job role, with 8.4 million hours of learning completed throughout 2020.

Also, across our Kingsway Distribution Centre we have designed a two-step online induction which digitises the previously physical induction process, vastly improving the colleague experience. Since October 2020 over 4,000 staff have been inducted in this way.

E-LEARNING STATISTICS

Europe	Courses on Platform	Courses Completed	Minutes of Learning
UK and Ireland	205	247,365	3,684,587
Belgium	24	2,191	27,068
Germany	13	7,734	91,709
Spain	68	63,300	785,140
France	42	15,838	221,244
Italy	38	18,633	231,945
Netherlands	28	3,107	24,102
Scandinavia	26	1,250	22,436
Asia			
Asia	15	3,805	75,500
South Korea	13	2,270	51,741
United States			
US	796	710,978	498,197,655
Total Global	**1,268**	**1,076,471**	**503,413,127**

COURSES DELIVERED IN 2020

2020 Courses UK and Ireland	Courses Held	Delegates Trained
Welfare Champions	23	45
Retail Academy	60	90
Inclusivity	151	540
Head Office Management Development Programme	25	18
Retail Supervisor Accreditation	38	308
Retail Management Development Programme	47	93
Head Office Induction	20	108
Total UK	**364**	**1,202**

2020 Courses Europe	Courses Held	Delegates Trained
Retail Academy	63	53
Retail Supervisor Accreditation	42	376
Retail Management Development Programme	64	167
Territory Specific Courses	23	270
Total Europe	**192**	**866**
UK & Europe Total	**556**	**2,068**

APPRENTICESHIPS

Over the last few years, we have worked alongside internal and external stakeholders to build up an infrastructure to support the promotion of apprenticeships as a learning and development opportunity and to support employee development and progression across the Group.

To date we have had 45 apprentices complete their apprenticeships successfully and have 66 current apprentices studying programmes such as Management, HR, Data Analytics, Retail, Accountancy, Digital Marketing, Software Development, Quantity Surveying and many more.

Our key strategy for 2021 is to offer apprenticeship pathways for all employees across Group Retail stores, Distribution Centres and Head Office alongside externally advertised apprenticeship role opportunities. Key successes so far this year have been the launch of retail and Distribution Centre apprenticeship programmes working with our apprenticeship partner.

TALENT ACQUISITION

As the focus over the last year has been to protect and support our existing colleagues, the Group implemented a temporary recruitment freeze during 2020. However, the Group continues to attract talent globally with thousands of users registered internationally on our careers website.

Our engagement with digital platforms such as LinkedIn has seen this number grow throughout the past year and will continue to do so going forward. More people than ever want to work for the Group, and we are determined to ensure we become an even more attractive employer who can offer stability, support and growth opportunities to our colleagues across the globe.

KICKSTART SCHEME

Today's young people are the stars of tomorrow. The Group recognises this and has now been approved to take on over 1,200 colleagues as part of the government's Kickstart scheme.

Available to people on Universal Credit between the ages of 16 and 24, the Kickstart scheme enables the most vulnerable individuals to enter the world of work to gather vital skills and training (from both the Group and the Prince's Trust) as well as professional experience that will benefit them for the rest of their careers. Our Kickstart selection process will have a particular focus on attracting individuals from disadvantaged backgrounds who would have otherwise been displaced further from the employment market due to COVID-19.

OPPORTUNITIES WITHIN THE GROUP

The Group's expansion has meant that there have always been opportunities for colleagues to grow with the business. Now, colleagues can grow both professionally and personally with JD.

The amount of learning and development options for colleagues at all levels of the business is unprecedented and this portfolio of learning materials and pathways continues to expand.

With the support and development resources available, the Group is in the unique position of being a great business to work for providing exciting opportunities both in the UK and internationally.

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

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

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

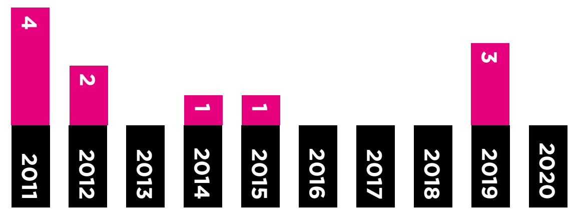
As the Group's physical store base becomes more geographically dispersed, the risk of breaches in health and safety standards and regulations will naturally increase. To mitigate against this risk, we constantly review the level of resource dedicated to this important area to ensure that our Health and Safety team has the necessary personnel and other resources to manage the risk effectively. Breaches of Health and Safety regulations can happen though, and where they do, we take appropriate action and use the experience to ensure an even greater focus on health and safety improvement for the benefit of the public, our customers and our employees.

We can report the following for the year:

- The Royal Society for the Prevention of Accidents awarded the Group a Gold Award for its retail health and safety management in March 2020.
- There have been no Local Authority or Fire Authority enforcement notices served in UK and the Republic of Ireland during the year.

The table below shows the number of enforcement notices served in the UK and the Republic of Ireland over the 10-year period since 2011.

ENFORCEMENT NOTICES SERVED 2011–2020



In 2019 there were three Local Authority or Fire Authority enforcement notices served. In each case immediate action was taken to comply with all requirements and as a result the notices were withdrawn.

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

- The further development across our European stores 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.
- Continued health and safety input in all our new and refitted stores from the initial design through to opening. Our health and safety team conducts its own audit programmes to ensure the highest safety standards are maintained during the construction phase of all our shop-fit projects.
- Continuous review of our policies and processes to ensure best practice in all areas of our business. During the year we have reviewed and revised various risk assessments across all areas of the business.
- Our quarterly Group and monthly Distribution Centre health and safety committee meetings allow colleague engagement in health and safety, with all colleagues having the opportunity to raise safety concerns through their committee representatives.
- Bi-annual health and safety meetings held in all other European countries in which we operate.
- All UK Group companies with warehousing and distribution activities receive bi-annual internal health and safety audits to ensure compliance with Group health and safety standards.
- The appointment of a Health and Safety Officer in Germany to provide specific in country support to the JD Germany team.

Our focus in the coming year will be:

- To retain the British Safety Council 'five star' accreditation for our Kingsway distribution centre.
- To retain the Royal Society for the Prevention of Accidents Gold Award for our retail health and safety management.
- Continued safety management 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 in every territory.
- The further implementation of our health and safety information, training and record keeping software across all the European countries in which we operate.

COVID-19

The COVID-19 pandemic has presented significant health and safety challenges. However, we continue to develop and establish revised working practises to ensure the safety of our colleagues, customers and visitors. Details of our risk assessments, operating procedures and control measures taken to address the increased risk are presented in our Principal Risks and Uncertainties section on page 51. Local authorities have visited our distribution centres, stores and gyms on multiple occasions to review the control measures that we have implemented.

ENVIRONMENT AND CLIMATE CHANGE

DISCLOSURES AND STANDARDS – ENVIRONMENTAL

Over the past two years we have re-purposed and relaunched our corporate website, providing detailed explanations and case studies highlighting our environmental progress. The Group welcomed the positive investor and stakeholder feedback on our prior increase in disclosures relating to our environmental performance. We aim to continue this progress both during the period, and via additional disclosures within this report including:

- Our inaugural adoption of the principles and framework outlined within the Task Force on Climate-related Financial Disclosures (TCFD).
- Disclosing the Group's progress towards the United Nations Sustainable Development Goals (SDGs) relevant to our business operations.
- Providing our scores (including comparison to our industry peers) for additional benchmark assessments within the Carbon Disclosure Project (CDP) global disclosure system.

This period represents the first year that we have referenced our performance relative to both the TCFD framework and UN SDGs. Research by our ESG Committee indicates that comparable organisations have taken differing approaches to referencing TCFD, and it is our belief that the Financial Stability board and / or the UK government and Financial Conduct Authority (FCA) may issue more standardised guidance to TCFD disclosures within the next two years.

In the interim, we acknowledge that our interpretation of TCFD and the UN SDG disclosures may not be a complete exposition for all criteria. Nonetheless, we believe that by adopting such reporting frameworks, the Group is once again evidencing its commitment to continual improvement with regards to environmental performance and reporting. We shall continue to use the TCFD recommendations to inform and develop our strategy on climate action and related disclosures.

On the next page is a compliance summary of the TCFD disclosure requirements and the page reference for the Group's relevant disclosures in this Annual Report:

		Page
GOVERNANCE	Disclose the organisations governance around climate-related risks and opportunities:	49, 109
	– Board oversight	49, 56, 98, 162
	– Management role in assessment and management	49, 56–57
STRATEGY	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisations businesses, strategy, and financial planning, where such information is available:	58–67
	– Risks and opportunities over short, medium, long-term	58–67
	– Impact of climate-related risks and opportunities	58–67
	– Resilience of the organisations strategy using climate-related scenarios	58–67
RISK MANAGEMENT	Disclose how the organisation identifies, assess, and manages climate-related scenarios:	56
	– Processes for identifying and assessing risk	56–57
	– Processes for managing climate-related risk	56–61
	– How are climate-related risks integrated into the organisation's overall risk management	58–64
METRICS AND TARGETS	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material:	109
	– Metrics used to assess climate-related risks identified	56, 114–117
	– Disclosure of Scope 1–3 GHG and associated risks	111, 118–120
	– Describe targets used to manage climate-related risks and performance vs targets	115–119

ESG KEY ACHIEVEMENTS – ENVIRONMENTAL

- The Group achieved a 'Leadership' grade of A- within the CDP 'Climate Change' assessment, for which scores were published in December 2020. CDP disclosures are closely aligned and recognised by the TCFD. The Group out-performed our sector benchmark score by three grades.
- The Group's inaugural submission within the CDPs 'Water Stewardship' category achieved a 'B' grade score, demonstrating the strong progress made across the entirety of the Group, from our Private Label team through to the site-level endeavours of all of our colleagues. The Group outperformed our sector average score for 'Water Stewardship' by two grades and has also received recognition as a 'CDP Supplier Engagement Leader', based on our 2020 CDP climate response.
- In accordance with our support and membership of the RE100 (the world's most influential companies, committed to 100% renewable power), the Group continued to transfer new territories to renewable energy, with Spain and Portugal migrating to new, environmentally beneficial green renewable solutions during the period.
- The Group achieved recognition as a 'Committed' supporter by the Science Based Targets initiative (SBTi) board in December 2020. During the period ahead, the Group will target formal sign-off our Scope One-Three emission reduction plans by the SBTi committee. This verification process is a prerequisite for the Group to publicly state that our targets are 'Science-based'. This year we also reported for the first time our Scope Two market-based emissions in addition to our location-based emissions.
- The Group achieved independently-audited 'zero to landfill' accreditation for our largest directly operated site (Kingsway Distribution Centre) in February 2020 and plans to follow suit for our other major occupancy locations.

ENVIRONMENTAL – CLIMATE CHANGE

The Group embraces its responsibility to contribute towards reducing the impact of climate change and remains fully supportive of the United Nations 'Paris Agreement' adopted in 2016. The Group will be closely monitoring preparation for, and actions agreed at the 26th UN Climate Change Conference (COP26) in November 2021.

Responsible energy procurement and usage remains integral to the Group's efforts to help limit global warming, and to play our part towards helping to limit global warming to the mid-century 1.5 degree Celsius scenario. The Group requires all of our subsidiaries and suppliers (regardless of territory) to mirror its commitment towards minimising the impact of climate change, via progressive behaviours, investment, and increased disclosures relating to carbon usage and environmental performance.

The core business of the Group is retail. Across our multiple store fascias and territories we aim to provide customers with an engaging retail experience, showcasing the latest products from leading brands. Accordingly, this requires our stores and sites to utilise the latest lighting and technology, whilst providing customers and colleagues a regulated ambient temperature throughout their visits.

ENVIRONMENTAL – CLIMATE CHANGE REPORTING AND COMPLIANCE

The Group's management of carbon emissions is delineated into two categories:

1) Scope One and Scope Two – the Group's 'directly controlled' operations within Group-owned infrastructure (e.g. our warehouse and in-store energy usage) and;

2) Scope Three – the operations and activities of both our merchandise suppliers (including manufacture of products), and our non-merchandise suppliers, including but not limited to product transport and delivery.

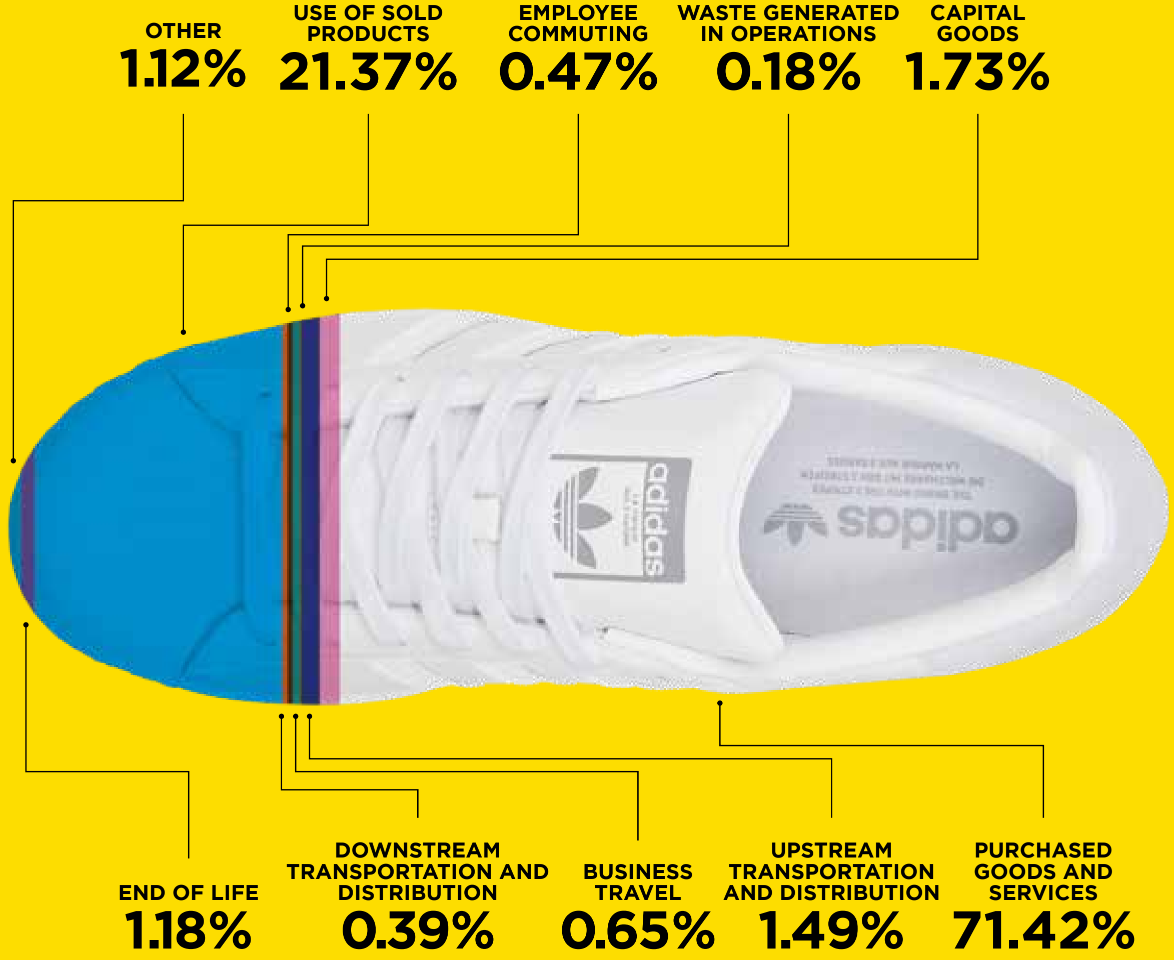
Within the first category (Scope One, or 'directly controlled' operations), the Group remains compliant with the UK Government's Carbon Reduction Commitment, the new Streamlined Energy and Carbon Reporting (SECR) system and has fulfilled our Energy Savings Opportunity Scheme (ESOS) and Energy Efficiency Directive (EED) obligations. At present, over 99% of Group carbon emissions fall within the Scope Three category.

The Group continues to use CDP as our primary method of monitoring our comparative industry performance relating to our management and strategy relating to climate change and carbon reduction. We recognise that our new position within the 'leadership' category of organisations can only be maintained by continued improvements with regards to both reducing carbon, and further increasing the transparency of our efforts.

The secondary category of carbon emissions (Scope Three – those arising from the activities of our supply chain) has been fully mapped during the period as part of our SBTi preparations. Purchased goods and services (71.42%) are the largest Scope Three contributor. The Group continues to monitor the progress of our largest suppliers as they seek to achieve their respective carbon reduction targets. Emissions data is constantly adjusted due to both changes in Group activity and changes to calculation methodologies.

ENVIRONMENTAL – CLIMATE CHANGE REPORTING AND COMPLIANCE

THE SECONDARY CATEGORY OF CARBON EMISSIONS (SCOPE THREE – THOSE ARISING FROM THE ACTIVITIES OF OUR SUPPLY CHAIN) HAS BEEN FULLY MAPPED DURING THE PERIOD AS PART OF OUR SBTI PREPARATIONS:



ENVIRONMENTAL – SCIENCE BASED TARGET INITIATIVES (SBTI'S)

During the period, the Group's Energy and Environment team worked with independent, specialist consultants to identify the sources and values of all the Group's Scope One, Scope Two, and Scope Three emissions.

Based on the data gathered, and the analysis of both Group operations and the carbon reductions of our key suppliers, the Group has identified the following (draft) SBTi's. The SBTi board allows up to two years to submit Scope Three targets (owing to the complexity of completing a footprint calculating our supply chain emissions).

JD Group has chosen to provide our provisional targets in the interests of transparency, and to reassure investors and customers as to our continued commitment to reduce carbon emissions and help to limit the impact of global warming. Please note that the targets below may be adjusted due to any or either of i) adjustments made within our final data validation check ii) feedback received as part of the official SBTi board verification process, or iii) the occurrence of significant, unforeseen events (e.g. major changes in international legislation) that impact the global operations of business operations:

JD Group Scope One and Two emissions reduction targets: By 2035, JD will achieve an absolute reduction of 67.2%* vs our 2019/20 base year.

JD Group Scope Three emission reduction target: By 2035, JD Group will achieve an absolute reduction of 67.2%* vs our 2019/20 base year.

*subject to final data validation checks and external specialist review.

ENVIRONMENTAL – REDUCING CARBON EMISSIONS – 2020/21 PROGRESS

During previous reporting years, the Group maintained a Carbon Management Programme ('CMP') sponsored by our Chief Financial Officer and reviewed at regular intervals. Following the establishment of the Group's ESG Committee, the management of carbon, water, waste, and other key environmental measures are now measured against an updated set of objectives.

2020/21 ENVIRONMENTAL OBJECTIVE	2020/21 – PROGRESS	2021/22 OBJECTIVES
CARBON REDUCTION – ON SITE Reduce carbon usage in trading and non-trading sites via investment in technology • Building Management System (BMS) installations • Adjusting temperature 'set-points' • Use of LED technology	The Group has installed BMS in a further 36 stores this year (2020: 372 stores) providing a saving of 10.4% compared to usage prior to BMS install. Total BMS-related energy saving equals a carbon reduction of 917t CO_2. We reduced our Summer and Winter heating and cooling set points and these temperature adjustments delivered carbon savings of 309t CO_2. Group investment in LED's has continued during the period with the installation of LED's in 20 locations, including seven gym sites, achieving 30% energy reduction vs. the previous lighting system (200t CO_2).	BMS shall continue to be installed within new JD stores as standard with trials underway for a number of our other fascias and international stores. Investment in LED continues to be rolled out into new stores with improved lower energy specifications being tested. LED retrofit programs are planned for the Kingsway Distribution Centre and JD Gyms sites. The Group plans to review the benefits of solar usage within selected locations.
CARBON REDUCTION - EDUCATION Reduce energy usage via colleague awareness and training	The Group has commenced the development of a new 'I am sustainable' online training course with an external ESG e-learning specialist. Furthermore, the Group's environmental messaging has been expanded into more e-commerce products including auto-bagger film, along with Forest Stewardship Council (FSC) labelling on till receipts. A review of the United Nations Sustainable Development Goals (SDGs) has been completed, with references to be included in this, and future Annual Reports.	The Group aims to launch the 'IAMSustainable' online training programme in the UK and Republic of Ireland, supporting ESG awareness and education, with a target of 1,000+ staff to complete the Carbon Reduction training.

2020/21 ENVIRONMENTAL OBJECTIVE	2020/21 – PROGRESS	2021/22 OBJECTIVES
CARBON REDUCTION – REPORTING Ensure that carbon reduction measures are applied to all businesses and territories, and also by key suppliers	A Scope Three emission screening exercise has been completed and submitted within our 2020 CDP submission. This identified that 'Purchased goods' (i.e. our branded products sold by the Group) are our largest carbon contributor. The Group achieved recognition as a 'Committed' supporter by the Science Based Target initiative (SBTi) Board in December 2020. A new store reporting dashboard was launched, allowing 'rapid action' to be taken during COVID-19 closure periods, reducing Group energy usage by 77%.	The Group will submit our Scope One and Two emission targets to the SBTi committee and complete our Scope Three emissions footprint with key strategic suppliers (to enable SBTi submission for Scope Three targets). The Group plans to implement an inventory management plan to improve governance for GHG emissions data submissions. The Group is also using a new carbon-intensity metric to comply with the Streamlined Energy and Carbon Reporting (SECR) requirements.
CARBON REDUCTION – PROCUREMENT Purchase of renewable energy wherever operationally feasible	Within the period we renewed existing agreements onto renewable energy tariffs and also moved our Spanish and Portuguese stores to renewable energy contracts. All UK based subsidiaries that were acquired during 2020 (including Xercise4Less) have been transitioned to renewable energy contracts.	The Group continues to purchase renewable energy wherever operationally feasible and transition the remaining European regions so as to achieve our 100% renewable UK and Europe status by 2022. The Group plans to identify opportunities for U.S stores (including acquisitions) to migrate to renewable energy.
BENCHMARKING AND ENGAGEMENT: Increase Group engagement with: a) independent carbon-reduction surveys b) accredited industry bodies c) strategic suppliers	The Group completed CDP submissions, with results of A- for climate (three levels above the retail average and 'Leadership' recognition), and B for Water (two levels above the retail average). The Group has also recently joined the Energy Institute and continues to engage with the Retail Energy Forum.	The Group aims to continue and increase engagement with: a) independent carbon-reduction surveys and expanding our engagement with organisations such as SBTi. b) accredited industry bodies - continue and expand 'zero to landfill' accreditation for our office, major occupancy sites and targeted geographical locations. c) strategic suppliers - to develop our Scope Three footprint and implement SBTi Scope Three targets, allowing progress and performance comparison with our industry peers.

2020/21 ENVIRONMENTAL OBJECTIVE	2020/21 – PROGRESS	2021/22 OBJECTIVES
RESOURCE MANAGEMENT Reducing waste and improving re-use via store product 'take-back'	Zero to landfill accreditation was achieved following an independent audit of our Kingsway Distribution Centre. The Group recycled 5,173 tonnes of card during the period (2020: 5,491 tonnes). The delivered 'circular economy' projects including the return, fix, and reissue of large numbers of hangers and tote boxes, reducing business costs and delivering a carbon saving of 72t CO2. The Group has developed a customer education 'wheel' outlining the key principles of re-use, repair and recycling of footwear and apparel. This is available on our corporate website and supports our opinion that blanket 'retailer take-back' schemes do not provide the most environmentally-friendly solutions to end of life product.	The Group plans to further develop 'circular' waste solutions with items ranging from store radios to mannequins, reusing items where possible, or working with specialist material recycling operators. The Group also aims to complete the second UK and European packaging review in two years, identifying new recycling innovations and ensuring that more of our packaging can be recycled as a single-waste stream. The Group will work to improve both colleague and customer education on local-re-use, sale and recycling in accordance with circular economy principles.
WATER REDUCTION Site level measures	Over 3.9m litres of water has been saved within the period across various initiatives - from changing specifications to earlier fault identification, with a potential further 15m litre reduction identified. The Group delivered Automatic Meter Reading (AMR) across our largest major occupancy distribution centre and gym sites.	The Group aims to deliver an additional 10m litres of water use reduction during FY2022 (on a like for like basis). We plan to migrate our UK and European standard of energy reporting management into additional JD Group territories. This will enable easier identification of efficiencies and remedial actions across the Group.

ENVIRONMENTAL – GREENHOUSE GAS (GHG) EMISSION DATA

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

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

	2020/21	2019/20
Emissions Source:	Tonnes CO2e Equivalent	Tonnes CO2e Equivalent
Scope One (Purchased fuels)	**5,974**	6,529
Scope Two (Electricity) Location based	**44,935**	48,589
Scope Two (Electricity) Market based	**26,376**	31,039
Scope Three (All emissions)	**4,145,393**	4,279,621

(i) The 2019/20 data has been retrospectively adjusted to reflect new methodology applied to the calculation of the GHG emissions as part of the Group's commitment to setting an SBT.
(ii) Reporting boundaries for 2020/21 (aggregated facilities under operational control) include UK, Australia, Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Malaysia, Portugal, Singapore, South Korea, Spain, Sweden, Thailand & the US.
(iii) In line with the GHG protocol on dual reporting, we are now able disclose both our market and location-based emissions for purchased electricity in 2019/20 and 2020/21.
(iV) Scope Three emissions data is from our screening and financial data completed for our baselining for our SBT commitments. We are planning to complete a detailed footprint exercise this year.

Whilst not a mandatory disclosure, the Group remains committed to presenting data appertaining to energy usage and carbon footprint. After improving our reporting mechanisms, the Group is now able to provide its full actual UK and International energy usage (kWh measurement) and carbon footprint.

	2021	2021	2021
	UK and ROI	Int	Total
Energy Usage – Electricity (kWh)	71,254,598	88,928,909	160,183,507
Energy Usage – Natural Gas (kWh)	14,184,165	12,810,388	26,994,553
Total Energy Use (kWh)	85,438,763	101,739,297	187,178,060
Carbon Emissions (Tonnes CO2e)	20,152	30,757	50,909
Intensity metric: Location based emissions (kgCO2e/m2)	32.7	57.4	44.2

As required under UK SECR legislation, we have now applied an intensity factor to our GHG emissions expressed in kilograms CO2e per meter squared.

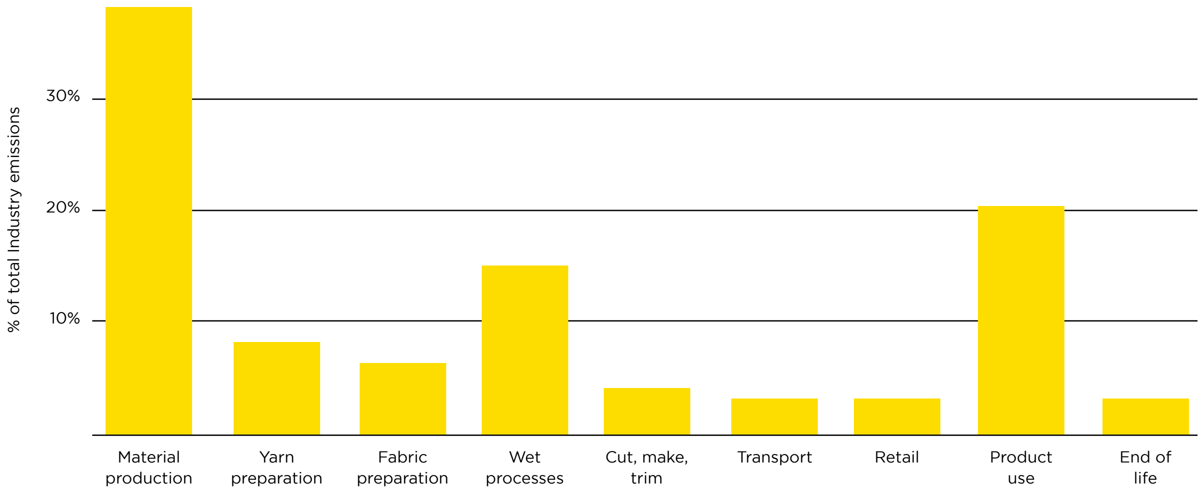
Following our participation in CDP and RE100, we adhere to international recognised standards on disclosure for renewable energy consumption. This year we have amended the presentation of our renewable energy usage. Our previous method was to use the revenue of our respective businesses supplied by renewable sourced energy as a % of the total revenue of the Group. As per the new recognised standard, we have changed this to now apply a calculation of the renewable energy share of our total electricity consumption as a percentage for Europe and worldwide, as detailed in the graphs. The percentage is calculated based on the total usage of renewable energy supply as a % of the total energy supply for the region.

PERCENTAGE OF EUROPEAN OPERATIONS SUPPLIED BY RENEWABLE SOURCED ENERGY

PERCENTAGE OF WORLDWIDE OPERATIONS SUPPLIED BY RENEWABLE SOURCED ENERGY

Industry data highlighted the need to accelerate decarbonisation in line with the 2016 Paris Climate Agreement and 2018 Intergovernmental Panel on Climate Change (IPCC) report. McKinsey & Company and the Global Fashion Agenda described further targets within the 'Fashion on Climate' report. The report identified that the wider fashion industry needed to reduce annual emissions by 1.1 billion tonnes (50%) within the next decade to remain on course to achieve the 1.5°C global temperature increase limit required to restrict global warming. The largest carbon emission impact (identified in the chart below[6]) is the production, processing and garment manufacturing stages of the supply chain cycle.

ANNUAL GREENHOUSE GAS EMISSIONS OF APPAREL AND FOOTWEAR



* This is an annualised rather than a life-cycle analysis. Results from 19 June 2020.
6 Data Source: McKinsey & Co

Accordingly, we have reviewed our own supply chain to identify how we can encourage sustainable behaviour across our supply tiers to further reduce carbon emissions, encourage increased stewardship of water, whilst ensuring safe chemical practices.

ENVIRONMENTAL – WATER STEWARDSHIP AND BIODIVERSITY

The Group recognises that key raw materials including cotton rely heavily on water availability. Making sustainable products can directly impact farmers, the use of pesticides and water. Using recycled polyester can offer many sustainable benefits vs virgin polyester. The majority of goods sold by the Group are manufactured by leading global brands.

Our largest water footprint is via our supply chain (third-party and private label) and our own operational use. For our own footwear and accessories brands we provide and monitor a 'supplier manual' including policies on modern slavery, procurement and global environmental footprint reduction. This includes standards we require to be met with regards to REACH (Registration, Evaluation & Authorisation of Chemicals). For leather manufactured goods, the Group requires our suppliers to be signed up to the Leather Working Group (LWG) standards.

In the most recent period, the Group has demonstrated progress via:

- Submitting our first ever response to the CDP 'Water Security' survey, achieving a 'B' grade score.
- During the last period the Group has reduced its use of virgin polyester and increased use of Responsibly Sourced Cotton ('sustainable cotton'). Sustainable cotton ensures; i) that farmers are trained on methods of water reduction ii) that farms are economically irrigated and iii) the receipt and payment of fair wages to workers.
- The Group submitted its application to join the Better Cotton Initiative (BCI). We recognise the importance of working with a global not-for-profit organisation, and the largest cotton sustainability programme in the world. The BCI mission, purpose and objectives also align to the United Nations Sustainable Development Goals (UN sustainable development goals).
- Continuing our 'Sustainability flag' assessment process for the Group's own-brand manufactured garments. This ensures that our private label products (and suppliers) have been subject to reviews and compliance criteria designed to reduce our impact on the environment. Further details can be found on our corporate website www.jdplc.com.
- We have engaged with the WWF Water Risk Filter, allowing the Group to assess water risk factors within the source countries for our private label product manufacture.

  In addition to our work on reducing water consumption through our private labels via sustainable design and materials, the Group also identifies our responsibility to conserve water within our directly controlled estate.
- The overwhelming majority of our store locations are leased from landlords. However, where we can contribute to water reduction, the Group continues to invest in assets to reduce consumption and risk to supply, both of which generate positive financial returns.
- Investments in usage-reducing assets have saved 3.9 million litres of water to date, with over 15 million litres of additional conservation measures identified and implemented.
- We also commenced the usage of automatic meter reading (AMR) into our largest major occupancy sites, the Distribution Centre and JD Gyms, permitting improved monitoring and subsequent reduction of our water consumption.

ENVIRONMENTAL – RESOURCE MANAGEMENT

During the period, the Group noted a slight reduction in public and media focus on the use of plastic, mostly likely due to the impact of COVID-19 across the globe. The Group expects further public and media scrutiny and debate on plastic (and other packaging materials) to resume within the next period. Accordingly, the Group has continued to improve its 'resource management' performance across several areas of our directly-controlled operations.

RECYCLING

- Our largest directly-controlled facility (Kingsway Distribution Centre) achieved certified 'zero to landfill' accreditation in February 2020.
- The Group continues its 'circular economy' development by increasing the number of recyclable waste streams within our directly controlled operations. Examples include reprocessing and reusing assets including 1,683 boxes of store hangers and over 103 tonnes of broken tote (container) units.
- The Group expanded its use of the Dry Mixed Recycling ('DMR') schemes to all its stores and businesses in the UK and Republic of Ireland, to maximise waste diversion from landfill. In 2021 we diverted 98.8% (2020: 98.6%) of our waste from landfill.
- The Group continues to remove card and plastic at the earliest possible source (via Kingsway). During the year, the amount of cardboard recycled reduced to 5,173 tonnes (2020: 5,491 tonnes). This reduction is consistent with the reduced UK and European output as a direct consequence of COVID-19.

ONLINE SALES PACKAGING

By using recycled plastic material for our online item dispatch packaging (avoiding virgin material) we achieved an equivalent embodied carbon saving of 1,005t CO2e within the period. New customer messaging (highlighting our recycled content percentage, and further recycling of packaging after use) has been introduced across additional packaging for online sales, including film for 'auto-bagged' products, and the packaging used for our 'ship from store' project.

RETAIL PACKAGING

The Group continues to support its long-held view that encouraging customer re-use of retail-issued bags is the most effective way to reduce overall plastic usage. Our JD fascia is renowned for its high quality, durable drawstring duffle bags, the re-use of which remains visually evident, from the high street through to the high school.

REDUCING THE IMPACT OF RETAIL PACKAGING

Whilst our documented approach to re-use is effective, the Group further minimises the environmental impact of customer bags by ensuring that duffle bags are made from 50% recycled material, across our UK, European, Asia Pacific and US operations. In November 2020, our JD fascia used 70% recycled material for our larger 'flexi-loop' bag, a product previously made from 50% recycled material. Our ability to assess the impact of the trial (e.g. *'did the bag continue to remain as reusable as the previous iteration?'*) was limited due to COVID-19 restrictions.

During the period, Go Outdoors joined our Blacks and Millets fascias by successfully ceasing production of plastic customer bags, adopting an attractive paper design. This measure further reduces the volume of plastic used within the Group, and we believe that (in accordance with our emphasis on re-use, regardless of material) the design of the bag encourages re-use of the paper-based product.

MICROPLASTICS

In accordance with the prevailing market research at the time, the Group previously used additives within plastic bags in accordance with the widely-held belief that this would catalyse the degradation process of higher-volume low-density polyethylene (LDPE) customer bags.

Following an internal review, the Group took the decision to remove degradable additives from our bags in late 2018. We felt that little direct evidence existed to demonstrate even medium-term degradation within samples of customer bags containing degradable additives. This viewpoint was echoed by both the Department for Environment, Food and Rural Affairs (DEFRA) in its 'Review of standards for biodegradable plastic carrier bags' and the United Nations Environment Programme (UNEP) in its *'Review of standards for biodegradable plastic carrier bags'*, both of which concluded that there was a lack of evidence for the biodegradability of carrier bags in an unmanaged environment.

Furthermore, describing a bag as 'degradable' or 'compostable' can lead to (unintentional) regressive outcomes owing to 1) 'degradable' or 'biodegradable' bags containing insufficient instructions on the exact environment required to achieve material degradation; 2) the risk of successful material degradation creating microplastics; and 3) the lack of local infrastructure to support the correct disposal and collection of degradable or compostable materials.

Accordingly, despite the development of newer 'degradable' and 'compostable' bags in recent years, the position of the Group is that we have yet to see sufficient evidence of large-scale environmental benefits, or do not believe that a high enough percentage of customers have sufficient access to composting facilities. Accordingly, our customer messaging continues to focus on encouraging the re-use of packaging (regardless of material type) to support the reduction of demand for raw materials and associated resources.

REGULATORY COMPLIANCE

In 2013 the European Commission adopted a proposal targeting member states to reduce their consumption of plastic bags with a thickness below 50 microns. In the period, the Group's core, directly-controlled retail businesses did not use plastic bags below 50 microns. The plastic bags produced by the Group are at least within the DEFRA 50–70 micron 'bag for life' criterion.

We continue to remain fully compliant with the carrier bag charge schemes across all operating territories. In line with territory legislation, the Group uses paper-based bags rather than plastic bags in its stores in the Republic of Ireland, Belgium, Germany, selected Spanish regions and Malaysia. The Group is mindful of paper's higher level of pre-manufacture carbon emissions versus plastic and works to ensure that whole-life carbon emission and environmental impact is assessed when reviewing bags and packaging for any new territories. By using attractive designs, the Group also promotes re-use of paper bags in the same way that it promotes re-use of its plastic bags.

Our JD New York (Times Square) store opened in October 2020. New York State enacted stringent new waste reduction laws in March 2020, preventing the use of plastic, even for re-usable, draw-string bags certified as 'bag for life' in other territories. The JD U.S team developed a new, non-woven fabric bag that successfully mirrored the look and purpose of the iconic JD bag.

CHARITABLE DONATION OF PLASTIC BAG LEVY INCOME
To encourage customer consideration of the necessity of bag use, the Group voluntarily charges for the use/sale of drawstring-bags. Where local authorities permit the donation of bag-levy income, the Group donates all proceeds from carrier bag charges to the JD Foundation. The Group does not offset any production or 'administrative' costs from its bag-levy income, and accordingly 100% of (net of VAT) proceeds are received by the JD Foundation for annual distribution as follows:

- **England:** £0.37 million received in the period to 30 January 2021. During the period, 12.5% of the funds were passed to Mountain Rescue in England and Wales with the remaining 87.5% donated to other charitable causes in accordance with the objects of the JD Foundation.
- **Wales:** £0.02 million received in the period to 30 January 2021. During the period, 12.5% of the funds were passed to Mountain Rescue in England and Wales with the remaining 87.5% donated to other charitable causes in accordance with the objects of the JD Foundation.
- **Scotland:** £0.04 million received in the period to 30 January 2021. During the period, 12.5% of the funds were passed to Scottish Mountain Rescue with the remaining 87.5% donated to other charitable causes in accordance with the objects of the JD Foundation.

Further information about the JD Foundation and its activities can be found on pages 140–153 .

ETHICAL SOURCING

Approximately 90% of the products sold by the Group are sourced from our international brand partners. Whilst the Group does not have any direct control over the operations of these businesses, from frequent dialogue with them, we believe that their view on the need for an ethical supply chain is aligned with that of the Group.

The remaining 10% of sales are derived from the Group's own sourcing of 'Goods for Resale' where the Group is in control of the supply chain. We introduced our own Ethical Code of Practice in 2019, encompassing our policies into a concise document for our manufacturing suppliers and brands. We have made further updates and improvements in 2020/21 to ensure that our policies reflect the latest best practice on human rights, worker welfare, and health and safety issues.

The JD Sports Fashion Plc Ethical Code of Practice establishes the procedure for protecting workers and providing assurance that our private label products are manufactured within safe and fair conditions. The Ethical Code of Practice applies to everything we do and forms part of the contract with us. The people working for our suppliers are to be treated with respect, and their health and safety and basic human rights must be protected and promoted. The JD Code of Conduct is included in this document which follows the International Labour Organisation (ILO) minimum standards.

To find out more about our Ethical Code of Practice, please visit our corporate website at https://www.jdplc.com/code-of-practice.

JD CODE OF CONDUCT: MINIMUM STANDARDS FOR OUR SUPPLIERS

- **Employment is freely chosen – there must be no forced labour, bonded or involuntary**
  The organisation shall not engage in or support the use of forced or compulsory labour, including prison labour, and shall not retain original identification papers. No personnel shall be required to pay deposits to the organisation at any time during or prior to commencing employment.
- **Freedom of Association and the right to collective bargaining must be respected**
  All personnel should have the right to form, join and organise trade unions and to bargain collectively on their behalf with the organisation. Where these rights are restricted under local laws the organisation shall allow workers to freely elect their own representatives.
- **Workers conditions are safe and hygienic**
  The organisation shall establish documented procedures to detect, prevent, minimise and eliminate potential risks to the health and safety of personnel. The organisation shall maintain written records of all health and safety incidents that occur in the workplace and in dormitories provided by the organisation, whether it owns, leases or contracts dormitories from a service provider.

  The organisation shall provide, for use by all personnel, free access to; clean toilet facilities, potable water, suitable spaces for meal breaks, and, where applicable, sanitary facilities for food storage.

- **Child labour shall not be used**
  The organisation shall establish, document, maintain and effectively communicate to personnel and approved subcontractors, written policies and procedures for remediation of child labourers, and shall provide adequate financial and other support to enable such children to attend and remain in school until no longer a child as defined above.

  The organisation may employ young workers, but where such young workers are subject to compulsory education laws, they shall work only outside of school hours. Under no circumstances shall any young worker's school, work and transportation time exceed a combined total of 10 hours per day, and in no case shall young workers work more than 8 hours a day. Young workers may not work during night hours.
- **Living wages are paid in line with local laws and for a standard working week, overtime must be paid at premium rate**
  The organisation shall respect the right of personnel to a living wage and ensure that wages for a normal work week, not including overtime, shall always meet at least legal or industry minimum standards, or collective bargaining agreements (where applicable). Wages shall be sufficient to meet the basic needs of personnel and to provide some discretionary income. The organisation shall not make deductions from wages for disciplinary purposes.
- **Working hours must not be excessive and must be voluntary**
  The organisation shall comply with applicable laws, collective bargaining agreements (where applicable) and industry standards on working hours, breaks and public holidays. The normal work week, not including overtime, shall be defined by law but shall not exceed 48 hours. Personnel shall be provided with at least one day off following every six consecutive days of working.
- **No discrimination**
  The organisation shall not engage in or support discrimination in hiring, remuneration, access to training, promotion, termination or retirement based on race, national or territorial or social origin, caste, birth, religion, disability, gender, sexual orientation, family responsibilities, marital status, union membership, political opinions, age or any other condition that could give rise to discrimination. The organisation shall not allow any behaviour that is threatening, abusive or exploitative, including gestures, language and physical contact, in the workplace and in all property provided by the organisation, whether it owns, leases or contracts the residences or property from a service provider.
- **Regular employment is provided**
  Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.
- **No harsh or inhumane treatment is tolerated**
  Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

The health and safety of workers is paramount in all areas of our business, direct or otherwise. The Group continues to review its policies on ethical sourcing on a regular basis. We continuously assess factory ethical and quality management and work with our suppliers to improve conditions in our factories.

SUPPORTING OUR PRIVATE LABEL MANUFACTURERS DURING COVID-19

The challenges of the global pandemic required the Group to re-phase fabrics and orders within the supply chain to later seasons, moving stock to different locations in order to accommodate closures across Europe. These changes reduced our 'seasonal buy' plans.

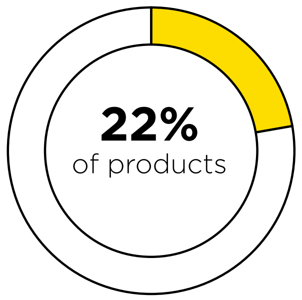
During the first lockdown period (April – June 2020) over $170 million of fabrics and trims had to be put 'on hold' across the world. By September 2020, we had re-designed, re-phased and reduced the outstanding commitment to zero within our supply base. The Group is proud of the fact that during this challenging year, no supplier was left with excess fabric or trims, or suffered any negative impacts arising from cancelled orders. Further, suppliers continued to be paid according to pre-agreed terms.

SUSTAINABILITY IN PRIVATE LABEL MANUFACTURING

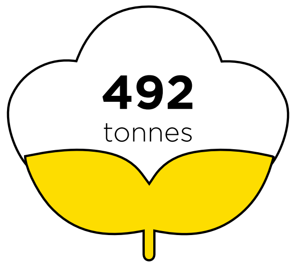
The Group began the journey to integrate sustainability into our private label business in 2019, thus embedding sustainability as an integral part of our private label production – from conception to end product and beyond.

During the last quarter of 2020, the Group became members of The Better Cotton Initiative (BCI). The BCI is a global, not-for-profit organisation and the largest cotton sustainability programme in the world. BCI exists to make global cotton production better for the people that produce it, the environment in which it grows, and to invest within the future of the cotton industry.

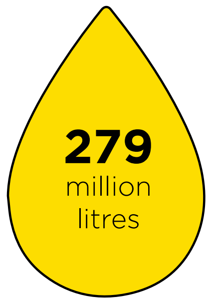
During the first period of the Group's BCI membership (2020), the Group produced 22% of its cotton through the BCI programme. This equates to 3.7 million garments, representing 492 metric tonnes of 'Better Cotton', (cotton grown via methods that protect and restore the environment, whilst improving farmers' livelihoods). Our sourcing of Better Cotton in 2020 saved an estimated 279 million litres of water whilst generating over €80,000 of additional profit for BCI-licensed farmers.



made in BCI since joining



of BCI cotton used



of water saved

The high level of investment within the BCI programme helps to support women within the cotton supply chain, enabling them to strengthen their standing within both their families and communities. In the 2018–2019 cotton season, BCI training reached 98,789 female farmers across the world.

Female farmers supported by the BCI learn every aspect of cotton growing – from seed to harvest, with the programme including:

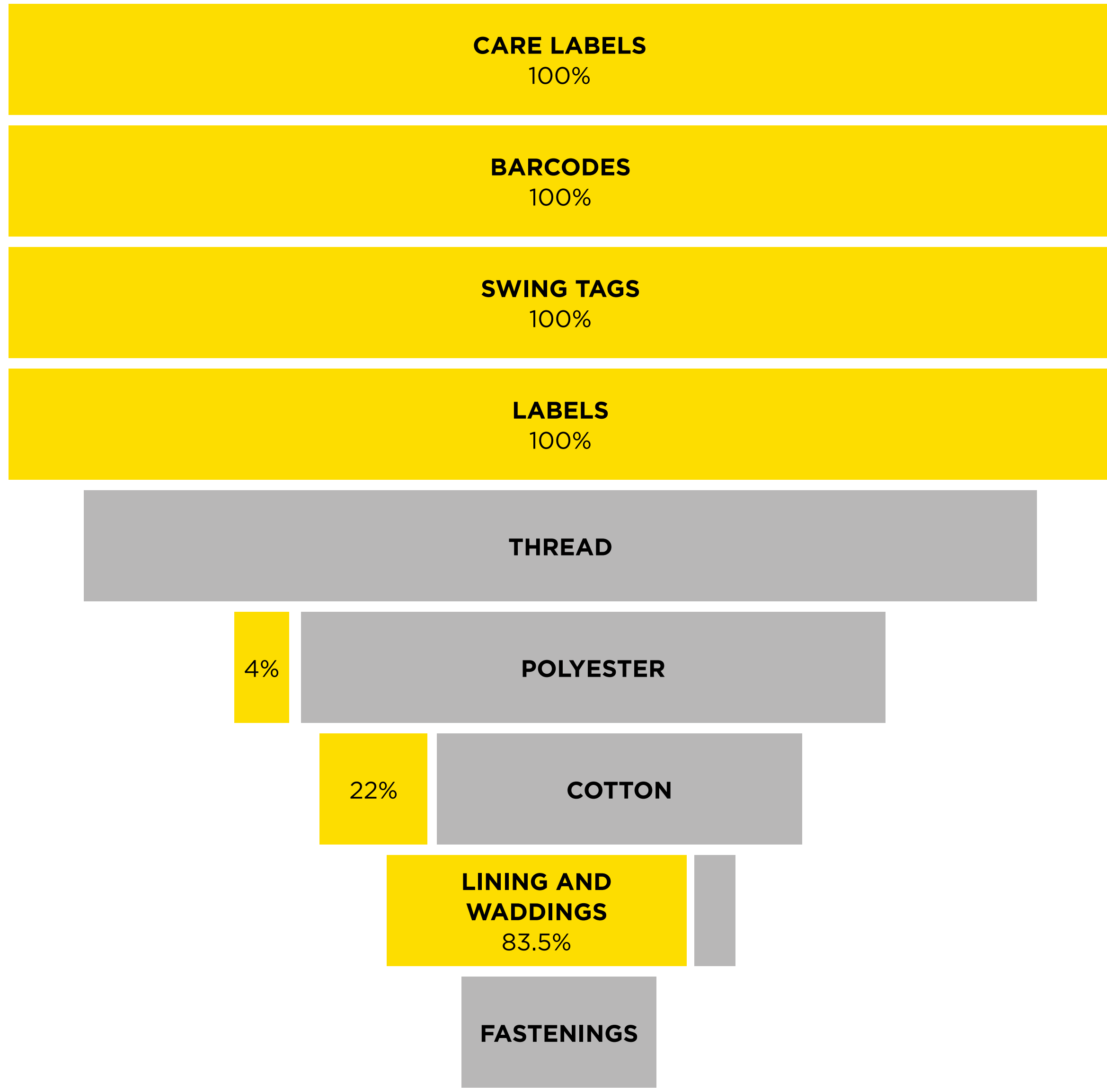
- Safe use of chemicals.
- Advantages of replacing conventional pesticides with natural substances.
- Improving soil fertility.
- Optimising irrigation and water harvesting techniques.

The Group has committed to sourcing 80% of its cotton through the BCI by 2022. This is an ambitious target, but one that we are confident can be achieved by converting 13 million garments to sustainable cotton.

Man-made fibres, namely recycled polyester, remain a challenge. Recycled polyester varies considerably in both cost and quality. However, by using a mix of virgin and recycled polyester to offset cost and quality, a further 440,000 garments were produced bringing our 2020 total to just over four million pieces. This represented 25.6% of our total inventory for 2020, achieving our target during an unprecedented year.

Working from design through development, we have achieved a minimum of 30% of sustainable materials within a garment. Our design and development team has undertaken the conversion of components used in the manufacture to sustainable materials. The production pyramid demonstrates the percentages achieved by substituting materials, from throwaway packaging to linings and waddings.

PRODUCTION PYRAMID



SUSTAINABLE
Components in the production process which are manufactured to a pre-determined level of sustainability, including sustainable materials and / or processes.

NON SUSTAINABLE
Components in the production process which are currently not from a sustainable source. These areas are high priority to become sustainable going forward.

SUSTAINABILITY IN PRIVATE LABEL MANUFACTURING – SUPPORTING INDUSTRY INITIATIVES

The Group has committed to join WRAP Textile 2030, an initiative that takes effect in 2021. This is a government backed project, replacing the previously successful Sustainable Clothing Action Plan (SCAP). Membership enables the Group to utilise additional systems and training to further measure our overall GHG emissions and water usage. This, in turn, enables us to reduce emissions and resource usage in accordance with both our own and national / international targets.

WRAP Textile 2030 builds on the original WRAP action plan to move towards circularity, system change, climate action, contributing towards national policy and regulatory developments, including Extended Producer Responsibility (EPR).

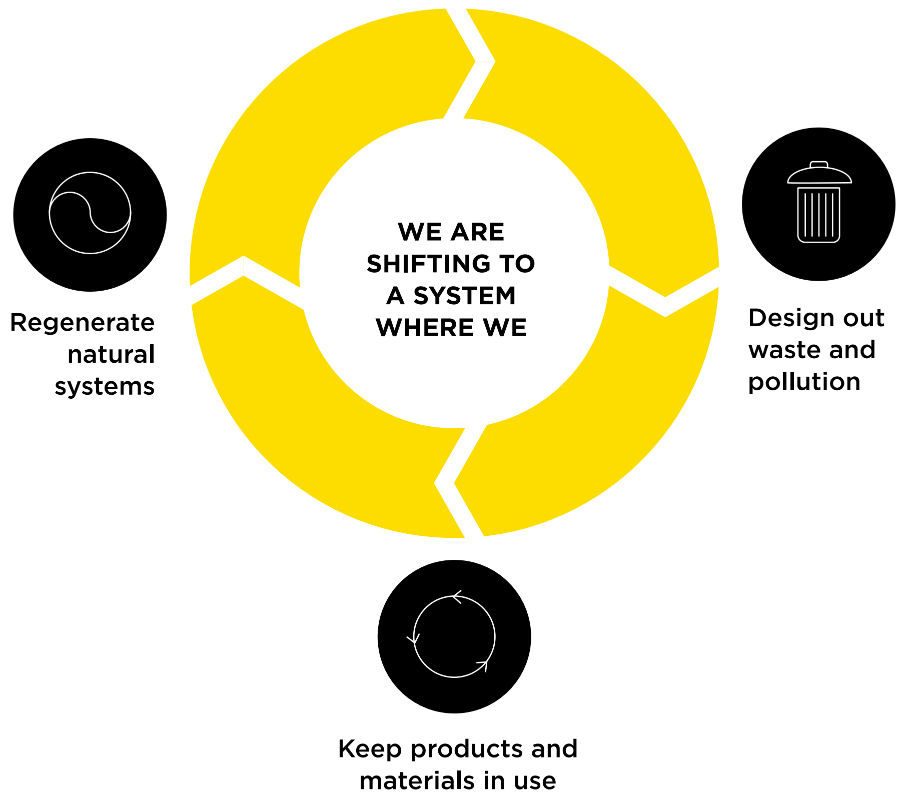
To further support our work on WRAP Textile 2030, our collation of information has extended to the lower tiers in our supply chain, mills and dye houses. This enables assessment of the environmental impacts within our supply chain, including aggregation of supplier certifications and accreditations.

The Group presently contracts fully-factored garments and does not have direct relationships with the lower tiers of our supply chain. However, our ambition is to utilise our existing supply chain knowledge and understanding to incorporate sustainable processes (including finishes at dye house level) into our product development and end garments. These include critical environmental protection categories such as energy, water and the carbon usage arising from manufacture.

CIRCULAR ECONOMY

The Ellen MacArthur Foundation defines a circular economy as being; *'based on the principles of designing out waste and pollution, keeping products and materials in use, and regenerating natural systems.'*

The Group is committed to an internal circular economy model to ensure the minimisation and eradication of landfill waste across our business. We have already achieved 'zero waste to landfill' certification for our UK distribution centre, and continue to re-use, repurpose and recycle across all of our operations – from sourcing through to packaging.



DESIGNING OUT WASTE AND POLLUTION

Our products are designed with sustainability in mind from the outset, using high quality material and dyes, laser-cutting and brushing of the fabric during manufacture. These best practice measures extend the life of products, whilst minimising the release of dyes and microfibres once in the home of the consumer. Microfibres are too small to be filtered out by waste treatment plants, so travel through and pollute water pipes to enter oceans and rivers. Effective design can mitigate and reduce the impact of microfibres.

Our Development Team analyses the data and comments associated with products returned by our customers to identify any common issues which can be corrected for future production cycles. These design changes and corrections help to reduce the volume of customer returns; which in turn eliminates carbon emissions arising as a result of product returns. In circular economy terminology, this is 'designing out waste and pollution' in practice.

KEEPING PRODUCTS AND MATERIALS IN USE

Despite our design improvement progression, changing customer tastes and requirements mean that it is not possible to completely eliminate returned stock.

The Group has developed a supply chain to support the environment by keeping products and materials in use for as long as possible. To enable this, it was vital to identify supply chain partners able to align to our waste-elimination principles within their own businesses. This ensures compliance throughout the supply chain, benefits end customers, and enables the suppliers to make their own, direct contribution towards the United Nations 'Sustainable Development Goals' (UN SDGs).

A summary of three of our suppliers supporting the Group to 'keep products and materials in use' is provided as follows. Through ongoing collaboration, we have achieved this aim, whilst reducing waste, and supporting four of the key UN SDGs.

1. AFRICA SHOES

Africa Shoes has been exporting branded second-hand and safe basic-fault products to Africa and other outlets around the world since 1990. This type of stock has historically been 'discarded' by other retailers. Whilst Africa Shoes sells product globally, the preferred destination for the majority of our stock is markets within selected regions of Africa. Small, local vendors are able to access re-saleable stock at heavily discounted prices enabling them to make profit and contribute towards their local economy.

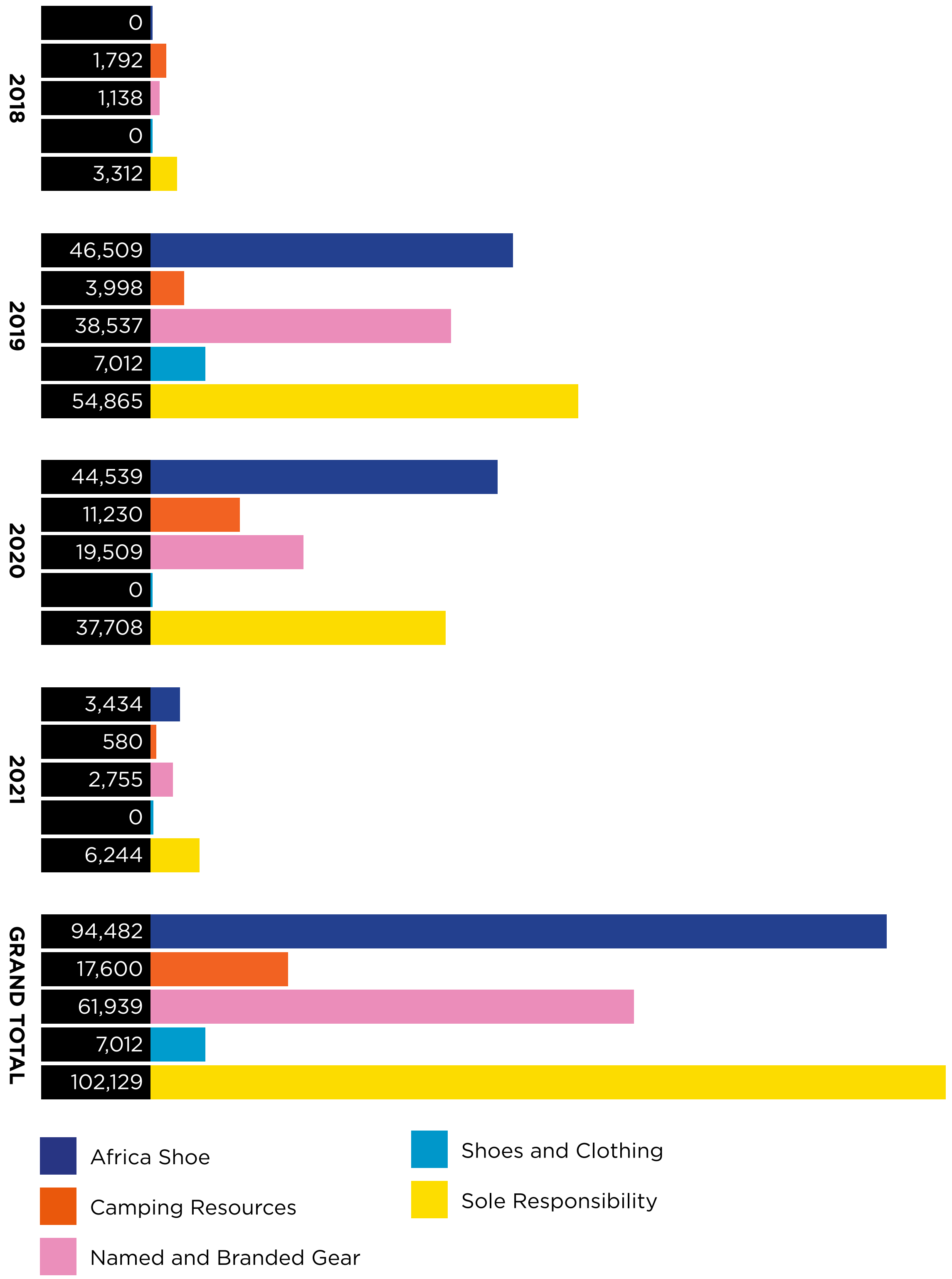
2. SOLE RESPONSIBILITY

Sole Responsibility specialises in the resale of clothing and footwear diverted from landfill to consumers, thus giving the 'seconds' a 'second chance' and keeping products and materials in use.

3. CARBON RESOURCES (CAMPING RESOURCES) LTD

Supporting our Outdoor businesses, Carbon Resources specialises in the refurbishment and repair of tents and equipment, giving products an extended life. The quality of repairs offered ensures ongoing durability for years beyond the original repair, keeping products and materials in use, and reducing the carbon footprint associated with new manufacture.

The graph below demonstrates the recent volumes of products given an 'extended life' via our supply chain partners. Please note that 2021 volumes were impacted by the COVID-19 pandemic.



BEHIND THE LABEL

Our JD fascia (and the larger Group subsidiaries) has committed to a target of 80% BCI cotton use by 2022. We continue to work on increasing our usage of recycled polyester, thus aiming to reduce the impact of the manufacture of Group private label products. We recognise that to achieve this target we must continue our progress, from farm level to finished garments, and each stage in between.

In order to achieve long-term, sustainable improvements across the supply chain, it is imperative that the Group, our brands and non-governmental organisations continue to work with host countries to improve conditions for workers. Our experience is that short-term bans or reactionary measures do not always facilitate progress, and on occasions may result in slowing or reversing progress made over the preceding years.

Accordingly, the Group shall continue to take a balanced view on sourcing locations and decisions. Many finished goods suppliers source cotton from multiple origin regions beyond their own borders and the Group sources many non-cotton products from factory locations in China and other territories. Regardless of material or origin location, the protection of worker rights within our supply chain remains a primary focus of the Group.

To ensure that we meet the 2030 target, reducing our overall environmental impact has become a strategic priority for Group. To achieve our targets, we shall further develop our internal knowledge, whilst facilitating closer working strategies between factories at all levels in the supply chain not just those that we contract with for the actual production of the finished garment for resale. It is the mills and dye houses that have the greatest environmental impact within the tiers of the supply chain. Exploring different fabrics and processes within these operations builds awareness and knowledge, enabling action on environmental issues. Collectively, these measures help to reduce the year-on-year environmental impact across our supply chain.

We did not allow COVID-19 to stop us from commencing our journey to look behind the label at the end to end production process:

April 2020 The Group Private Label team commenced researching sustainable processes (including machinery alternatives) to replace existing conventional practices. This aided identification of the requirements for a more sustainable supply chain.

July 2020 A fact sheet was created to collate data from tier 2, 3 & 4 (mills, dye houses and print houses) identifying the processes / practices / machinery used, certifications and environmental audits in place, and initiatives being undertaken by suppliers.

Oct 2020 The fact sheet was issued to our top ten suppliers to assess the feedback we received from the different supply chain tiers. We adjusted our process and progressed to contacting the second group of suppliers.

Nov 2020 Our updated process was introduced to our entire supplier base, resulting in data being supplied to our Private Label team from 87 mills, 81 dye houses and 61 print houses.

Dec 2020 As anticipated by the Private Label team, we received mixed data and responses. Not all suppliers could provide verifiable data to substantiate the positive environmental initiatives being undertaken.

The majority of suppliers were able to demonstrate that they were working towards common environmental goals (to those of the Group) within their own operations, showing knowledge of the positive environmental and monetary benefits of such changes. As more international brands and retailers undertake similar engagement initiatives, the likelihood of consolidated, verified certification becomes more likely.

Jan 2021 The Group Private Label team decided to focus on three strategic assessment areas: Chemical, Energy, and Water. Supplier data has been analysed and a grading system is now being implemented. This will provide further transparency relating to sustainability certifications and accreditations across the supply chain. Our three assessment areas incorporate industry standard audits, reviews, management systems, certifications and accreditations to provide an overall grade.

2021–2022
The Group will continue to work with suppliers and key stakeholders to promote best practice. We realise that our existing knowledge of assessing data relating to sustainable processes within the manufacturing supply chain can be improved. Our team will be focusing on expanding our understanding of environmental practices across all tiers of the supply chain and encouraging our factories to do the same within their own organisations.

We will continue to learn from our partners, and their operations, to reduce our collective environmental impact across both our immediate operations and within the local environments in which our supply chain operations are undertaken.

MODERN SLAVERY

The Group has partnered with UNSEEN UK to support their UK Modern Slavery Helpline and Resource Centre. This vital resource provides 24/7 access and assistance for victims, the public, statutory agencies and businesses to report concerns and get help and advice. The UNSEEN Modern Slavery Helpline is included in our latest Ethical Code of Practice and within materials distributed to our core UK sites and businesses.

The private label overseas manufacturing sites are audited by third party auditors and to avoid audit fatigue, the Group accept audits already in place by all accredited audit companies. The Group will continue to nominate QIMA for its own contracted audits should an existing audit not be in place.

During 2020, adherence to international travel restrictions has meant that overseas auditing has not been permitted, either by the Group or external third parties. We have mitigated this risk by continuing to work with our suppliers on factory standards including rectification of non-compliance issues via remote management.

MODERN SLAVERY – SUPPORT AND MONITORING
Our compliance team has been able to progress our implementation of a robust modern slavery and labour exploitation prevention team in our main distribution centre by enabling a joint task force with our onsite recruitment companies.

This collaboration has formalised and aligned joint internal procedures, relating to the recruitment of all distribution centre staff, including security personnel. This enabled us to develop a wider understanding of factors that may indicate evidence of exploitation and take preventative (pre-employment) action wherever possible. Whilst the process is fully implemented and exists for personnel employed in the distribution centre, (permanent and temporary), facilitating this earlier in the recruitment process enables us to assist and support those people who may not be offered employment, but who (from interviews, or recruitment-related engagement) may have displayed indicators of potential exposure to exploitation.

During 2020 our Welfare Champions continued to support staff in the Distribution Centre and head office, proving to be an invaluable resource to the business. Mental health support training was provided by one of the JD Foundation charity partners, Young Minds. Further support was supplied by Papyrus, a charity supporting the prevention of suicide. Our welfare champions have not only been able to help others suffering during this year of the pandemic but have also personally benefitted from the extra support available.

During the period, our Welfare Champions have been further supported by improved access to 'Strategic Response' and 'Critical Response' teams. Initially set up in our Kingsway Distribution Centre, these changes have enabled us to:

- Provide additional support and training to help staff to identify the signs of modern slavery and labour exploitation.
- Introduce our staff to a clearer procedure for reporting any concerns.
- Engage with bodies such as the Gangmasters and Labour Abuse Authority (GLAA) to enlist support for the investigation of and prevention of improper or criminal activity.
- Identify areas for continued improvement. The Group shall be collaborating with external agencies to protect and promote worker safety at our core facilities. We aim to extend additional training into our individual stores and wider retail environment by the end of 2022.

ESCALATION PROCESS FLOW

- Expand the scope and breadth of supply chain worker protection. Through our membership of UNSEEN UK, we shall continue our progress on supply chain transparency mapping. This will include, but not be limited to UK third party warehousing operations.

Modern Slavery is a constantly changing, multi-faceted topic that can impact any sector or community. Accordingly, it is important to keep abreast of new trends emerging from those involved in labour exploitation and modern slavery. Through our collaboration with the GLAA, UNSEEN UK and our supply chain partners, the Group is confident that it has the ability to continue to adapt and improve our work to increase the awareness of and reduce the prevalence of Modern Slavery.

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

SUMMARY OF PARTNERS IN 2019–2020

- 176 Agents in 2020 V 243 Agents in 2019
- 496 factories in 2020 V 355 factories
- 21 Sourcing Countries 2020 V 25 Sourcing Countries in 2019

SUPPLY CHAIN

The Group continued to map our supply chain, with this now completed to the print houses in the fourth tier. This strategy requires continual engagement with our partners – our manufacturing chains beyond first tier will often change due to demand and capacity. As a supplier of fully factored garments, our partnership does not historically extend to mills and dye houses, though we recognise the need to develop these relationships further.

AUDIT STATUS 2020 VS 2019

Protection of workers within our supply chain is paramount. We will continue to have zero tolerance approach to critical issues identified by Group personnel or third-party auditors, from physical working environment concerns through to anything that impacts workers and causes hardship or harm. The factories used by the Group are audited by accredited third party, specialist assessment and audit suppliers, as shown in the graph below.

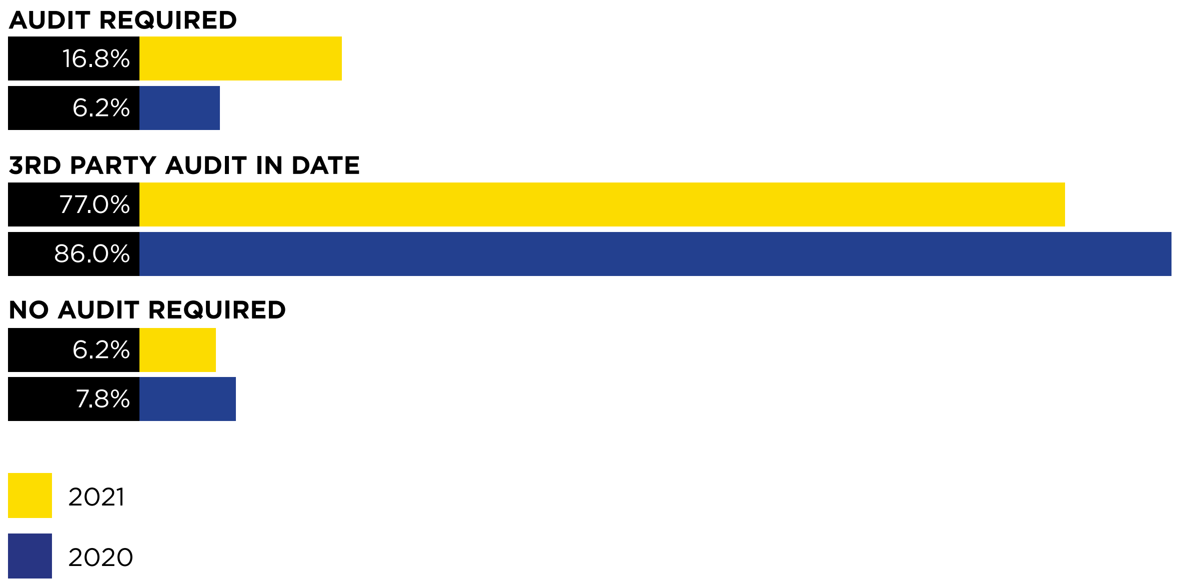
OWN LABEL SOURCING

Within the audit status graph, the 'third party audit in date' line of 77% represents all of the factories where an audit is required in accordance with Group processes. Of the remaining 23% of factories, 16.8% were delayed due to travel restrictions arising from the COVID-19 pandemic. The remaining 6.2% did not require an audit owing to either minimal volumes, or where 2019/20 was the first year the Group has worked with these factories.

The percentage of suppliers audited has reduced from 86% to 77% but this reporting period of 2020 includes new acquisitions which were not previously included in our audit programme. Additionally, the 2020 audit percentage decreased due to the inclusion of our Sprinter / Sport Zone European subsidiary, which added complexity to the analysis of an already diverse global supply chain.

Our core sourcing regions are in Asia, India, Turkey and Pakistan. The chart on page 139 illustrates the value split (in GBP) by country for private label product sourcing across all Group entities.

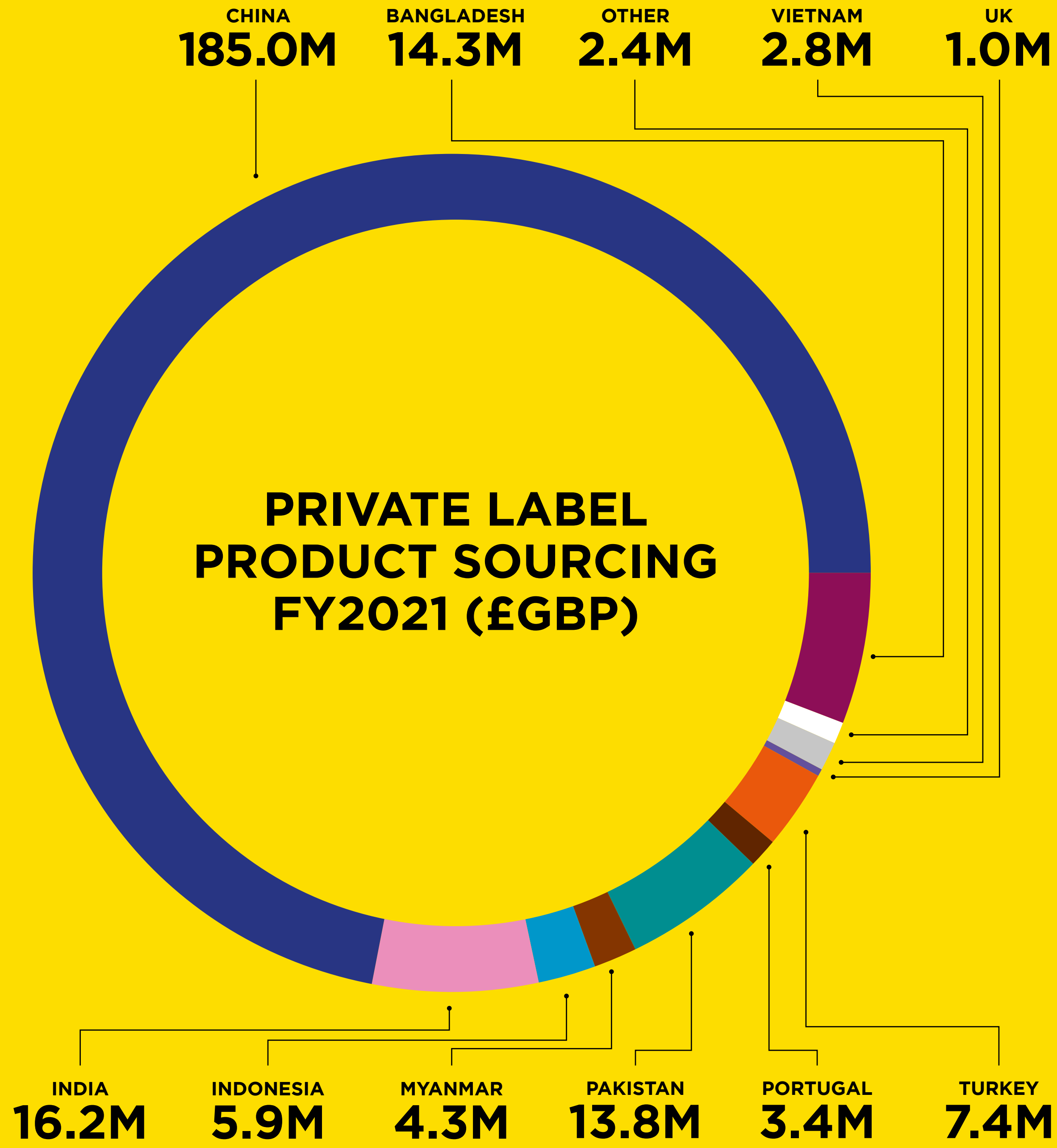
AUDIT STATUS LAST YEAR VS THIS YEAR



Subcontracting is expressly forbidden without Group authorisation and verification, provided by our Private Label team. The Group regularly visits the factories that we work with to check production and standards. This is critical to promoting the importance of longer-term relationships, key to the protection of workers' rights and working with factories to achieve better standards for workers.

It is the aim of the Group to ensure that all entities within the Group work to adopt our policies. It is important to recognise that the the Group is highly acquisitive, and accordingly our supply chain contacts, and global reach expands each year. The Group shall continue to work with and advise subsidiaries and acquisitions in order to embed our policies into their businesses.

Neil Greenhalgh
Chief Financial Officer
13 April 2021



THE JD FOUNDATION

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

The JD Foundation (The Foundation) supported 18 charities in 2020 with a focus on mental health and homelessness.

The JD Foundation is a registered charity, founded by JD Group in October 2015. 100% of the net proceeds from the sale of the iconic JD Duffle Bag and other carrier bags in England, Wales and Scotland are transferred to the JD Foundation. In the period from October 2015 to January 2021, the JD Foundation has raised over £3.5 million, with 89% of funds received to date donated to our charity partners. All monies raised (excluding fees) are distributed amongst the chosen charity partners, with a small reserve left for emergency funding.

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

£3.1m

TOTAL AMOUNT DONATED

OVER

£3.5m

TOTAL AMOUNT RAISED

OVER

£1.1m

TOTAL AMOUNT DONATED

ENVIRONMENTAL CHARITIES

In addition to supporting youth charities, the Foundation also supports Mountain Rescue England and Wales and Scottish Mountain Rescue. During the five year partnerships the Foundation has donated over £1.1 million to support the services they provide in Scotland, England and Wales.

CHANGING LIVES, SAVING LIVES

CHOSEN CHARITIES FOR 2020

The Foundation's chosen charity partners support a number of community based charity initiatives in addition to nationwide charities tackling mental health, youth homelessness and unemployment. Further, we support charities which provide support to families dealing with undiagnosed heart conditions, terminal illness and bereavement.

In early 2020, we agreed a new charity partnership with City Hearts, who believe that together we can help victims of Modern Slavery not just become survivors but see them thriving in their communities. The Foundation supports the Bright Futures Employment programme in partnership with JD Sports.

The Foundation supported The Daily Mirror's Save a Kid's Christmas appeal by match-funding donations to Save the Children up to a value of £15,000. The appeal raised a staggering £161,000, which we believe may be The Daily Mirror's most successful Christmas appeal to date!

Our donation of £15,000 could provide grants to 38 families, reaching approx. 79 children. These families would each receive an early learning pack, including toys and books, which supports age appropriate play and encourages parent-child interaction to stimulate early communication & language skills. Families would also then be able to select a combination of items and resources up to the value of £340 in the form of essential household items (e.g. table and chairs, cots, beds, oil-filled radiators) or vouchers for supermarkets and Argos.

EMPLOYEE CHOICE PARTNERSHIP

#BlackLivesMatter

In September 2020 the Foundation announced a new two year Employee Choice Partnership with Blueprint for All (formerly the Stephen Lawrence Charitable Trust). In support of the #BlackLivesMatter movement £62,500 was pledged towards the eradication of racism. A number of charities in line with our mission were short listed with colleagues voting in our first Employee Choice Partnership for their preferred partnership. Three other charities were awarded grants in this process – Show Racism the Red Card, BLAM UK CIC and Anthony Walker Foundation.

See a statement (right) from Blueprint:

On 1 January 2021, our name changed to Blueprint for All (formerly the Stephen Lawrence Charitable Trust). This change respects Stephen's family's wishes that the Stephen Lawrence Day Foundation, set up by his mother Baroness Lawrence last year, is the only charity to bear his name. As we change our name, we are proud to confirm our charitable purpose and indeed all our work to ensure opportunities denied to Stephen due to race, ethnicity or background are rooted in our objectives forever and we will continue to honour his memory through our work.

The Blueprint in our new name signifies that we have a clear plan to create the changes our society needs, and gives a subtle nod to Stephen's own desire to become an architect, ensuring that he is always recognised in our story. The 'for All' highlights our belief that the same opportunities and support should be open to everyone, not limited because of someone's race, ethnicity or background. It also speaks of our collaborative approach and the role we all need to play in creating a fairer and more inclusive society.

WHAT WE DO...

We believe in a future where talent is respected and nurtured irrespective of where it comes from, where organisations recognise and realise the benefits of a diverse workforce and where our communities can come together and thrive. This is our blueprint to set the foundations for a more inclusive society to grow.

Our high impact programmes work with disadvantaged young people and communities, providing tangible opportunities and support that enables them to thrive, whilst driving systemic change in organisations and society.

PLANS FOR THE FUTURE...

2021 promises to be an exciting year for us. With the support of the JD Foundation, we will launch our new online Opportunities Hub. It will connect ambitious young people with jobs, work experience, internships and mentoring opportunities with employers that would normally be out of their reach. Through the Opportunities Hub, organisations will have access to a rich mix of talent that they often struggle to reach and young people will get the support they need to begin their career.

We were delighted to be awarded the JD Foundation Employee Choice Partner in 2020. Ours is a blueprint for a future, where talent is respected and nurtured irrespective of its origins.

COVID-19 PANDEMIC

Mental health crisis

2020 saw several months of national lockdown in the UK, thousands of young people lost contact with the things so crucial in helping them stay well; from trusted adults within the community whose doors had to close, to professional mental health services desperately struggling to meet rising demand. The latest mental health prevalence data shows that children with a probable mental health disorder were more than twice as likely to live in a household that had fallen behind with payments – circumstances already felt by so many families as a result of the immense financial pressure resulting from the pandemic.

Despite most of the world shutting down, our charity partners were needed now more than ever before and continued to operate and provide services to the disadvantaged communities throughout this period. Here's what a few of our partners have to say:

PAPYRUS
PREVENTION OF YOUNG SUICIDE

"2020 was a tough year for charities but an ever more challenging time for those they support. PAPYRUS worked hard to build up it's reserves to enable more young people to be able to access our services. We had great plans to extend services and to grow our footprint. The pandemic hit us suddenly and we were quick to act, shelving many of our plans for growth in order to maintain our essential offer.

We set our course to protect our much-valued HOPELINEUK service, our unique response to those with thoughts of suicide and those concerned about them.

PAPYRUS would be nothing without those who turn tragedy into hope, rooted in personal experiences of suicide loss, mental illness or emotional distress.

We set our course to protect our much-valued HOPELINEUK service, our unique response to those with thoughts of suicide and those concerned about them.

Throughout various lockdowns and tightening social restrictions we were able to answer thousands of calls, texts and emails about suicide and work towards safety with so many of our children and young people and their caregivers to enable life and provide hope again where it was often so very fragile. We even extended our offer by launching webchat to give young people direct access to one of our advisers online.

Our suicide prevention training offer had to be re-fashioned into online education. Our work with local authorities and national governments found a renewed focus, often highlighting the needs of the charity sector as it found itself in totally uncharted waters.

We opened our first base in Northern Ireland during the first national lockdown across the UK and ROI. Quite an achievement. Our staff in the North West, London, West Midlands and Cardiff, have continued to engage their local and regional communities in suicide awareness, prevention and learning about our model of intervention.

PAPYRUS would be nothing without those who turn tragedy into hope, rooted in personal experiences of suicide loss, mental illness or emotional distress.

Most of our income comes from people who want no child or young person to suffer what they or their loved ones have been through in terms of anguish and suffering, often hidden from sight because of the social stigma that still surrounds suicide. With them, our charity partners enable our life-promoting services. Many of our partners, like the JD Foundation not only give us financial support; they work with us to link more people to what we can bring to them and they to us.

Suicide prevention is best delivered by communities themselves, when resources are shared and people are made aware of what help can be given. PAPYRUS could not do its life-saving work without such vital support.

Our teams have worked so very hard throughout 2020 to meet the needs of young people and to keep them suicide-safe. They have worked hard, too, to keep themselves going. Self-care and mutual support have been our watchwords throughout one of our toughest ever years.

As we enter 2021, we have great hope for new development of PAPYRUS and our services. We are looking forward to extending our footprint across the UK, and to engaging with more and more communities to keep them suicide-safe."

Ged Flynn,
PAPYRUS Chief Executive

For more information, please visit
www.papyrus-uk.org

YOUNGMINDS

2020 was an incredibly busy year for all of us at YoungMinds, providing thousands of young people across the UK with the support and guidance they have so desperately needed. At a time when help is out of reach for so many young people, our work has never been more important.

During the pandemic there has been a dramatic increase in the number of young people accessing the YoungMinds website for support. They are seeing more emerging mental health challenges as well as increasingly serious issues, as access to traditional means of support such as school, family and friends have been reduced.

From seeking practical tips to help them get through a tough day, to reaching out for urgent help; YoungMinds ensure that no matter the challenges a young person might be facing, they can turn to them and find the trusted help and support that they need.

Our number one priority is to ensure as many young people and families as possible feel supported and able to look out for themselves and others during this difficult and uncertain time.

We have done this through our Parents Helpline, which has seamlessly converted to remote working and by ensuring our YoungMinds Crisis Messenger service can respond to a predicted growth in demand over the period. We also adapted our 360 Schools digital community content by creating a downloadable resource for schools to share with students and their parents, and are continuously developing our digital content on everything from surviving close family contact on an ongoing basis, to dealing with health anxiety and pulling together ideas for virtual shared activities that we can push out to young people to help those who are worried about isolation.

The support of our funders has meant that we have been able to respond quickly and effectively, meeting the scale of demand during a time of great uncertainty.

We know that we aren't out of the woods yet. COVID-19 is still well and truly with us and we are now facing a major recession, and continued uncertainty of living with an invisible disease. This means we are expecting the biggest crisis for young people's mental health for generations.

Looking ahead, we have a calendar packed full of activities and content in order to help young people get through the following months of restrictions in place. We will continue being there for young people no matter how this unfolds – we're determined to show them they aren't alone.

Our number one priority is to ensure as many young people and families as possible feel supported and able to look out for themselves and others during this difficult and uncertain time

The JD Foundation has provided us with invaluable support, which has enabled us to inspire over 500 young people this year and prepare them for their future working lives. The additional value that has been provided through all the JD staff volunteering time, directly supporting young people, is of huge significance. They have been inspired by people who love their jobs and speak about them passionately! I'm really grateful for the ongoing support of the JD Foundation and the massive impact it is having on the lives of local young people.

Phil East, CEO Salford Foundation

The support Once Upon a Smile has received from the JD Foundation has been a lifeline. Over the last few years we as a charity have grown and that growth has ensured we are able to support more bereaved families. This growth is thanks to the support of the Foundation and without it, I have no doubt, our charity wouldn't be as much of a success as it is.

Daniel Jillings, Once Upon A Smile.

The support we have received from the foundation has truly transformed Smiling Families. We have been able to reach so many families in so many ways, NONE of which would have been possible without the support of the JD Foundation. Our services have been able to expand and we have seen the families that have contacted us or been nominated have quadrupled each year. The support was so important to us during 2020 as we were thrown into unprecedented waters and suddenly needed to shop and deliver medication and medical supplies for our 47 families during lockdown. We also recognised a need for mental health support on a wide scale as our families battled isolation. With the Foundation's help we were able to supply Smile boxes on a weekly basis which were safely delivered and coincided with online fun sessions for over 260 people. Our charity would truly have had to let all those people down were it not for the love and support of the Foundation.

Kerry Martin Beades, Founder Smiling Families

MANCHESTER YOUTH ZONE

“Imagine the Change’ or ‘Be the Change’, that’s what the team at Manchester Youth Zone tell their members when they walk through the doors of their big yellow building… and that’s exactly what they themselves had to do as COVID-19 struck!

As a charity that would normally welcome over 1,000 visits from some of the most vulnerable children in Manchester every week, being forced to close their doors was never going to stop them being there for young people. They adapted, they changed, and they broke through boundaries they didn’t even know existed.

With an updated purpose of providing ‘somewhere to turn, something to do, someone to talk to’, along came #VirtualMYZ – an online Youth Zone with Zoom Sessions, Daily Challenges, Fitness Sessions, Food Deliveries, Well-being Calls / Visits and much, much more.”

HEADLINE STATS: APRIL – DECEMBER 2020

Through food deliveries and ‘grab bags’ available to collect at MYZ they provided 9,236 free meals for the families they work with.

Though core sessions were closed, MYZ could still hold 1–1 sessions and in some cases support group activities meaning they still had 2,767 visits to Youth Zone.

With a mix of fitness sessions, music lessons, game nights, cooking clubs and more, MYZ hosted 824 Zoom Sessions!

Daily challenges and activities across socials meant that there’s been over 9,500 engagements.

Still providing young people with ‘someone to talk to’ there was 622 hours of 1–1 mentoring and over 1,000 phone calls!

HIDE OUT

AN ON SIDE YOUTH ZONE

The JD Foundation is a founder patron of the HideOut Youth Zone who officially opened on Saturday 26 September by Capital Donor Fred Done, representatives from Manchester City Council and young people. The Foundation have donated £50,000 so far and will provide a further £50,000 in partnership funding across 2021 and 2022.

Located in Gorton, HideOut Youth Zone is a brand-new youth charity which provides thousands of young Mancunians with somewhere to go, something to do and someone to talk to. The youth zone is open to young people aged 8–19 and up to 25 for those with additional needs.

HideOut is open whenever school is closed for young people, ensuring they have the opportunity to take part in around 20 practical activities per night including sports, arts, media, music, dance, cooking, health & wellbeing, and digital technology.

Employability workshops are also available for those who need help getting into employment, education or training and our enterprise suite and business links inspire them to dream big and develop their entrepreneurial skills.

Following months of isolation, which has taken its toll on young people’s physical and mental wellbeing, the Youth Zone is playing a key role in supporting young people.

During the national lockdown periods we have been delivering small group & 1to1 support, digital & online sessions, welfare calls, home door visits & detached street work across the community seven days a week. We are always here for young people across Manchester and feedback from our members, parents and carers has been extremely positive during challenging times.

“I RECEIVED THE GIFT OF A NEW HEART”

CARDIAC RISK IN THE YOUNG

CHARLOTTE’S STORY

In 2016 I was suffering with shortness of breath and tiredness whilst at university. Following several GP appointments it was concluded that I was just suffering with stress and anxiety due to my university work and being away from home. Despite this, my symptoms continued to get worse and when I went home for the summer my mum was concerned about how much I was struggling.

She’d heard of a heart screening in our local area and suggested I went and get checked over. I went along with my boyfriend to both be screened and it was completely free which was a plus with both of us being students!

They asked for any family history and I had an ECG and then an echocardiogram also. Following my screening I was referred to a cardiologist for further tests because my results were abnormal. I met my cardiologist and he said he wasn’t sure until he did more tests but he knew whatever it was my heart was ‘far from normal’. I was so glad that I was finally being taken seriously but also very worried about how long I’d been living with this and not realised!

I was finally diagnosed with restrictive cardiomyopathy and started on several medications including beta blockers and blood thinners. I was at huge risk of a stroke and also sudden death which was terrifying. Around 6 months after diagnosis I was told that I was still getting worse and I wasn’t responding to medication. There is no cure for restrictive cardiomyopathy and I was transferred to a heart transplant team to assess my suitability. Thankfully I was the perfect candidate for a heart transplant and I was placed on the waiting list 3 February 2018.

On 27 February 2018 I received the gift of a new heart. Before this it was at the point where I was bedbound and couldn’t do anything I loved anymore, a trip to the supermarket would have me in bed for several days afterwards. Most people discover they have restrictive cardiomyopathy by fainting or ending up in A&E with a stroke or with arrhythmias.

I feel incredibly grateful to Debbie and CRY that my fate was quite different and I am now back to living the life I love. I urge everyone to have a CRY screening even if they are perfectly healthy because many people have no symptoms but are at risk of sudden cardiac death.”

Charlotte Carney

Charlotte Carney attended a CRY screening day funded by the JD Foundation.

INTO 2021...

In 2021 we're committed to developing our charity partnerships even further, outside of the funding we offer. The JD employees play an integral part in raising aspirations and supporting our youth of today. Below are just some of the exciting projects gathering momentum.

INCLUSION AND DIVERSITY IN SPORT PROJECT
At the start of 2020 two designers based at the Sharp Project were working with youth workers and a group of young people at Manchester Youth Zone, on a project around inclusion and diversity in sport – with the idea that ultimately they'd create a campaign – digital or physical to showcase the JD brand and partnership with Manchester Youth Zone. Due to COVID-19 this has been put on hold until 2021.

ENTERPRISE PROJECTS
Luci (Apparel & Graphic Designer) is donating her time and experience to contribute to the Reds v Blues football shirt initiative at Manchester Youth Zone, collaborating with young people on designs of a football shirt, with the aim that this will be created and sold to supporters in lieu of the next live event. Many more enterprise projects to follow...

MENTORING
Another year, another cohort of mentors as we continue to support Salford Foundations Inspired to Aspire Mentoring Programme. Aimed at students in Year 8 and Year 9, the programme consists of seven 'soft skill' sessions that focus on the skills needed in the world of work (Introduction, Teamwork, Time management, Self-awareness, Communication, Problem solving).

This is extremely beneficial for students in helping them understand how education links to the world of work. We will continue to offer our usual programme in schools (following COVID-19 procedures) delivered by JD mentors, this will be delivered to two groups of eight students, over two school periods. As well as this we are also launching Zoom / Teams mentoring, the sessions will require a teacher who will have access to a laptop / computer with a webcam and a business mentor will then be on Zoom with the students for the session, guiding them through the activities. The sessions and activities are the same as those in schools and will end with a YouTube Live / Zoom site visit, where the business mentor will be able to give students a tour of the office, set an activity and answer questions.

REBRAND AND RELOCATE
One of our charity partners Sacriston Youth Project are relocating premises. Through our partnership development, the property team at JD have provided invaluable support and guidance – redesigning the layout of their new premises, provided a tender for contractors, managed the processes and supported with their rebrand by designing a new charity logo. This partnership work has saved the charity over £2,000 in costs.

MOUNTAIN BIKE INSTRUCTOR AWARD
Through our partnership development, a donation of Outdoor clothing was made from the Outdoor Group to Manchester Youth Zone which meant they could gift and enable a selection of young people to take part in the Mountain Bike Instructor Award "gears level 1." The team of six were taken hard core mountain biking around Dovestones reservoir in the Peak District, Delemere Forest, Chorlton and Sale water parks and Drinkwater Park mountain bike trails. This support will continue in 2021.

"The young people have learnt how to map read and navigate, have learnt about safety in the outdoors and emergency first aid. They have learnt how to repair punctures, fix broken chains and maintain the bikes after a ride. They have ridden up, down, through water, over rocks and even done some jumps and they have done all this in some really poor weather, all thanks to Outdoor Group and the kind donations the kids were able to do this in all kinds of weather."

FIND OUT MORE...

CHANGING LIVES, SAVING LIVES

Follow our journey on social media...

@JDFoundationUK

@TheJDFoundation

@TheJDFoundation

JD FOUNDATION
SUPPORTING THE YOUTH OF TODAY
changing lives, saving lives

COMPANY STAKEHOLDER ENGAGEMENT

This statement sets out how the Directors have approached and met their responsibilities under section 172 Companies Act 2006 and in particular how the Directors have satisfied themselves that they have acted in a way which is most likely to promote the success of the company for the benefit of its members as a whole and in doing so, having regard for stakeholders interests.

STAKEHOLDER	KEY ISSUE	HOW WE HAVE ENGAGED	IMPACT OF ENGAGEMENT	HOW THE BOARD TOOK ACCOUNT OF THE ENGAGEMENT
Customers	Ensuring we deliver a positive consumer experience in light of unprecedented levels of online demand. Maintaining our connections with consumers, despite significant periods of store closures. Identifying the needs of our consumers and their changing environments.	We increased our customer care service to meet the needs of our consumers in light of increased online sales – to ensure our customers can tell us about their experiences. We carried out more social engagement and established an increased presence on social channels such as You Tube and Tik Tok. We developed an at home engagement series to communicate with our consumer which was focused on entertaining our consumer at home through music, guest appearances and at home workouts.	We have issued direct and clear communication with our customers with a central theme of the safety and wellbeing of our customers and employees regarding our store opening plans. We produced instruction videos on how we have adapted our stores ready for re-opening in the same style and with the same branding as we create all of our product content so that it was engaging and meaningful to our consumer.	Our online and warehouse operations and their ability to operate effectively, efficiently and safely was one of the primary topics of discussion by the Board during the period of the pandemic. The Board requested regular updates and were provided with all of the customer material which focused on the safe re-opening of our store network.

STAKEHOLDER	KEY ISSUE	HOW WE HAVE ENGAGED	IMPACT OF ENGAGEMENT	HOW THE BOARD TOOK ACCOUNT OF THE ENGAGEMENT
Colleagues	Maintaining dialogue with our employees despite extensive store closures and remote working. Ensuring our employees feel connected and supported during a very challenging time from a personal and professional perspective.	The Group's Human Capital Management system and communication forum "JD4U" is now cemented as a crucial tool in the way the Group engages with its employees. Diversity and Inclusion training has been delivered to all employees and relevant engaging content has been created to highlight the key issues, which have received over 40,000 views across the Group. Employee Forums are run with representatives attending from all areas of the Group.	Revised work from home policies have been shaped by employee feedback. The feedback from our store employees and employee wellbeing has been at the heart of store re-opening programmes.	The Executive Chairman attends selected employee forum meetings in order that he can receive direct feedback from employees. This feedback is discussed with the Board and any appropriate actions coming out of the sessions are agreed with the HR Director. The Executive Chairman appeared in the diversity and inclusion video content to deliver his own personal commitment to achieving better diversity across the Group.

STAKEHOLDER	KEY ISSUE	HOW WE HAVE ENGAGED	IMPACT OF ENGAGEMENT	HOW THE BOARD TOOK ACCOUNT OF THE ENGAGEMENT
Shareholders	Ensuring our shareholders have a clear understanding of our global expansion strategy. Ensure our shareholders understand the measures taken to secure a robust financial position through the pandemic and in the medium to long term. Responding to shareholder feedback and implementing an improved remuneration structure to ensure better alignment between executive pay and long-term shareholder value.	Attending regular virtual meetings and roadshows with shareholders. Delivering an improved investor website with better disclosure on key topics including supply chain.	The interest in the recent share placing exercise shows shareholders and prospective shareholders understand the Group's future global plans. A new remuneration policy with a share based LTIP is to be proposed at this year's AGM.	Board members attend regular shareholder meetings and the Remuneration Committee Chair has led the initiative to change the Executive Director pay structure. The Board regularly engages in the assessment of board papers regarding the strategic decisions which are crucial to the long-term benefits to the Group. The Board tests each decision alongside its overall objective to deliver long term sustainable earnings growth and to enhance total shareholder returns.

STAKEHOLDER	KEY ISSUE	HOW WE HAVE ENGAGED	IMPACT OF ENGAGEMENT	HOW THE BOARD TOOK ACCOUNT OF THE ENGAGEMENT
Suppliers	Establishing a robust framework for the protection of people working for our suppliers – in particular ensuring fundamental health & safety measures are in place and safeguarding and promoting their basic human rights. ESG risks and improvement targets and the involvement of our branded suppliers.	We carry out regular audits of our factories and engage in extensive due diligence to ensure we understand where the components of the products that we manufacture are made and what the working conditions are like in those environments. We engage with our key branded suppliers Nike and adidas on the progress being made on a number of ESG related issues – for example carbon reduction initiatives.	We have successfully mapped the second and third tiers of the Group's manufacturing supply chain to include mills and dye houses and this will be included in the 2021 transparency map at www.jdplc.com Nike and adidas are committed to carbon reduction targets which align with those of the Group.	The Board has established a JD code of conduct which is shared with all suppliers and follows the International Labour Organisation minimum standards. As set out in more detail in the Corporate Social Responsibility section, the continued international expansion of the Group ensures a wider network of people who operate in accordance with our company values and standards.

STAKEHOLDER	KEY ISSUE	HOW WE HAVE ENGAGED	IMPACT OF ENGAGEMENT	HOW THE BOARD TOOK ACCOUNT OF THE ENGAGEMENT
Regulators	Environmental and employment issues in light of the pandemic. The impact of Brexit on the Group's supply chain and its people.	We have had extensive engagement with local authorities particularly regarding our warehousing facility at Kingsway – with the primary focus being the safety of our employees. We have formalised our membership of the British Retail Consortium ('BRC') to assist with our engagement with government via a coalition of retailers and specifically non-essential retailers to navigate the challenges posed by the pandemic and Brexit.	We have been able to provide our employees and customers with the positive message that all of our operations are COVID-19 compliant following extensive engagement with local authorities. We have ensured the financial robustness of our business given that we have kept our warehousing facilities open and operational in a COVID-19 compliant manner throughout the pandemic.	The CFO closely monitors the engagement with local authorities regarding the measures we have in place to ensure the safety of our employees in our warehousing facilities and provides regular feedback on this to the Board. The Board request regular updates on the standards that are being achieved and maintained during the prolonged period of the pandemic including robust social distancing and additional hygiene measures. The Executive Chairman personally attends many of the BRC virtual meetings and regularly updates the Board on the initiatives being led by the BRC.

By order of the Board

Neil Greenhalgh
Chief Financial Officer
13 April 2021

STRATEGIC REPORT

The strategic report on pages 42 to 158 is approved by the board of directors.

Neil Greenhalgh
Chief Financial Officer
13 April 2021

THE BOARD

PETER COWGILL

Executive Chairman and Chairman of the Nomination Committee Aged 68

Peter was appointed Executive Chairman in March 2004. He was previously Finance Director of the Group until his resignation in June 2001. Peter Cowgill is the Non-Executive Chairman of Quiz Plc and Roxor Group Limited. Peter is a chartered accountant and founder of North West based chartered accountancy firm, Cowgill Holloway. In 2019, Peter was awarded an honouree doctorate (Doctor of Business Administration) from the University of Bolton for his outstanding contribution to business.

NEIL GREENHALGH

Chief Financial Officer Aged 49

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

MARTIN DAVIES

Non-Executive Director, Senior Independent Director, Chairman of the Audit Committee and Member of the Nomination and Remuneration Committees Aged 61

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 Tommy Boy Music in New York.

ANDREW LESLIE

Non-Executive Director, Chairman of the Remuneration Committee and Member of the Audit and Nomination Committees Aged 74

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

HEATHER JACKSON

Non-Executive Director, Member of the Audit, Nomination and Remuneration Committees Aged 55

Heather was appointed to the Board in May 2015. Heather has extensive experience in strategy, change and technology in different sizes of company from FTSE 100 to start up and in different consumer facing sectors. She is currently a Non-Executive Director of Lookers Motor Group plc, Rothesay Life, Skipton Building Society and Ikano Bank AB. Her former roles have included CIO and COO of HBOS / Lloyds Plc and other Director level roles with Capital One, Boots the Chemist and George at Asda.

ANDY RUBIN

Non-Executive Director Aged 56

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.

KATH SMITH

Non-Executive Director, Member of the Audit, Nomination and Remuneration Committees Aged 64

Kath was appointed to the Board in May 2019. Kath also holds the position of Non-Executive Director of Sorted Holdings limited. She was previously the GM / Vice President of The North Face EMEA, a VF Corporation company. She has over 30 years' experience in building world leading brands including Mars and Diageo and 20 years of experience within the sporting goods industry where she was Managing Director of both the adidas and Reebok brands. From 2012 to 2014 she served as a co-opted member of the University of Salford's Audit Committee.

Pages 162 to 167 (inclusive) of the Annual Report, together with the relevant sections of the Annual Report, which are incorporated into these pages by reference, constitute a Directors' Report, which is required to be produced by law and is prepared in accordance with applicable law. The Directors' Report also includes certain disclosures that the Company is required to make by the Financial Conduct Authority's Listing Rules and Disclosure Guidance and Transparency Rules.

FAIR, BALANCED AND UNDERSTANDABLE

The Board considers that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. A summary of the Directors' responsibilities in respect of the Annual Report and Financial Statements is set out on pages 210 to 211.

PRINCIPAL ACTIVITY

The principal activity of the Group is the retail of multi-brand, sports fashion and outdoor clothing, footwear, accessories and equipment.

In accordance with the Companies Act 2006, the Strategic Report on pages 42 to 158 contains a:

- Fair review of the business.
- Description of the principal risks and uncertainties facing the Group.
- Balanced, comprehensive and understandable analysis of the development and performance of the Group's business during the financial year, including an assessment of relevant environmental, employee, social, community and human rights issues, together with the Group's key performance metrics; in a manner which is consistent with the size and complexity of the business.
- An assessment of the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.

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

The Corporate Governance Report (pages 168 to 175) is incorporated by reference into, and is deemed to form part of, this report. For the purposes of DTR 4.1.5R (2) and DTR 4.1.8, this Directors' Report and the Strategic Report, which has been approved by the Board and is set out on pages 42 to 158, comprise the Group's management report.

Details of the Group's use of financial instruments, together with information on policies and exposure to interest rates, foreign currency, credit and liquidity risks can be found in Note 20 to the financial statements. The information included in Note 20 is incorporated into the Directors' Report and is deemed to form part of this Directors' Report.

SHARE CAPITAL

As at 30 January 2021, the Company's issued share capital was £2,433,083 comprising 973,233,160 ordinary shares of 0.25p each.

On 3 February 2021, the Company placed a total of 58,393,989 new ordinary shares in the capital of the Company at an issue price of 795 pence per share. The placing shares represent approximately 6.0 per cent. of the existing issued share capital of the Company. As such, from this date, the Company's issued share capital is £2,579,068. comprising 1,031,627,149 ordinary shares of 0.25p each.

SHARE ALLOTMENT AUTHORITY

The Directors were granted authority at the 2020 AGM to allot shares in the Company and to grant rights to subscribe for or convert any securities into shares in the Company up to a maximum aggregate nominal amount of £190,830 (which represented approximately 7.84% of the Company's issued ordinary share capital as at 25 June 2020). This authority is scheduled to lapse at the 2021 AGM. At the 2021 AGM, shareholders will be asked to grant a new allotment authority.

At the 2020 AGM, a resolution was also passed to permit the board to allot ordinary shares for cash on a non-pre-emptive basis both in connection with a rights issue or similar pre-emptive issue and, otherwise than in connection with any such issue, up to a maximum nominal amount of £190,830 (which represented approximately 7.84% of the Company's issued ordinary share capital). A new special resolution will be proposed at the 2021 AGM to renew the Directors' power in this regard.

SHAREHOLDER AND VOTING RIGHTS

All members who hold ordinary shares are entitled to attend and vote at the Company's Annual General Meeting, save as set out in the Company's Articles of Association and subject to any applicable legislation implemented in response to the COVID-19 pandemic. 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 final dividend proposed is provided in the Dividends and Earnings per Share section of the Financial Review on page 86.

RESTRICTIONS ON TRANSFER OF SHARES

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

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

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

SUBSTANTIAL INTERESTS IN SHARE CAPITAL
As at 30 January 2021, 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 Limited	535,278,239	55.0*
Fidelity Management and Research Co	46,665,304	4.8

*Since 30 January 2021, the Company carried out a share placing and, as such, Pentland's shareholding now represents 51.9% of the share capital of the Company.

Save for the above, the Company has not been notified of any significant changes in interests pursuant to the DTRs between 30 January 2021 and the latest practicable date prior to the publication of this report.

RELATIONSHIP AGREEMENT
In accordance with LR 9.2.2 AD R (1), the Company has in place a legally binding relationship agreement with its controlling shareholder, Pentland Group Limited. 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 Limited and its associates during the period under review.

DIRECTORS
Details of all persons who were Directors at the financial period end including their roles and brief biographical details are set out on pages 160 to 161. The Directors are responsible for the management of the business of the Company and, subject to relevant legislation, regulatory requirements 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, as they see fit.

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 201. 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 2021 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 £700 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 Strategic Report on pages 42 to 158 provides information on the Group's approach to people and how the Group attracts, retains and develops its employees. The Strategic Report also sets out a summary of the measures recently adopted by the Group to improve the way it engages with its employees.

As required under the UK Corporate Governance Code 2018, the Group has made further progress regarding its stakeholder engagement programme.

The focus of this remains ensuring that the Group's employees are well informed about any material organisational changes in the Group and all significant matters which may affect the Group's financial performance.

During the course of the financial year, the Group's HR department has worked very hard to increase engagement with people across the Group at all levels. It has been more important to do this well this year than in any other. Given the large numbers of our colleagues who are working remotely and who are facing unique and, in some cases, very challenging personal circumstances, we have sought to ensure our employees feel connected, supported and able to raise any concerns they may have in a confidential manner, with ease.

The Group's employee forums are now well established and engage with and comprise of representatives of every area of the Group's business. On a regular basis, the employee forum meets with the Group's Executive Chairman. It is the Directors' view that this regular meeting provides an opportunity for a transparent and meaningful conversation between a sample of employees at varying levels of the Group and the Executive Chairman and is, therefore, the most effective method of workforce engagement. The Executive Chairman then provides feedback on these sessions to the rest of the Group's Board of Directors. Any appropriate follow up actions or items to address are progressed, as appropriate, by the HR Director and the HR Department. The Directors considered a number of other forms of engagement, including those suggested by the UK Corporate Governance Code, however, it holds the view that its current chosen method has prompted positive interaction between the workforce and the Directors and has allowed the Directors to incorporate the feedback provided into its decision making processes.

Further details on how the employee engagement is taken into account in the principal decision making process is set out in the s172 Statement on page 154.

In addition, a key factor in the Group's employee remuneration strategy is encouraging the involvement of all employees in the Group's performance so that every employee feels they have an important contribution to make in this regard. Full details of the Group's remuneration strategy are set out in the Remuneration Report on pages 179 to 208.

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

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

Further information regarding the Group's approach to equality and diversity is set out in the Strategic Report on pages 42 to 158.

SUPPLIERS, CUSTOMERS AND OTHERS

Details of how the Directors have had regard to the need to foster the Group's relationships with suppliers, customers and others with whom it has a business relationship can be found in the s172 Statement on page 154.

POST BALANCE SHEET EVENTS

Details of post balance sheet events are provided in Note 31 of the financial statements.

FUTURE DEVELOPMENTS

Future developments are discussed throughout the Strategic Report on pages 42 to 158.

POLITICAL DONATIONS AND EXPENDITURE

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

RESEARCH & DEVELOPMENT

During the financial period ended 30 January 2021, the Group engaged in Research & Development activity in relation to technological advances in the Group's multichannel solution.

GREENHOUSE GAS EMISSIONS

Details of the Group's Greenhouse Gas emissions are shown in the Corporate and Social Responsibility report on page 118. This information is incorporated into this Directors' Report by reference and is deemed to form part of it.

AUDITOR

As set out on page 178, the Audit Committee has recommended that KPMG LLP be re-appointed as auditors for the financial year 2021/22. 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

Due to the ongoing uncertainty regarding restrictions on indoor gatherings as at the date of publication of this Report due to the COVID-19 pandemic, it is the Company's current intention to hold its AGM as a closed meeting once again this year. It will take place on 1 July 2021 at Edinburgh House, Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR. Once COVID-19 restrictions have been lifted, we will of course look to resume AGMs as normal where shareholders will be invited to attend in person once it is safe to do so.

The meeting will consider formal business only. Shareholders are invited to submit any questions in advance via email (AGMenquiries@jdplc.com). Alternatively, the Company's Directors will make arrangements to attend virtual meetings with its individual shareholders, as appropriate, should shareholders require a meeting to discuss any particular issues that otherwise may have been raised at the AGM. Shortly after the meeting, the Company will publish on its website the results of the AGM.

By order of the Board

N S Greenhalgh

Neil Greenhalgh
Chief Financial Officer
13 April 2021

The Board's role is to ensure that the Group is led in a manner which protects the long term interests of its shareholders, whilst balancing and promoting the interests of its other key stakeholders – including its employees and suppliers.

The Board promotes the principles set out in the UK Corporate Governance Code 2018 as issued by the Financial Reporting Council (FRC) (the 'Code'). This report sets out how the Company has applied the main principles set out in the Code. The statement of the Company's compliance with the relevant provisions of the Code is set out on page 175. This report includes relevant provisions of the Code, where appropriate. The full Code can be found on the FRC website (www.frc.org.uk).

THE BOARD

BOARD COMPOSITION AND SUCCESSION

The Board comprises seven Directors: the Executive Chairman, the Chief Financial Officer and five 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 160 to 161.

A main focus of the Board's objectives this year has been succession planning in three key areas: the role of the Chairman / CEO, the composition of the Board and the strength and development of the senior management team. Each succession programme has unique methods and objectives but ultimately is centered around securing the future long-term success of the Group's business.

The Board and the Nominations Committee recognise that there are some Board members who have been long term members of the Board. The Board has assessed in great depth the ability of its members to perform the role they are required to by the Company. This assessment has included the requirement for certain Non-Executive Board members to retain independence and for all Board members to use their substantial knowledge about the Group's increasingly complex and diverse business to provide meaningful challenge and debate to the Executive Directors in the key decision making processes.

In particular, it is acknowledged that Andrew Leslie has been a Non-Executive Director for more than nine years and that Martin Davies will have been a Non-Executive Director for nine years during the financial year 2021/22.

Both Andrew and Martin perform pivotal roles on the Board – including Andrew's role as Chair of the Remuneration Committee and Martin's role as Chair of the Audit Committee. Both committees have implemented and overseen significant change during the course of the financial year, which will continue into the financial year 2021/22. Further details of the activities carried out by the committees are set out on pages 172 to 173.

As such, the Board and Nominations Committee are satisfied that Andrew remains sufficiently independent and effective in his respective roles on the Board and Board Committees and therefore wish to support Andrew Leslie continuing in his roles for the forthcoming financial year. The Board and Nominations Committee are also confident that Martin Davies remains sufficiently independent and will therefore also support Martin Davies continuing in his roles for the forthcoming financial year. In accordance with the Code, Andrew Leslie and Martin Davies will be subject to re-election at the AGM this year, as will all other Directors (as explained further on page 165).

Whilst assessing its own performance and at the same time implementing the next stage of Board succession, the Board's focus is ensuring and promoting the entrepreneurial leadership which has undoubtedly been pivotal in the Company's outstanding financial performance in recent years. The Board is committed to ensuring that this entrepreneurial leadership takes place within an effective framework of 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, skill and experience to satisfy the Group's need for overall effective and agile leadership.

The independence of the Non-Executive Directors is considered by the Board on an annual basis. All Non-Executive Directors, save for Andy Rubin, are considered to be independent by the Board. Andy Rubin is the Chairman of Pentland Brands and a Director of Pentland Group and is, therefore, not considered by the Board to be an independent Non-Executive Director.

From time to time, the Executive Chairman meets with the Non-Executive Directors without the other Directors 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 160 includes details of the Chairman's other directorships of listed companies. The Board notes that the Chairman now has one less directorship, which has provided him with more time to devote to his role as Executive Chairman of the Company. Notwithstanding this, the Board is in any event satisfied that, given the limited time commitment required for the Executive Chairman to perform his other directorships, these appointments do not conflict with the Executive Chairman's ability to carry out his role effectively for the Group.

The knowledge and experience the Chairman (and the Non-Executive Directors) gain from their roles on the Boards of other Companies provides the Directors with useful insights into market trends and how other companies have navigated their way through the extremely difficult challenges faced by us all during the Global pandemic during the course of the financial year.

A summary of the rules that the Company has in place about the appointment and replacement of Directors is set out on page 165. Notwithstanding the provisions of the Company's Articles regarding the retirement of Directors, the Board determined that all Directors will retire at the 2021 AGM and offer themselves for re-election in accordance with the best practice recommendation of the UK Corporate Governance Code.

BOARD COMPOSITION AND DIVERSITY

This year, like no other, has highlighted the importance of achieving meaningful change in the levels of diversity within the Board, the senior leadership team and across all levels of the Group.

The Board welcomes the initiative and focus of the Parker Review and will engage with the Parker Review, as appropriate, just as it did with the Alexander-Hampton review in recent years.

The Board strives to build a diverse and inclusive team and to promote a diverse and inclusive culture throughout the business. It is the Board's strong belief that if all employees at all levels of the Group feel supported, respected, empowered and inspired to achieve, grow and develop, this will ultimately serve our business better and promote the long term success of the Group.

The success of the Group is in its ability to speak to and identify with its consumers and, as such, it is crucial that the employees of the Group, at all levels, reflect the diverse nature of our consumers and of our communities.

A key part of this success is to ensure employees can identify with others across the Group and can share their unique experiences, backgrounds and perspectives. We want all employees to feel they can develop and achieve their potential within the Group and we ensure that they all have access to clear pathways of progression from a "grassroots" level and beyond. Fundamental to this is a reassurance that all of our employees and future employees (including Board members) will be appointed to roles based on purely objective criteria and because they have shown that they have the expertise, talent and drive to succeed in that role.

The Board is encouraged that the female composition of the Board has reached c.30%, however, the Board recognises that there is more to do to ensure there is greater gender and ethnic diversity within its Board composition. This is a key factor in the Board's succession planning.

The Board's primary focus will always be to ensure that its membership has the relevant skills, experience and judgement, which is fundamental to maintaining an entrepreneurial and effective management and leadership team. The Board is encouraged by the greater level of gender and ethnic diversity within the Company's senior management.

A key part of the Board's succession planning is to ensure that there is a commitment to change and grow the talent pool of gender and ethnically diverse candidates in order to influence recruitment patterns for the future. The Board and the Group's HR department target a broad range of candidates from various backgrounds, sectors and cultures when hiring both new Board members and new candidates at all levels within the business. The Board is committed to ensuring that all recruitment is conducted on this basis and to continually monitoring our diversity mix.

Further details on the steps taken to move the Group closer to its clearly defined objectives in relation to diversity and inclusion are set out in the Corporate Social Responsibility section on page 96.

BOARD OPERATION AND RESPONSIBILITIES

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

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

Year to 30 January 2021	Board Meetings	Remuneration Committee	Audit Committee	Nomination Committee
Total number of meetings	**8**	**2**	**2**	–
P Cowgill	8	–	2*	–
N Greenhalgh	8	–	2*	–
A Leslie	8	2	2	–
M Davies	7	2	2	–
H Jackson	8	2	2	–
A Rubin	8	–	–	–
K Smith	8	2	–	–

Notes:
*P Cowgill and N Greenhalgh 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.

Certain members of the Board and Committees have attended the meetings virtually.

BOARD EVALUATION

The Board has completed an externally facilitated Board Evaluation exercise with the support of Global Future Partners. There are no connections between Global Future Partners and the Group or any of its Directors.

The focus areas of the review are set out below:

- The opportunities and challenges for the Group in the short, medium and long term;
- The governance and oversight of the business and risk management;
- Cultural and values oversight;
- Board experience and skills;
- Effectiveness of the Committees.

An overriding theme of the Board Evaluation was succession in light of the ongoing initiatives regarding the following three main areas: (i) Chairman / CEO Succession; (ii) Board Composition; (iii) Development of the Senior Management team.

The evaluation exercise identified the key strengths of the Group and recognised the vital role the Board has played and continues to play in the succession of the Group. The exercise also identified key areas of opportunity and improvement where the Board should consider concentrating its focus and efforts for the forthcoming financial year to promote and develop the success of the Group still further.

The result of the evaluation process has been that a core list of issues needing attention going forward have been identified which will form part of the Board's action plan for the forthcoming financial year.

The key topics which will comprise the Board's action plan are:

(i) succession at the executive level;

(ii) the evolution of the composition of the Board – to achieve greater diversity on the Board and an increased range of expertise and skills including international experience;

(iii) improving the operation of the committees to ensure they meet more regularly in a formal setting, particularly the nominations committee.

The Directors considered that the evaluation exercise was extremely worthwhile and will help to shape the ongoing succession planning efforts across the group.

MATTERS RESERVED FOR THE BOARD

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

- Strategic decision making and shaping of future strategy.
- Approval of the Group's financial statements.
- Corporate acquisitions and disposals.
- Significant capital projects.

The matters reserved for the Board are kept under continual review to ensure they remain appropriate in light of the size of the Group and the nature of its activities.

MAIN ACTIVITIES OF THE BOARD DURING THE YEAR

- Approved a number of key strategic corporate acquisitions to further develop the international growth of the Group (see Note 11 of the financial statements).
- Reacted quickly to the impact of Brexit and implemented plans to address the specific effects on the Group in various areas including in relation to people, supplier relationships and logistics.
- Assessed the key regulatory risks posed to the Group and the various measures being implemented to counter this risk on an ongoing basis including in relation to COVID-19, cyber security and other regulatory frameworks such as competition law.

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

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

All newly appointed Directors receive an appropriate induction when they join the Board. Relevant training is arranged throughout the year as deemed appropriate including the attendance at Board meetings by external legal specialists and / or the circulation of advice notes.

INSURANCE ARRANGEMENTS

The Company, through its majority shareholder Pentland Group, 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.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent Non-Executive Directors; Martin Davies, Andrew Leslie and Heather Jackson. Martin Davies chairs the Audit Committee. The Board notes that it is a requirement of the DTRs and a recommendation of the Code that the Audit Committee as a whole shall have competence relevant to the sector in which the Company operates. This is something which was explored during the Board Evaluation process, referred to on page 171. The Board confirms that it considers the composition of the Audit Committee provides the requisite skills and experience, however, the Board and the Audit Committee considers it is prudent to keep this under continual review in order to ensure that it remains satisfied that the expertise of the membership of the Audit Committee remains appropriate. The brief biographical detail on page 160 to 161 includes details of the experience and expertise of the members of the Audit Committee.

The Audit Committee met twice during the year with the external auditor attending part of each meeting. Details of attendance at Audit Committee meetings are set out in the table on page 170.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises four independent Non-Executive Directors: Andrew Leslie, Martin Davies, Heather Jackson and Kath Smith. Andrew Leslie is the chair of the Remuneration Committee.

The Committee's principal duties are to determine:

- Overall Group remuneration policy.
- Remuneration packages for Executive Directors and Senior Management.
- The terms of Executive Director service contracts, as may be required from time to time.
- The terms of any performance-related and / or long term incentive schemes operated by the Group and awards thereunder.

In particular this year, the Committee has produced a revised remuneration policy in order to address some of the key areas of concern raised by shareholders in the lead up to the Company's AGM in 2020. The Committee is proposing a new LTIP scheme which will involve issuing shares in the Company to executive Directors for the first time. The Committee are pleased to be able to present this to shareholders this year and are hopeful that this will provide a remuneration framework which better achieves the alignment of executive pay with shareholder interests and the long term success of the Company.

The Committee met twice during the year. Details of attendance at Remuneration Committee meetings are set out in the table on page 170.

Further details about Directors' remuneration are set out in the Directors' Remuneration Report on pages 179 to 208.

NOMINATION COMMITTEE

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

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

The Nominations Committee did not formally meet during the course of the financial year as the key topics of discussion were addressed in discussions which took place during the main Board meetings and during ad hoc meetings between relevant Board members. As identified during the Board evaluation process, it is the intention of the relevant Board members to ensure that the Nominations Committee meets more formally during the forthcoming financial year to ensure that it is providing rigorous challenge and driving change, particularly with regard to diversity and inclusion. The Nominations Committee will also keep under particular review during the forthcoming financial year the independence of both Andrew Leslie and Martin Davies given the length of time they have served on the Board.

The gender balance of the Board, senior management team and the wider employee group is set out in the Our People section of the Corporate Social Responsibility Report on page 101.

INTERNAL CONTROL

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. This process was utilised during the year under review and the Board confirms that it has completed a robust assessment of the Company's emerging and principal risks.

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

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

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

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

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

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

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

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

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

SHAREHOLDER RELATIONS

During the course of the 2020/21 financial year, the Executive Chairman, the Senior Independent Director, Chief Financial Officer, the Investor Relations Manager and the Company Secretary proactively contacted many of the Company's shareholders and conducted a series of virtual meetings particularly to discuss corporate governance issues.

During the meetings, the relevant shareholders were provided with updates regarding changes to the remuneration structure to address some of the key concerns raised by shareholders at the Company's recent AGMs.

The Executive Directors maintain an active dialogue with the Company's major shareholders to enhance the understanding of their respective objectives, holding conference calls and attending meetings and investor roadshows on a regular basis. The Investor Relations Manager supports the Directors and the Company Secretary to ensure there is efficient and effective communication with shareholders on any matters which they may wish to raise during the course of the year. The Company welcomes a transparent relationship with its shareholders and encourages shareholders to contact them should they have any concerns they wish to discuss.

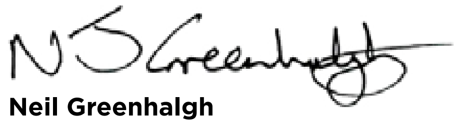
The Company has one class of issued share and, as such, all shareholders have the same rights, as set out in the Company's articles of association which were disclosed on 28 April 2020. In addition, the Board receives regular training and updates on its obligations under various legal frameworks, including the EU Market Abuse Regulation, to ensure that no shareholder or group of shareholders are prejudiced or given an unfair advantage compared to the shareholders as a whole.

COMPLIANCE WITH THE CODE

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

Code Provision 9 – The role of Chief Executive and Chairman is undertaken by one person – Peter Cowgill, the Company's Executive Chairman, which has been the case for almost the last seven years. The Board believes that there is sufficient separation of responsibilities of the roles usually undertaken by the Chairman and the Chief Executive amongst the Executive Chairman, the Chief Financial Officer, the Non-Executive Directors and the Company's Senior Management team. The Board, with assistance from the Nomination Committee, keeps this arrangement constantly under review.

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



Neil Greenhalgh
Chief Financial Officer
13 April 2021

PRINCIPAL DUTIES

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

MAIN ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

The Committee's activities included:

- Reviewing the Group's draft financial statements and interim results statement prior to Board approval and reviewing the external auditor's detailed reports thereon including internal controls.
- Reviewing regularly the potential impact on the Group's financial statements of certain matters such as impairment of fixed asset values and proposed International Accounting Standards.
- Reviewing the external auditor's plan for the audit of the Group's financial statements, key risks of misstatement in the financial statements, confirmations of auditor independence, audit fee and terms of engagement of the auditor.
- Reviewing the independence and effectiveness of the Group's external auditor.
- Preparations for a tender process to take place in respect of the Group's external auditor to take place during the financial year 2021/22.
- Reviewing the whistleblowing arrangements in place for employees to be able to raise concerns in confidence to ensure they remain effective and appropriate.
- Reviewing the Company's risk register and internal controls.
- Assessment of the need for an internal audit function and the effectiveness of the Group's existing system of internal controls.

FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING MATTERS

The Committee is responsible for reviewing the Group's draft financial statements and interim results statement prior to Board approval. As part of such review, the Committee considers whether suitable accounting policies have been adopted and whether appropriate judgements have been made by management. The Committee also considers whether appropriate disclosure of significant estimates and judgements has been made. 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:

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 with 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 GOODWILL AND FASCIA NAMES INCLUDING THE IMPAIRMENT OF THE GOODWILL AND FASCIA NAME IN GO OUTDOORS

The Committee considered the assumptions underlying the calculation of the value in use of the cash generating units being tested for impairment, primarily the short-term 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 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.

IMPAIRMENT OF THE GOODWILL AND FASCIA NAME IN FOOTASYLUM

In order to comply with the CMA's hold separate order, only members of a designated team are permitted access to Footasylum financial data. This designated team have prepared, reviewed and challenged the underlying calculation of the value in use of the cash generating units being tested for impairment, primarily the short-term plan, the assumptions on discount rates and long term growth rates. The external auditor has provided to the Committee high level explanations of the results of their review. The Committee has also reviewed the disclosures in the financial statements.

VALUATION OF INTANGIBLE ASSETS RECOGNISED AS PART OF THE ACQUISITION OF SHOE PALACE CORPORATION ('SHOE PALACE')

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

The Committee has reviewed the acquisition accounting in relation to the purchase of Shoe Palace and has considered the assumptions used in the intangible valuation model; primarily the budgets and forecasts, discount rates and royalty rates used. The external auditor provides to the Committee detailed explanations 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.

VALUATION OF THE IBERIAN SPORTS RETAIL GROUP PUT OPTION

The Committee has reviewed the valuation of the Iberian Sports Retail Group Put Option and has considered the assumptions used in the valuation model; primarily the EBITDA multiple, the approved forecasts and the discount rate used. The external auditor provides to the Committee detailed explanations of their review of the valuation, including their challenge of management's key assumptions and discount rates. The Committee has also reviewed the disclosures in the financial statements including the sensitivity analysis performed.

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 240.

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

KPMG have acted as auditor to the Company since its flotation in 1996. The Committee is satisfied that this is in compliance with the FRC's rules on mandatory firm rotation. The Committee acknowledges that the lead audit partner is subject to rotation every five years to safeguard independence, with a new lead audit partner having been appointed during the 2020/21 financial year. The Committee is confident that this has brought an additional level of independence to the audit process.

The Audit Committee recommends that KPMG be reappointed as the Company's statutory auditor for the 2021/22 financial year. The Audit Committee, after careful consideration including of the auditor's performance during their period in office, is satisfied with the level of independence and impartiality of the external auditor and is happy with the audit process and that the way it operates remains effective.

Whilst the Audit Committee's current recommendation is to re-appoint KPMG as auditors for the forthcoming financial year, the Audit Committee notes that a new auditor will have to be appointed no later than the beginning of the financial year commencing February 2024. The Audit Committee has commenced its tender programme which will continue throughout the 2021/22 financial year and it is expected that a decision regarding a new auditor will be made before 29 January 2022.

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 reviews the need for such a function. During the financial year, the Audit Committee determined that such an appointment is not currently necessary as the aspects of internal control which an internal audit function would be responsible for are currently adequately addressed by various existing business functions within the Group, namely the Group's finance and profit protection functions. Such functions appropriately focus on aspects such as financial control, stock shrinkage, theft, fraud and stock and cash audits. The finance and profit protection departments report to the Board on a regular basis and the Audit Committee considers that this function plays an effective and efficient role.

Martin Davies
Chairman of the Audit Committee
13 April 2021

ANNUAL STATEMENT OF THE CHAIRMAN OF THE REMUNERATION COMMITTEE

DEAR SHAREHOLDER

As Chairman of the Remuneration Committee (the Committee), I am pleased to present the Company's Remuneration Report for the financial year 2020/21.

This Directors' Remuneration Report ('Report') summarises the activities of the Committee during the period to 30 January 2021. It sets out the Directors' Remuneration Policy ('the Policy') and remuneration details for the Executive and Non-Executive Directors of the Company. 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.

KEY HIGHLIGHTS

There are three sections:

- This Annual Statement.
- The Policy Report which sets out the Company's remuneration policy for Directors, and details the changes from the current policy. These changes will be put to a binding shareholder vote at the 2021 AGM and will apply for three years from the date of approval.
- The Annual Report on Remuneration providing details on the remuneration earned in the year to 30 January 2021 and how the Policy will be operated during the 2021/22 financial year. This Annual Report on Remuneration together with the Annual Statement will be subject to an advisory shareholder vote at the 2021 AGM.

KEY POINTS TO NOTE:

- Significant retention of sales and profitability through an unprecedented period of global uncertainty and multiple periods of temporary store closures reflects:
  - The strength and premium position of the JD brand and consumers' affinity to it.
  - Relevance of product offer to style conscious consumers.
  - Agile multichannel ecosystem built up over a number of years.
  - Infrastructure flexibility.
- Profit before tax and exceptional items decreased slightly to £421.3 million (2020: £438.8 million). On a proforma basis under IAS 17 'Leases', with rents recognised according to contractual terms, the headline profit before tax and exceptional items for the Group would have been £38.8 million higher at £460.1 million (2020: £26.8 million higher at £465.6 million).
- EBITDA before exceptional items increased to £990.2 million (2020: £979.8 million).
- Transformational developments in the United States:
  - Exceptional trading performance in the Finish Line and JD fascias in part driven by the enhanced consumer demand consequent to the US Government stimulus.
  - First flagship store for JD opened in Times Square, New York with a positive reaction from customers and international brand partners.
  - A further 37 former Finish Line stores converted to JD with 49 stores trading as JD at the end of the year.

- Acquisitions of Shoe Palace (based in California) and, subsequent to the year end, DTLR (based in Maryland), complement the strengths of the existing Finish Line and JD fascias and significantly enhance the Group's exposure to key consumer demographics on the West Coast and East Coast of the United States.

- International development of JD in other markets continues to progress positively although the number of new stores slowed temporarily as a consequence of the restrictions on construction works with:
  a) Net increase of 31 JD stores across Mainland Europe
  b) Net increase of five JD stores in the Asia Pacific region
- Outdoor business returned to profitability in the second half of the year with a strong performance on key categories.
- Ongoing significant investments in logistics to mitigate against the ongoing risks associated with:
  - Requirement to operate with social distancing.
  - Duties payable consequent to the form of the UK's trade agreement with the European Union.

This financial year has been unique given the unprecedented nature of responding to the COVID-19 pandemic. During this challenging time the Committee has focused on ensuring that it's Executive Director and Senior Management remuneration continues to drive its strategic aims in both the short, medium and long term. Alongside the Committee, the Group have been focusing on a number of key areas including but not limited to:

- Executive and Senior Manager remuneration;
- Addressing investor concerns;
- COVID-19 pandemic response; and
- Colleague welfare, diversity, inclusion and social mobility.

These areas are covered in greater detail within the report but are summarised as follows.

EXECUTIVE AND SENIOR MANAGEMENT REMUNERATION

We continue to operate in a climate where the COVID-19 pandemic creates uncertainty. Subsequent Government lockdowns from November 2020 have meant we must remain agile in response to developments in this area.

In light of shareholder feedback over the last 12 months, the Committee have been working with the Group to review the existing Policy and seeking external advice on best market practice for Executive and Senior Management remuneration. As a result of this exercise the Group have undertaken a number of activities focused on maintaining effective, straightforward and market competitive remuneration including:

- Undertaking a market review of the basic salary and total earnings of the Executive Chairman to ensure that this remains appropriate for the market in which the Group operates. This was based on publicly available information from FTSE 100 companies that had made annual report disclosures.
- Undertaking a review of potential alternative arrangements for remuneration including the introduction of share-based remuneration.
- Ongoing consideration in respect of appropriate succession plans, in conjunction with the Board and Nomination Committee members, to put in place an efficient and evolving future structure for the Board and Senior Management team.

As a result of these activities, proposed changes are being made as detailed below and throughout this report, however at this time, this does not include any proposed increase to the Executive Chairman's salary. Whilst the outcome of the benchmarking of the Executive Chairman's basic salary found that the remuneration is in the lower quartiles, given the COVID-19 pandemic, an increase in salary is currently not deemed appropriate. This may be subject to review in the 2021/22 financial year.

The review of market practice in relation to remuneration methods has resulted in discussions with the majority shareholder, several other major shareholders and a proposed amendment to the Policy. The aim of this change is to secure the long-term investment of the Executive Directors into the business, and to align the interests of the shareholders with the Executives. This will be achieved by altering the Long Term Incentive Plan ('LTIP') to include share-based remuneration from the 2021/22 financial year onwards. This will be put to shareholders at the AGM in 2021.

In addition, a review of the Group's succession planning strategy has now commenced, to ensure that a robust process is in place to identify and develop potential future leaders, securing the continued success of the Group. The incorporation of the new share scheme into the LTIP (over the course of the Policy) will be utilised to support this programme, aimed at incentivising long term investment into the business for any future Executives.

The Committee is dedicated to ensuring that the Group's remuneration packages are appropriate in an increasingly competitive retail and digital sector throughout the UK and internationally, with the global recovery from the pandemic at the forefront. The remuneration packages also seek to retain and motivate the vital Senior Management team members who are a fundamental part of the Board's succession and growth plans for the Group. The fact that the Senior Management team has once again been successfully motivated to deliver exceptional results during the course of an extraordinarily challenging and unprecedented year, demonstrates that this has been successful.

For this year I believe that bonus and LTIP outcomes continue to be reflective of the sustained outstanding performance of the Group. The posting of exceptional results during such a challenging climate demonstrates that the remuneration approach and steps taken throughout the pandemic continue to support and drive this performance.

INVESTOR CONCERNS

Although the Policy was approved by shareholders at the 2020 AGM, the Committee is cognisant that a number of shareholders had concerns with certain aspects of the policy. This included the lack of share-based remuneration, the Chairman's remuneration approach and succession planning.

The Committee has taken on board these and other concerns raised and has engaged with a number of its major shareholders throughout the 2020/21 financial year. As a result, changes are being proposed to some aspects of the Directors' remuneration arrangements. These changes are contained within the Policy and the Committee has shared its proposals with its major shareholders in advance. The key alteration covers a proposed change to the LTIP to include share-based remuneration.

RESPONSE TO COVID-19

As a responsible employer we have ensured that we have met our obligations in protecting our people and our customers during the COVID-19 pandemic. As a result of this many of our colleagues have been unable to work due to multiple and extended periods of closures.
The Group has taken every measure possible to preserve jobs, one of which includes participation in the Government Coronavirus Job Retention Scheme (CJRS) and the Temporary Wage Subsidy Scheme in the Republic of Ireland.

This was in addition to many other measures which included:

- Voluntary reductions in salary for several members of the Board and Senior Management Team ranging from 20–30% of salary.
- Voluntary reduction of 75% of salary for the Executive Chairman.
- Planned pay rises were frozen for all staff (outside of those linked to statutory changes in pay such as National Minimum Wage, and those linked to business-critical needs).
- All incentive payments (including LTIP and bonuses) were deferred including instalments of the previously stated Executive Chairman's special bonus.
- A temporary recruitment freeze outside of business-critical roles.

These measures combined with CJRS has meant that the Group has been able to secure employment for as many of our colleagues as possible. I believe this has directly contributed to the Group's ability to provide a strong financial performance throughout the pandemic.

As a result of the strong performance of the Group, the decision has also been taken that the Group will take part in the Government Kickstart and apprenticeship schemes during the next financial year, supporting the economy and those whose employment has been affected by the pandemic back into sustainable jobs.

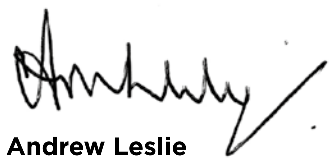
COLLEAGUE WELFARE, DIVERSITY, INCLUSION AND SOCIAL MOBILITY

The areas of welfare, diversity, inclusion and social mobility continue to be key priorities for the Committee and the Group. Many colleagues have faced additional welfare concerns during the pandemic and the Group's response to the Black Lives Matter movement has resulted in a greater focus being placed on these areas during this financial year, this included:

- The introduction of Welfare and Wellbeing Champions.
- An increase in the number of trained mental health first aiders across the Group.
- Launching Welfare and Diversity forums.
- A campaign for the celebration of diversity across the Group.
- An increase in the visibility and ease of access to information on support channels for a wide range of welfare, diversity and inclusion related topics.
- Supporting social mobility by developing our approach through talent acquisition and work support education.

The Group has continued to engage with the workforce through employee engagement forums across the Group and a dedicated workforce committee has been established to represent all areas of the business to the Board at regular intervals within the year.

It is without doubt that COVID-19 has and will continue to have a significant impact on our business. Whilst we do not currently have intentions to further revisit the Policy during its three year term, as a Committee we will undertake a review in due course to assess its effectiveness in the context of the disruption caused by COVID-19 and any implications for the future state of the business and its strategy.



Andrew Leslie
Chairman of the Remuneration Committee
13 April 2021

DIRECTORS' REMUNERATION POLICY (UNAUDITED)

INTRODUCTION

The Directors' remuneration policy (the 'Policy') was put to a binding shareholder vote at the AGM on 31 July 2020. Following feedback from shareholders a change to the Policy is proposed, which involves the introduction of a share based element to the Long Term Incentive Plan ('LTIP'). Further details on that change and the full revised Policy are set out below.

The revised LTIP and Policy will be put to a separate shareholder vote at the AGM which is scheduled to take place on 1 July 2021. Subject to approval by the shareholders, the policy will take effect from the date of the 2021 AGM for up to three years. There are currently no further planned changes to the policy over the three-year period to which it relates.

Remuneration payments and payments for loss of office can only be made to Directors if they are consistent with the Policy.

The role of the Committee and the formulation of the Policy is undertaken in a way that ensures remuneration decisions are undertaken in a manner that prevents and manages any potential conflicts of interest. Should any conflicts arise these will be alerted to the Committee who will undertake any appropriate adjustments.

POLICY OVERVIEW

The Committee designed the Policy around the following key principles, which are unchanged:

- The Group operates in a highly competitive global 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 Group 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 the 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.

UK CORPORATE GOVERNANCE CODE

The Committee has considered in detail the requirements of the UK Corporate Governance Code and is comfortable that the proposed Policy is in line with this.

The change we are making to remuneration for 2021/22 includes the introduction of a share-based element to the LTIP programme for Executive Directors.

In addition to the Executive Directors, the Committee continues to have responsibility for setting remuneration for the Group's Senior Management team, as well as having oversight of the remuneration of the workforce as a whole, and so is satisfied that it is already compliant with the Code's requirement in this respect. The Committee takes both of these into account when setting remuneration for the Executive Directors.

The Group has continued to engage and consult with the workforce in relation to remuneration via a series of employee forums led by the Group's HR Business Partners and attended by the Group's Senior Management team, including the Executive Chairman. The outcomes of these forums are included in regular board updates and discussions.

In reviewing the Policy, the Committee has considered the following:

ASPECT	HOW THIS IS ADDRESSED IN THE POLICY
CLARITY	The Committee's approach has been clearly set out in this report, including the individual elements of remuneration and their operation.
SIMPLICITY	Overall the structure of remuneration is in line with normal market practice and is viewed to be simpler than the arrangements operated by many other companies. It is accepted that, whilst the LTIP arrangement with a hybrid cash and share scheme brings additional levels of complexity, this will drive performance that is aligned to business goals. The introduction of share-based arrangements brings the Group further into line with standard market practice.
RISK	The Committee believes that the incentive arrangements do not encourage undue risk-taking, as remittance caps work to ensure that values remain in line with standard market practice.
PREDICTABILITY	The Policy table and the illustrations of remuneration provide an indication of the possible levels of remuneration that may result from the application of the policy under different performance scenarios. The Committee believes that the range of potential total remuneration scenarios is appropriate for the roles and responsibilities of the Executive Directors and in the context of the performance required for incentive awards to pay out.
PROPORTIONALITY	The Policy has been designed to give flexibility in operation, particularly in relation to incentive plan metrics. This allows the Committee to implement the Policy from year to year using the metrics that most closely align with the Group's strategy.
ALIGNMENT TO CULTURE	The Policy has retained the simplicity it previously had in line with our straight-forward culture, except that the introduction of shares within the LTIP has increased the complexity to a degree. There is a strong performance culture across the business, and this is reflected in the fact that the majority of the potential value for Executive Directors derives from variable pay that needs to be earned through performance.

DISCRETION

The Committee has discretion in several areas of policy as set out in this report. The Committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders and as set out in those rules. In addition, the Committee has the discretion to change the operation of the Policy with regards to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or await shareholder feedback.

DIFFERENCES IN POLICY FROM THE WIDER EMPLOYEE POPULATION

The Group aims to provide a remuneration package for all employees that is market competitive and operates the same reward and performance philosophy throughout the business. As with many companies, the Group operates variable pay plans primarily but not exclusively focused on the Senior Management level. This currently does not extend to the introduction of shares at the Senior Management level, but this will be considered in the future.

PROPOSED CHANGES TO THE EXISTING DIRECTORS' REMUNERATION POLICY

The Committee believes that the overall structure of the Policy does remain fit for purpose, but is proposing to make a change to the LTIP scheme for Executive Directors in response to shareholder feedback and to reflect current market best practice.

The proposed changes are set out in the table below:

ELEMENT OF REMUNERATION	CURRENT POLICY SUMMARY	PROPOSED AMENDMENT TO POLICY	REASON FOR CHANGE
LONG TERM INCENTIVE PLAN (LTIP)	Cash awards of up to 250% of base salary. Awards vest at the end of a three-year performance period subject to continued employment and performance against financial targets.	The awards made will be a hybrid of cash awards and / or share awards within the previous caps. Awards will be subject to meeting minimum financial performance conditions. The cash awards will vest at the end of a three year period. The share awards will vest at the end of a five year period. Performance conditions will apply to the first three years of the cash and share awards. The following two-year vesting period of the share award will determine the value of the award at vesting. Any share awards in place after three years (when the performance conditions are met) may continue to vest following termination of employment. Executive Chairman shall participate in the LTIP on a Share Award only basis. Clawback and Malus provisions apply to the LTIP for both cash and share elements. Any discretion exercised by the Committee in relation to the performance criteria or in relation to the value and application of the award will be applied only in exceptional circumstances, where the results would create an unintended and unfair result to the individual or would not be in line with Group objectives. Such occasions are intended to be very exceptional circumstances for example large acquisitions, disposals or pandemics.	Provides alignment with shareholder value in the long term and aligns with other FTSE 100 remuneration practice. The participation of the Executive Chairman in the LTIP ensures consistency of approach at Board level and aligns both Executive Directors pay with shareholder interest. Creates a long term pay policy with investment in the business' future through shareholding. Supports succession planning and encourages shareholding at Senior Management level.

The following table sets out each element of remuneration and how it supports the Group's short and long-term strategic objectives. These remain unchanged in all areas except the LTIP as detailed on page 186.

HOW THE ELEMENT SUPPORTS OUR SHORT AND LONG-TERM STRATEGIC OBJECTIVES	OPERATION	MAXIMUM OPPORTUNITY	PERFORMANCE TARGETS
BASE SALARY Provides a competitive fixed level of remuneration to attract and retain Executive Directors of the necessary calibre to execute the Group's strategy and deliver shareholder value.	Base salaries for the Executive Directors are normally reviewed annually by the Committee. The following factors are taken into account when determining base salary levels: • Remuneration levels at comparable quoted UK retail companies. • The need for salaries to be competitive. • The performance of the individual Executive Director. • Experience and responsibilities of the individual Executive Director. • Pay for other employees in the Group. • The total remuneration available to the Executive Directors and the components thereof and the cost to the Group.	Base salaries will normally be reviewed annually, but the Committee reserves the right to review fees on a discretionary basis if it believes an adjustment is required to reflect market rates or performance. There is no prescribed maximum annual increase. The Committee is guided by the general increase for the broader employee population but on occasion may need to recognise, for example, an increase in the scale, scope or responsibility of the role, as well as market rates.	None

HOW THE ELEMENT SUPPORTS OUR SHORT AND LONG-TERM STRATEGIC OBJECTIVES	OPERATION	MAXIMUM OPPORTUNITY	PERFORMANCE TARGETS
BENEFITS Ensures the overall package is competitive for Executive Directors.	The current benefit provision is detailed on page 197. Other benefits may be provided where appropriate, including health insurance, life insurance / death in service, travel and relocation expenses.	The Committee determines the appropriate level taking into account market practice and individual circumstances. There is no prescribed maximum.	None
PENSIONS Provides market competitive post-retirement benefits for Executive Directors.	Payments are made into a defined contribution pension scheme with company contributions set as a percentage of base salary. The Committee has the discretion to pay a cash amount in lieu of a pension contribution. Any such payment would not form part of the salary for the purposes of determining the extent of participation in the Group's incentive arrangements.	The maximum pension provision is 8% of salary.	None

HOW THE ELEMENT SUPPORTS OUR SHORT AND LONG-TERM STRATEGIC OBJECTIVES	OPERATION	MAXIMUM OPPORTUNITY	PERFORMANCE TARGETS
ANNUAL BONUS Provides Executive Directors with the opportunity to earn performance related bonuses based on the achievement of financial targets and key performance indicators which incentivise the achievement of the business strategy.	The bonus is paid annually in cash and is non-pensionable. Clawback and malus provisions apply to the bonus. The Committee can use its discretion to reduce, cancel or impose further conditions on the awards where it considers such action is appropriate. This includes where there has been a material misstatement of the Group's audited financial results, a serious failure of risk management or serious reputational damage. On change of control the Committee may pay bonuses on a pro-rata basis measured on performance up to the date of change of control.	The maximum bonus opportunity may be up to 200% of salary.	The targets are set by the Committee each year and are based on a combination of financial and strategic KPIs, with target and maximum levels. Two thirds of the annual bonus will be linked to financial targets. Illustrations of minimum and maximum awards can be found within the illustration of the application of the policy section of this report. The Committee retains the discretion to adjust the performance targets in the event of significant corporate activity during the year. The Committee will review the Group's overall performance before determining final bonus levels. The Committee may in exceptional circumstances amend the bonus pay-out should this not, in the view of the Committee, reflect the overall business performance or individual contribution. The Committee is of the opinion that given the commercial sensitivity arising in relation to the detailed targets used for the annual bonus, disclosing precise targets for the bonus plan in advance would not be in shareholder interests. Actual targets, performance achieved, and awards made will be published in the following year's Annual Report so that shareholders can fully assess the basis for any pay-outs under the annual bonus.

HOW THE ELEMENT SUPPORTS OUR SHORT AND LONG-TERM STRATEGIC OBJECTIVES	OPERATION	MAXIMUM OPPORTUNITY	PERFORMANCE TARGETS
LONG TERM INCENTIVE PLAN (LTIP) Provides the Executive Directors with the opportunity to earn competitive rewards. Aligns the Executive Directors' interests more closely with those of shareholders. Focuses the Executive Directors on sustaining and improving the long-term financial performance of the Group and rewards them appropriately for doing so.	Both the cash and award will be subject to a three-year performance period. If met, the cash element will vest after three years. Any share based elements will vest after five years. Clawback and malus provisions apply to unvested awards. The Committee can use its discretion to reduce, cancel or impose further conditions on the awards where it considers such action is appropriate. This includes where there has been a material misstatement of the Group's audited financial results, a serious failure of risk management or serious reputational damage. LTIP awards track the Group's share price and / or a measure of Group profit.	Base award on grant equal to 100% of salary. Pay-out is capped at 250% of salary. This applies to the total value of both cash and share based elements combined.	Subject to performance criteria being met, the value of the base award will trigger from the agreed financial performance metrics. The final value of the award is linked to the change in profits and / or share price, subject to the overall cap. Targets will be disclosed in the Annual Report for the year following a performance period.

HOW THE ELEMENT SUPPORTS OUR SHORT AND LONG-TERM STRATEGIC OBJECTIVES	OPERATION	MAXIMUM OPPORTUNITY	PERFORMANCE TARGETS
NON-EXECUTIVE DIRECTOR FEES Provides a level of fees to reflect the time commitment and contributions that are expected from the Non-Executive Directors.	The Board as a whole is responsible for setting the remuneration of the Non-Executive Directors, other than the Chairman whose remuneration is considered by the Committee and recommended to the Board. Non-Executive Directors are paid a base fee in cash. Additional fees may be paid for additional responsibilities such as acting as Senior Independent Director or the Chairman of a Committee of the Board. Fee levels are reviewed annually. The Non-Executive Directors do not participate in the Group's incentive arrangements and no pension contributions are made in respect of them. Reasonable travel and subsistence expenses may be paid or reimbursed by the Group.	The fees paid to Non-Executive Directors normally will be reviewed annually, but the Committee reserves the right to review fees on a discretionary basis if it believes an adjustment is required to reflect market rates, scope of responsibilities or performance. There is no prescribed maximum increase, but in general the level of fee increase for the Non-Executive Directors will be set taking account of any change in responsibility and the general rise in salaries across the UK workforce.	None

SHARE OWNERSHIP GUIDELINES
Initially the LTIP will be a hybrid scheme of cash and / or share awards. As the share based element of the scheme is a new basis of remuneration for the Group, the intention is to allow the scheme to mature prior to setting Minimum Share Ownership guidelines.

Over time the Group will be working towards Executive Directors holding a minimum percentage of Base Salary held in the shares of the Company. This will be reviewed within the first three years following the first Share Award under the revised LTIP arrangement. At the discretion of the Committee this may also include post-employment termination periods. It is not intended that this will be reviewed during the duration of the Policy but this may be subject to review or change at the discretion of the Committee.

PREVIOUS REMUNERATION ARRANGEMENTS
The Company may honour any outstanding remuneration commitments entered into with current or former Directors (as disclosed to shareholders) before this policy took effect or before they became a Director.

RECRUITMENT POLICY
In the event that a new Executive Director was to be appointed, a remuneration package would be determined consistent with the Policy. In particular any new Executive Directors will participate in variable remuneration arrangements on the same basis as existing Executive Directors. In the event that a new Non-Executive Director was to be appointed, the fees payable would be determined in a manner which is consistent with the Policy.

If it were necessary to attract the right candidate, due consideration would be given to making awards necessary to compensate for forfeited awards in a previous employment. In making any such award, the Committee will take into account any performance conditions attached to the forfeited awards, the form in which they were granted and the timeframe of the forfeited awards. The value of any such award will be capped to be no higher on recruitment than the forfeited awards and will not be pensionable nor count for the purposes of calculating bonus and LTIP awards. Any such award would be in addition to the normal bonus and LTIP awards set out in the policy table.

The Committee retains the right under Listing Rule 9.4.2 where necessary to put in place an arrangement established specifically to facilitate, in unusual circumstances, the recruitment of a new Executive Director. Where appropriate, the Group will offer to pay reasonable relocation expenses and admission to LTIP arrangements for new Executive Directors.

In respect of an internal promotion to the Board, any commitments made before the promotion will continue to be honoured even if they would otherwise be inconsistent with the Policy prevailing when the commitment is fulfilled.

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

NAME	DATE OF CONTRACT	NOTICE PERIOD (MONTHS)	UNEXPIRED TERM
Peter Cowgill	16 March 2004	12	Rolling 12 months
Neil Greenhalgh	1 November 2018	12	Rolling 12 months

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

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

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

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 Group. Prior approval of the Board is required before acceptance of any new appointments.

PAYMENTS FOR LOSS OF OFFICE
In the event of early termination, the Group 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 Group. 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 Group 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 Director service contracts permit the Group to put an Executive Director on garden leave for the duration of the notice period.

Where cessation of employment is due to ill-health, injury, disability or the sale of the employing entity out of the Group, the unvested LTIP award will continue. It will continue to vest in accordance with the original vesting date unless the Committee determines that it should vest as soon as reasonably practicable following the date of cessation. In these cases the award may be subject to a proration and the incremental value changes may be capped.

Where cessation of employment is due to death, the LTIP award will, unless the Committee determine otherwise, vest as soon as reasonably practicable following death. Where the Executive Director is dismissed lawfully without notice, the LTIP award will lapse on the date of cessation. In these cases the award may be subject to a proration and the incremental value changes may be capped.

In all other circumstances the Committee will determine if the award will lapse otherwise, in which case it will determine the extent to which the unvested LTIP award shall vest taking into account the extent to which the performance target is satisfied at the end of the performance period or, as appropriate, on the date on which employment ceases. The period of time that has elapsed since the start of the performance period to the date of cessation of employment will also be taken into account unless the Committee determines otherwise.

CHANGE OF CONTROL

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

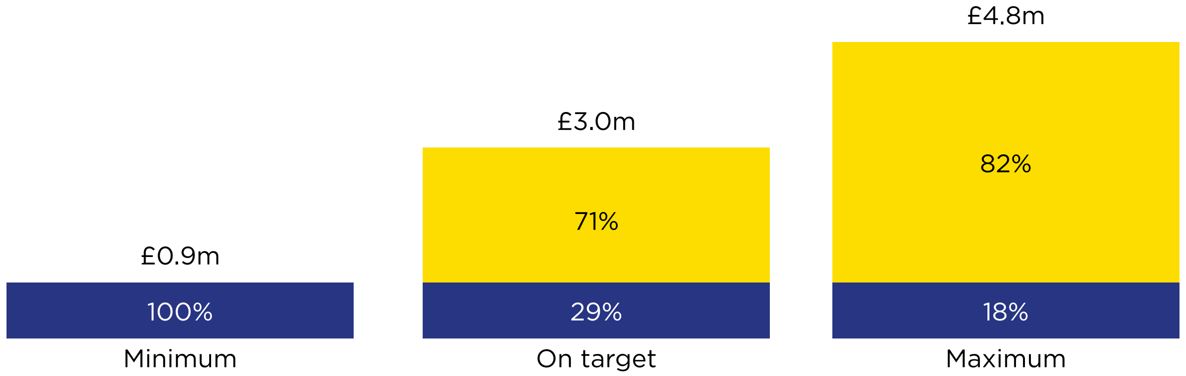
In the event of a change of control, LTIP awards will vest at the date of change of control (other than in respect of an internal reorganisation) unless the Committee determines otherwise.

ILLUSTRATIONS OF THE APPLICATION OF THE POLICY

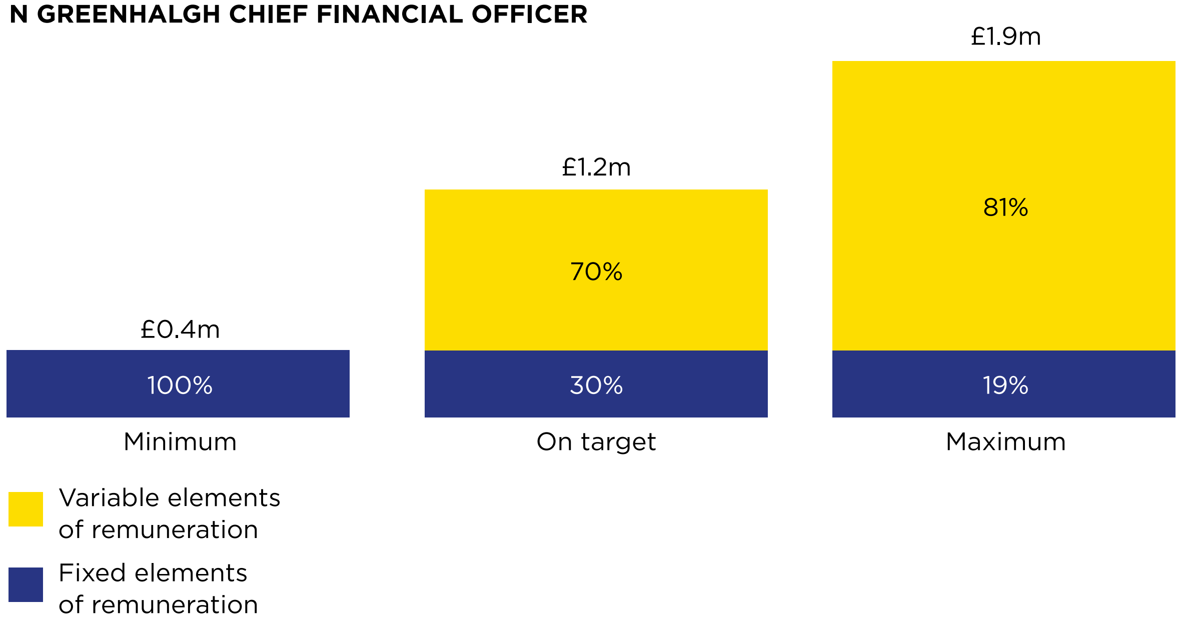
The chart below illustrates the remuneration that would be paid to each of the Executive Directors in the first year of operation of the amended Policy.

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.

P COWGILL EXECUTIVE CHAIRMAN



N GREENHALGH CHIEF FINANCIAL OFFICER



The scenarios in the graphs are defined as follows:

	Minimum	On target performance	Maximum performance	Maximum performance with 50% share price growth
Fixed elements of remuneration	• The base salary is the salary as at 1 April 2021 • The benefits are taken as those in the single figure table on page 197 • The pension contribution is equal to 8% of base salary (for Neil Greenhalgh only)			
Annual Bonus	Nil	100% of salary	200% of salary	200% of salary
Long term incentive plan	Nil	150% of salary	250% of salary	250% of salary

(1) Both Peter Cowgill and Neil Greenhalgh will be granted LTIP awards in the 2021/22 financial year. The minimum base award will be minimum of 33% of Base Salary as shares, and the additional amounts in cash-based remuneration to a maximum of 67%. The cash element can be substituted for additional shares at the discretion of the Committee and for Peter Cowgill the 2021/22 award is proposed as a 100% of Base Salary as share awards.
(2) The Executive Chairman's Special Bonus, which was disclosed in the 2018/19 Remuneration Report, has been excluded.
(3) The total value of the LTIP awards at vesting (both cash and share elements) is capped at 250% of salary.

STATEMENT 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 the Group's business strategy and should be competitive within the market 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 LTIP which reward both performance and loyalty and are designed to retain and motivate. This currently does not include any share-based element, but this will be reviewed in the future.

The Committee considers pay and employment conditions across the Group when reviewing the remuneration of the Executive Directors and other senior employees. In particular, the Committee considers the range of base pay increases across the Group when determining the increases to award to the Executive Directors.

The Committee has obtained the views of the workforce on issues such as remuneration via the various workforce forums led by the Group's HR business partners and attended by Senior Management, including the Executive Chairman. Such views have been communicated, as appropriate, to the Committee and the Board via the monthly Board reporting process. The workforce committee has provided further insights into the Group's engagement practices which have been fully considered by the Committee and the Board. Changes which have been implemented as a result of these are:

- The introduction of an employee welfare committee.
- Global campaign for diversity and inclusion.
- Employee recognition competition with Anthony Joshua.

CONSIDERATION OF SHAREHOLDER VIEWS

The Committee has engaged with several major shareholders to obtain their views on key aspects of the proposed Policy.

The shareholders confirmed that one of their main concerns was that the LTIP scheme implemented did not go far enough to align remuneration with shareholder interests. As such, the Committee has taken the first step and introduced a significant change to the LTIP scheme from 2021/22 for Executive Directors which introduces a minimum element of share based award of 33% of Base Salary building over a five year period. All Executive Directors will be eligible for participation. The scheme will operate initially as a hybrid of cash and / or shares, and at the discretion of the Committee the full award can be issued as shares.

A further concern related to the mechanism of the remuneration of the Executive Chairman. A benchmarking exercise against publicly available data from other FTSE 100 businesses has been undertaken to review as to whether the remuneration was appropriate. Whilst this has shown that the salary level is in the lower quartile and overall remuneration is not out of kilter with the market, no changes are proposed at this time as a result of the COVID-19 pandemic. This will be reviewed as and when the current situation changes. To address concerns in relation to the mechanism of remuneration the Executive Chairman will take part in a revised LTIP on a share only basis.

Additional succession planning has occurred throughout the financial year following concerns relating to the single appointment of the Executive Chairman. Reviews of future structures, identification of organisation planning requirements and consideration for future additions to the Executive team have been discussed, and further steps will be taken, with the Committees participation to secure the future success of the Group.

There were concerns raised previously in relation to the loss of simplicity of the arrangement. Whilst there are added complexities with the new LTIP given that, for the CFO only, it is a hybrid scheme involving cash and shares, the intention of the Committee is that this will move towards an all share based scheme at the appropriate time in the future, which should also have the effect of simplifying the scheme.

ANNUAL REPORT ON REMUNERATION

SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)

The table opposite sets out the single total figure of remuneration and breakdown for each Executive and Non-Executive Director in respect of the 2021 financial year. Comparative figures for the 2020 financial year have also been provided. Figures provided have been calculated in accordance with the new UK disclosure requirements: The Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (Schedule 8 to the Regulations).

Name	Salary / Fee (£'000)		Benefits (£'000)		Bonus (£'000)		LTIP (£'000)		Pension (£'000)		Others (£'000)		**Total Fixed Remuneration (£'000)**		**Total Variable Remuneration (£'000)**	
	2020 /21	2019 /20	2020 /21	2019 /20	2020 /21	2019 /20	2020 /21	2019 /20	2020 /21	2019 /20	2020 /21	2019 /20	**2020 /21**	**2019 /20**	**2020 /21**	**2019 /20**
Peter Cowgill	701	863	3	3	1,295	1,726	–	–	–	–	3,000	3,000	**704**	**866**	**4,295**	**4,726**
Neil Greenhalgh	278	288	12	12	300	300	259	223	22	30	–	–	**312**	**330**	**559**	**523**
Andrew Leslie	52	63	–	–	–	–	–	–	–	–	–	–	**52**	**63**	**-**	**-**
Martin Davies	58	71	–	–	–	–	–	–	–	–	–	–	**58**	**71**	**-**	**-**
Heather Jackson	45	56	–	–	–	–	–	–	–	–	–	–	**45**	**56**	**-**	**-**
Kath Smith	45	40	–	–	–	–	–	–	–	–	–	–	**45**	**40**	**-**	**-**
Andy Rubin	–	–	–	–	–	–	–	–	–	–	–	–	**-**	**-**	**-**	**-**

Notes:
(1) Salary reviews are effective annually from 1 April. No salary increases were awarded for 2020/21.
(2) With effect from April 2021 a salary increase in the amount of £40,000 will be awarded to the Chief Financial Officer.
(3) The 2019/20 salary figure for Kath Smith represents a part year figure based on when she commenced her role.
(4) As disclosed in the 2018/19 Remuneration Report and as approved by shareholders, a Special Bonus was awarded to the Executive Chairman in four instalments of £1.5m. The first two instalments were made in October 2019 and February 2020. In the light of developments caused by the COVID-19 pandemic, it was agreed that the remaining payments would be deferred and paid when the Board and Committee were satisfied it is appropriate to do so. Following a detailed review, the payment originally due in October 2020 was made in January 2021.
(5) The basis of calculation has been updated to ensure all figures are based on year to date values. This has resulted in Neil Greenhalgh's salary being updated for the financial year 2019/20.
(6) Neil Greenhalgh's benefits have been updated to include a car allowance for 2019/20.
(7) Neil Greenhalgh's pension value is provided by means of a pension allowance salary supplement and an Employers Pension Scheme contribution. The values for 2019/20 have been updated to reflect what was paid during the financial year 2019/20.
(8) The reduction in the remuneration is as a result of voluntary salary reductions for three months during the 2020/21 financial year. This was applied as a reduction of 30% for the Chief Financial Officer and a 75% reduction for the Executive Chairman.

The benefit received by Peter Cowgill and Neil Greenhalgh is healthcare insurance. A car allowance is also payable to Neil Greenhalgh.

Pension contributions are:

- Peter Cowgill – 0% of salary
- Neil Greenhalgh – 8% of salary

ADDITIONAL INFORMATION REGARDING THE SINGLE FIGURE TABLE (AUDITED)

2021 ANNUAL BONUS AWARDS

The annual bonuses for the Executive Directors are based on a mix of financial targets (66.7%) and strategic / non-financial performance objectives (33.3%). The Committee maintains the view that this is an appropriate method of incentivising the Executive Directors to focus their efforts on the fundamental drivers for growth and exceptional performance during the course of the financial year.

The apportioning and determination of the award values for the 2021 annual bonus values were measured against the following criteria.

	Weighting	Criteria	Target Outcome	Actual performance	% vesting
Profit Before Tax and Exceptional Items (proforma IAS 17 basis)	67%	£348.5m minimum	£265.93m (£400m for maximum value)	£460.1m	100%
People	6.7%	Promote and expand the succession planning and development of people within the Group.	Identify a succession plan for the senior leadership team. Provide an infrastructure that supports development and mobility.	All senior leadership team members have a succession plan to develop the appropriate skills and leadership to step into business-critical roles and have highlighted pathway planning strategies for the forthcoming financial year. Changes to infrastructures have been put in place to allow for growth of apprenticeships, skills training, qualifications and engagement in government initiatives.	100%
Environmental	6.7%	Demonstrate 'leading' sector-level performance on climate change, evidenced via independent, global climate change surveys and memberships aligned with TCFD best practice. Ensure that the Group is proactively reducing emissions originating from our organisational activities, in accordance with the Paris Agreement goal to limit global warming (to 1.5 degrees Celsius, compared to pre-industrial levels).	Monitor and adjust Group and supply chain emission reduction strategies based on feedback received from leading climate change benchmarking organisations. Embed appropriate governance structures and business objectives. Establish an auditable process for the disclosure of Group Scope One, Two and Three emissions.	In December 2020, the Group achieved a Leadership grade of 'A-' within the Carbon Disclosure Project (CDP) 'Carbon Management' assessment. The Group outperformed the retail sector benchmark score by three grades and achieved recognition as a 'CDP Supplier Engagement Leader'. Group Scope One and Two emissions data has been verified by, and Scope Three data screened by independent auditors (Schneider Electric). JD Group is a signatory of the UK governments' 'Business Ambition Pledge for 1.5C', and is now recognised (by the Science Based Target Initiative Board) as 'Committed' to implementing and publicly disclosing science-based targets.	100%

	Weighting	Criteria	Target Outcome	Actual performance	% vesting
Sustainability	6.7%	Increase internal and external awareness of environmental performance through education, communication and disclosures.	Improve the internal and external awareness of the Group's environmental performance and progress on climate change.	The Group repurposed and relaunched the corporate website, providing details of our position and progress on critical ESG matters, supported by case studies that demonstrate the environmental progress of the Group. The Group developed a new online training module, "IAMSustainable", with an external ESG specialist, consisting of six modules covering topics such as climate change, materials and waste. Three of these modules are to be launched to 10,000 colleagues in March 2021.	100%
Governance	6.7%	Deliver greater accessibility and visibility of environmental, social and corporate governance information.	Bring together key information and engage key stakeholders to ensure all relevant information is available to shareholders in a user friendly format and is updated on a regular basis.	The Group has successfully continued the use of the investor and stakeholder-facing website, engaging stakeholders and disclosing a range of key governance topics via a concise and accessible format.	100%
Digital Innovation	6.7%	Ensure that the business is at the forefront of consumer innovation and technology adoption in order to maximise consumer engagement.	Maximise consumer interactions via digital innovations. Quick adoption of new alternative approaches to enable our customers to shop with us in new and innovative ways.	Internet sales increased by 17% in response to adapting flexibly to consumer demand during the COVID-19 pandemic. The introduction of ship from store to ensure customer orders were fulfilled.	100%

As a result of this performance, the Committee determined that the following bonuses were appropriate in the context of the truly exceptional performance in both financial and non-financial measures:

- Peter Cowgill: Exceptional bonus (as previously disclosed) equal to 200% of salary, or £1.7 million. Given the current climate it has been agreed that this will be reduced to 150% of salary (£1.3 million).
- Neil Greenhalgh: Bonus equal to 100% of salary, or £0.3 million.

Both the Executive Chairman and the Chief Financial Officer are in the lower quartile of total remuneration (when compared to publicly available information of other FTSE 100 businesses). As a result an increase to the salary of the Chief Financial Officer is proposed as detailed in the single figure table, but given the current climate the level of bonus for the Chief Financial Officer has not been increased, and the Executive Chairman's level has been decreased.

As previously disclosed, the Committee previously determined that the special bonus was appropriate for Peter Cowgill, given his leadership of the business in again achieving record results for the Company. No alteration to this award value was made.

LONG TERM INCENTIVES VESTING DURING 2020/21

The LTIP and annual bonus payments that Neil Greenhalgh is entitled to for this period were granted under the Senior Manager LTIP and bonus schemes.

LONG TERM INCENTIVES AWARDED DURING 2020/21

As stated in the Remuneration Report for the 2019/20 financial year, the Committee determined that it was appropriate to grant an award under the new Executive Director LTIP to the Chief Financial Officer. The award granted will vest in 2023. No awards were made to the Executive Chairman under this arrangement.

To summarise, the terms of the 2020/21 Executive Director LTIP are as follows:

- Cash awards (not shares).
- Three-year performance period.
- The performance condition (linked to Group profit before tax) can be amended or substituted if events occur which cause the Committee to consider that an amended or substituted performance target would be more appropriate. Any amended or substituted target would not be materially more or less difficult to satisfy.
- Malus and clawback provisions apply to all share awards. The Committee can use its discretion to reduce, cancel or impose further conditions on the awards where it considers such action is appropriate. This includes where there has been a material misstatement of the Company's audited financial results, a serious failure of risk management or serious reputational damage.
- The maximum award which will be payable to the Chief Financial Officer is 250% of base salary. The level of any awards under the LTIP remains under the consideration of the Committee.
- The award will track performance against agreed financial metrics and the overall award value will be determined based on a percentage of base salary for 67% of the award and tracking of share price for 33% of the award.
- The element of the award utilised to track share performance will be determined based on the share price as at 2 February 2020 and at the end of the performance period.
- The LTIP will measure financial performance over a 3 year period.
- 100% of any award will vest at threshold performance increasing on a straight-line basis to 250% for maximum performance.
- A minimum award value will be granted should consistent growth targets be obtained once the initial performance threshold has been met, this minimum value will not be less than awards received in previous years. This is to ensure that focus remains on sustainable and consistent growth.

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

PERFORMANCE CONDITIONS OF THE EXECUTIVE DIRECTOR LTIP (CHIEF FINANCIAL OFFICER)

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

The Award granted to the Chief Financial Officer in 2020 is based on a performance condition of headline earnings of the Group Profit Before Tax ('PBT') over a three-year performance period commencing from the start of the financial year immediately prior to the grant of the Award.

The initial Performance Period commenced on 2 February 2020 for the 2020 Award and the PBT for the three financial years will be determined before the date of grant of the Award. Performance measurement for the PBT for the 2020 Award will be based on the increase in the PBT over the Performance Period. Awards will vest on the basis of the level of performance achieved in relation to the PBT targets for the relevant year. Details of the specific PBT targets will be disclosed in the annual report on remuneration following the end of the relevant Performance Period.

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

As stated in the Policy, a revised LTIP that introduces a share based award is being proposed for financial years 2021/22 onwards subject to approval by shareholders at the 2021 AGM.

STATEMENT OF DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS (AUDITED)

The interests of the Directors who held office at 30 January 2021 and persons closely associated with them in the Company's ordinary shares are shown below:

DIRECTOR	30 January 2021	1 February 2020
Peter Cowgill	3,892,934	8,465,260
Neil Greenhalgh	2,000	2,000

The Company was notified by Peter Cowgill (the Company's Executive Chairman) that he had disposed of the following:

- 1,985,000 ordinary shares of 0.25 pence each in the Company on 5 June 2020 at an average price of 671.77 pence per ordinary share.
- 2,587,326 ordinary shares of 0.25 pence each in the Company on 30 October 2020 at an average price of 745.6162 pence per ordinary share.

Following these disposals, Peter Cowgill has a total interest in 3,892,934, representing 0.4% of the issued share capital of the Company.

There have been no other changes in the interests of the Directors or persons closely associated with them between 30 January 2021 and the latest practicable date prior to the publication of this report. The holdings stated above are held directly by the Directors and persons closely associated with them are not subject to any performance targets. The Directors have no other interests in Company shares. As stated in the Policy, the Company did not have a minimum share ownership requirement for Directors. This will be reviewed over the life of the Policy to work towards setting appropriate targets as the LTIP matures.

PAYMENTS TO PAST DIRECTORS (AUDITED)

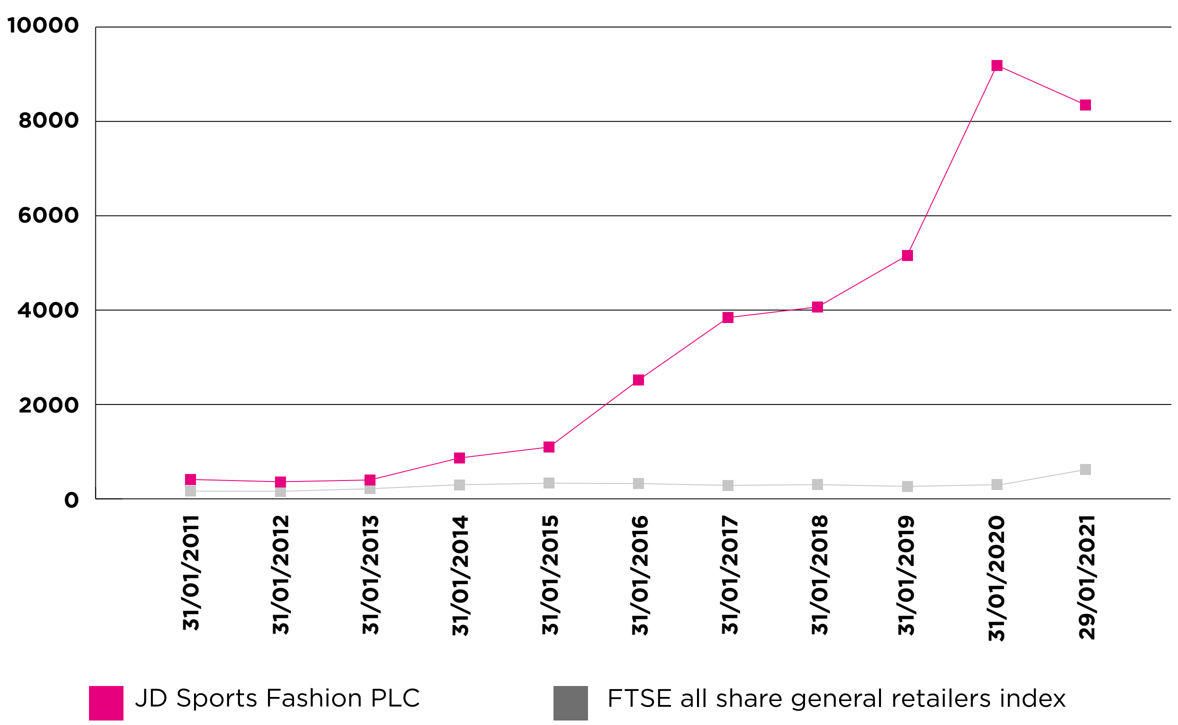
No such payments were made.

PAYMENTS FOR LOSS OF OFFICE (AUDITED)

No such payments were made.

TOTAL SHAREHOLDER RETURN (UNAUDITED)

The following graph shows the Total Shareholder Return ('TSR') of the Group in comparison to the FTSE All Share General Retailers Index over the past ten years. The Committee consider the FTSE All Share General Retailers Index a relevant index for total shareholder return comparison disclosure required under the Regulations as the index represents the broad range of UK quoted retailers. TSR is calculated for each financial year end relative to the base date of 31 January 2011 by taking the percentage change of the market price over the relevant period, reinvesting any dividends at the ex-dividend rate.



EXECUTIVE CHAIRMAN'S REMUNERATION OVER PAST TEN YEARS (UNAUDITED)

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

	Year ended									
Salary	Jan 2012	Jan 2013	Jan 2014	Jan 2015	Jan 2016	Jan 2017	Jan 2018	Jan 2019	Jan 2020	Jan 2021
Total remuneration £m	2.3	2.0	3.1	2.0	2.7	2.8	2.3	2.6	5.6	5.0
Annual bonus %	75	37	100	100	200	200	200	200	200	150
LTIP vesting %	100	100	n/a	n/a*	n/a*	100*	n/a	n/a	n/a	n/a

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

PERCENTAGE CHANGE IN EXECUTIVE AND NON-EXECUTIVE DIRECTORS' REMUNERATION (UNAUDITED)

The table below shows the percentage change in the Executive and Non-Executive Directors' salary and annual bonus between financial years 1 February 2020 and 30 January 2021 compared to UK Head Office employees in the JD and Size? businesses, being deemed by the Board as the most appropriate comparator group based on being the ones who are remunerated in the most comparable way within the Group.

	% change
SALARY	
Executive Chairman	(18.77%)
CFO	(3.47%)
Non-Executive Director – Martin Davies	(18.31%)
Non-Executive Director – Andrew Leslie	(17.46%)
Non-Executive Director – Heather Jackson	(19.64%)
Non-Executive Director – Kath Smith	12.50%
UK Head Office employee average	1.28%

	% change
BENEFITS	
Executive Chairman	3.05%
CFO	0%
Non-Executive Director – Martin Davies	0%
Non-Executive Director – Andrew Leslie	0%
Non-Executive Director – Heather Jackson	0%
Non-Executive Director – Kath Smith	0%
UK Head Office employee average	(18.86%)

	% change
ANNUAL BONUS	
Executive Chairman	(24.97%)
CFO	0%
Non-Executive Director – Martin Davies	0%
Non-Executive Director – Andrew Leslie	0%
Non-Executive Director – Heather Jackson	0%
Non-Executive Director – Kath Smith	0%
UK Head Office employee average	4.53%

Benefit comparisons are undertaken on information held at the point in time of calculation this includes year to date figures for the Executive Directors, and last submitted P11D benefit values for all other employees.

This does not include any special bonus for the Executive Chairman as previously disclosed.

CEO PAY RATIO (UNAUDITED)

Set out below are ratios which compare the total remuneration of the Executive Chairman (as included in the single figure table on page 197) to the remuneration of the 25th, 50th and 75th percentile of our UK employees.

Financial year end	Method used	25th Percentile Ratio	50th Percentile Ratio	75th Percentile Ratio
2019/20	B	348:1	310:1	304:1
		25th Percentile Remuneration	50th Percentile Remuneration	75th Percentile Remuneration
Base Salary		£16,067	£17,877	£17,981
Total Remuneration		£16,067	£18,299	£18,366

Financial year end	Method used	25th Percentile Ratio	50th Percentile Ratio	75th Percentile Ratio
2020/21	B	251:1	183:1	140:1
		25th Percentile Remuneration	50th Percentile Remuneration	75th Percentile Remuneration
Base Salary		£15,624	£21,174	£27,929
Total Remuneration		£15,624	£21,511	£28,139

We have used Option B in the legislation to identify the 25th, 50th and 75th percentile UK employees. This has utilised the most recent data from our UK gender pay gap reporting for April 2020.

The Group has elected to utilise this approach for this year as to prepare individual employee calculations across a vast employee base would be overly complicated. However, it should be noted that the impact of the COVID-19 pandemic and subsequent measures that the business took in April 2020, has had an impact on the calculation of our Gender Pay Gap this year. We have followed the published guidelines in preparing our figures, but this has meant we have had to exclude any employee receiving a furlough payment in the period as not being a full pay relevant employee. The figures above are also impacted by this requirement.

However, by utilising the Gender Pay Gap data we have identified the employees at the three percentiles. To then calculate total remuneration for these individuals, we have used the same methodology applied in the single figure calculation.

The largest population of employees within the Group are store colleagues and warehouse operatives and the individuals represented at the 25th, 50th and 75th percentile identified by the use of the gender pay data. Given the impact above this year, all employees are from

within the warehouse population rather than our stores. This is therefore unusual given typical practice in the retail sector but is a reflection of the unprecedented time that we continue to experience. However, following consideration, we believe these ratios, and the individuals, are representative and appropriate given the guidelines that we have been required to apply.

All comparator employees were full time for this year's calculation, as such we have now converted any hourly rate of pay into the equivalent 40-hour week.

As disclosed in the 2019/20 Remuneration Report and as approved by shareholders, a Special Bonus was paid to the Executive Chairman. As the Executive Chairman is in receipt of variable pay that is linked to the Group's performance, the level of remuneration will vary vastly from year to year and this combined with the factors above contribute to the level of the ratios.

RELATIVE IMPORTANCE OF THE 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:

IMPLEMENTATION OF REMUNERATION POLICY IN FINANCIAL YEAR 2021/22 (UNAUDITED)

The Committee proposes to implement the policy for 2021/22 as set out below:

SALARIES AND BENEFITS

An increase in salary will not be given to the Executive Chairman as a result of the current COVID-19 pandemic. An increase in salary of £40,000 for the Chief Financial Officer is being applied to the 2021/22 financial year, to bring total remuneration more in line with market standards.

Pay reviews were not applied to Senior Management teams or the wider workforce during the 2020/21 financial year outside of critical roles or statutory requirements. In addition, bonuses were deferred for a six month period. This has meant that the total remuneration packages have become out of kilter with the market. To ensure that key talent is retained and to drive the continued success of the business as we return to trading, it has been agreed that pay changes and bonuses will be applied during the 2021/22 financial year.

	2021 (£m)	2020 (£m)	% change
Staff costs	785.9	873.8	(10.1%)
Dividends	–	16.7	(100.0%)
Tax	94.8	97.8	(3.1%)
Retained profits	229.2	250.7	(8.6%)

EXECUTIVE DIRECTOR LTIP

The Executive Chairman and Chief Financial Officer will be granted an award for the financial year 2021/22 under the new Executive Director LTIP in accordance with the Remuneration Policy, further details of which are set out below.

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

- Hybrid scheme of cash and share based awards (Maximum of 67% cash / Minimum of 33% shares).
- The cash element will vest if the performance conditions are met after three years. The share element entitlement will be satisfied if the performance conditions are met after three years. The share element will vest after five years. The performance condition can be amended or substituted if events occur which cause the Committee to consider that an amended or substituted performance target would be more appropriate. Any amended or substituted target would not be materially more or less difficult to satisfy. This discretion is only intended to be used where the

result would be deemed unfair and out of the control of the individual as a result of additional factors, for example, large acquisitions, disposals or pandemics.

- Malus and clawback provisions apply to awards. The Committee can use its discretion to reduce, cancel or impose further conditions on the awards where it considers such action is appropriate. This includes where there has been a material misstatement of the Company's audited financial results, a serious failure of risk management or serious reputational damage.
- The performance condition for the 2021/22 award will be linked to Profit Before Tax.
- The maximum award which can be payable to the Executive Chairman and Chief Financial Officer is 250% of base salary inclusive of both cash and share elements. The level of any awards under the LTIP remains under the consideration of the Committee.
- The award cap will be applied to the cash and / or share award at the point of vesting.
- Awards are subject to the achievement of performance conditions and the value of the award will track performance against agreed financial metrics (currently Profit Before Tax) or change in share price and the overall award value will be determined based on a percentage of base salary.
- The element of the award utilised to track share performance will be determined based on the share price as at the share issue date and at the end of the performance period.
- The LTIP will measure financial performance over a three-year period.
- 100% of any award will increase on a straight-line basis to 250% for maximum performance.
- The Committee can exercise its discretion over the value of any award should it be deemed unfair or unreasonable for the individual. This will only be exercised in exceptional circumstances such as large acquisitions, disposals or pandemics.
- A minimum award value will be granted should consistent growth targets be obtained once the initial performance threshold has been met, this minimum value will not be less than awards received in previous years. This is to ensure that focus remains on sustainable and consistent growth; and targets will be disclosed in the annual accounts for the year following a performance period.

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

PERFORMANCE CONDITIONS OF THE EXECUTIVE DIRECTOR LTIP

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

It is intended that, for the Award to be granted to the Chief Financial Officer and Executive Chairman in 2021/22 financial year, the performance conditions must have been met. This is to apply over a three-year performance period commencing from the start of the financial year immediately prior to the grant of the Award. Following the three-year performance period, there will be a further two years of vesting to determine the value of any share based element.

The award will be calculated based on four principles:

1. A maximum of 67% of the award value will be based on achieving a minimum level of Profit Before Tax. Should this minimum level be achieved awards will vest based on a sliding scale and details of the specific targets will be disclosed in the Annual Report on remuneration following the end of the relevant performance period. The Committee can apply up to 100% of the award as shares at its discretion.
2. Should consistent growth targets be met in each of the three years within the performance period, and the minimum level of Profit Before Tax as outlined above, have been achieved, the award will pay out at a minimum level of the value of previous awards received in the year prior to the award being made. Specific targets for the three-year growth targets will be disclosed in the annual report on remuneration following the end of the relevant Performance Period.
3. A minimum of 33% of the award value will be calculated by reference to the share price as at the start of the financial year in which the award is made. The award right will crystallise if the performance criteria of achieving a minimum level of Profit Before Tax is achieved after the three-year performance period. A further two years of vesting will apply, and the value at vesting will be utilised to create a number of shares subject to the caps noted in point four.
4. The combined value of the points above will be capped at a maximum value of 250% of base salary at the point of award.

The intention of this arrangement is to diversify the metrics used in assessing performance with the LTIP, and to reward either exceptional and / or consistent growth reflecting the challenging conditions facing retailers in the current climate.

The Committee will have the flexibility to make appropriate adjustments to the performance conditions in exceptional circumstances, to ensure that the Award achieves its original purpose. Any vesting is also subject to the Committee being satisfied that the Company's performance on these measures is consistent with underlying business performance. This discretion is only intended to be used where the result would be deemed unfair and out of the control of the individual as a result of additional factors, for example, large acquisitions, disposals or pandemics.

FINANCIAL TARGETS AND STRATEGIC OBJECTIVES FOR THE ANNUAL BONUS AWARDS IN 2020/21

The split between financial targets and strategic objectives will remain two thirds and one third respectively. The targets in respect of the annual bonus for the financial year to 30 January 2021 were as follows:

- A minimum criteria of £348.5 million Profit Before Tax (moved to actual Profit Before Tax rather than prior to exceptional items and IFRS16 adjustments) for any bonus payment to be made.
- A target level of £365.9 million Profit Before Tax (moved to actual Profit Before Tax rather than prior to exceptional items and IFRS16 adjustments).
- 100% of the maximum award being achieved where Profit Before Tax (prior to exceptional items and IFRS16 adjustments) reaches £400 million.

As disclosed above, earnings were in excess of the maximum payment figure due to exceptional performance.

The strategic objectives will be set against criteria in the following categories:

1. People – focused on increased retention and development
2. Environmental – focused in our integral re-use strategy
3. Sustainability – focused on the supply chain for our private label business
4. Governance – increasing transparency for our shareholder base
5. Digital Innovation – focused on the adoption of new technologies

The Board considers that both the financial targets and the strategic objectives for the financial year to 29 January 2022 are commercially sensitive and so will be disclosed in the 2022 Annual Report.

STATEMENT OF VOTING AT GENERAL MEETING (UNAUDITED)

At the 2020 AGM, the Directors' Remuneration Report received the following votes from shareholders:

For	Against	Withheld
584,501,276 (68.86%)	264,320,264 (31.14%)	11,833,271

At the 2019 AGM, the Directors' Remuneration Report received the following votes from shareholders:

For	Against	Withheld
597,455,707 (69.48%)	262,409,076 (30.52%)	8,702,483

COMPOSITION OF THE COMMITTEE AND ADVISORS (UNAUDITED)

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

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

The Committee can obtain independent advice at the Company's expense where they consider it appropriate and in order to perform their duties. Advice was taken from Addleshaw Goddard in the amount of £8,000 during 2020/21 to support the introduction of a share scheme into the LTIP arrangement.

The Committee is formally constituted with written terms of reference, which are available on the Company's corporate website 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 170.

Andrew Leslie
Chairman of the Remuneration Committee
13 April 2021

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 accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework. In addition, the Group financial statements are required under the UK Disclosure Guidance and Transparency Rules to be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRSs as adopted by the EU").

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

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable, relevant and reliable and prudent.
- For the Group financial statements, state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRSs as adopted by the EU").
- For the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements.
- Assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.
- The Strategic Report 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.

Neil Greenhalgh
Chief Financial Officer
13 April 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JD SPORTS FASHION PLC

1. OUR OPINION IS UNMODIFIED
We have audited the financial statements of JD Sports Fashion plc ("the Group") for the 52 week period ended 30 January 2021 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Balance Sheet, the Company Statement of Changes in Equity and the related notes, including the accounting policies in Note 1 to the consolidated financial statements and Note C1 to the company financial statements.

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 30 January 2021 and of the Group's profit for the 52 week period then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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 to the extent applicable.

BASIS FOR OPINION
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were first appointed as auditor by the shareholders in March 1996. The period of total uninterrupted engagement is for the 25 financial years ended 30 January 2021. 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	£16.5m (2020: £17.4m) 4.1% (2020: 4.1%) of normalised profit before tax*	
Coverage	84.8% (2020: 91.8%) of Group normalised profit before tax	
KEY AUDIT MATTERS		**VS 2020**
Recurring risks	Group and parent Company: Going concern	
	Group: Valuation of the recoverable amount of the Go Outdoors CGU	
	Group and parent Company: Valuation of inventory	
New risks	Group: Valuation of the recoverable amount of the Footasylum CGU	
	Group: Valuation of the Separately Identifiable Intangible Assets Recognised as Part of the Shoe Palace acquisition	

* 2021 profit before tax normalised by excluding Go Outdoors impairment of £33.3m, Footasylum impairment of £55.6m and the movement in fair value of the Sport Zone put option of £18.6m and by averaging over the last three years (2020: normalised to exclude Go Outdoors impairment of £43.1m and the movement in the fair value of the Sport Zone put option (£32.7m).

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

THE RISK	OUR RESPONSE

GOING CONCERN

Refer to Note 1 page 230 (accounting policy and financial disclosures).

DISCLOSURE QUALITY:
The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent Company.

That judgement is based on an evaluation of the inherent risks to the Group's and Company's business model and how those risks might affect the Group's and Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements.

The risk most likely to adversely affect the Group's and Company's available financial resources over this period is the increased uncertainty in the retail industry as a result of COVID-19.

There are also less predictable but realistic second order impacts, such as the impact of Brexit and the erosion of customer or supplier confidence, which could result in a rapid reduction of available financial resources.

The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.

OUR PROCEDURES INCLUDED:
We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the Directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's financial forecasts taking account severe, but plausible, adverse effects that could arise from these risks individually and collectively.
Our procedures also included:

- **Funding assessment:** We assessed the loan covenant compliance to check whether the Group is at risk of breaching the covenants, considered the availability of cash and evaluated the cash flow forecasts to determine whether the assumptions are realistic, achievable and consistent with the external and internal environment;
- **Historical comparisons:** we considered the historical accuracy of the Group's forecasting in the previous year in comparison to actual performance achieved;
- **Sensitivity analysis:** we considered sensitivities over the level of financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from the risks identified individually and collectively;
- **Evaluating Directors' intent:** we evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise; and
- **Assessing transparency:** we assessed whether the going concern disclosure in Note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern and related sensitivities.

We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

OUR RESULTS
We found the going concern disclosure without any material uncertainty to be acceptable (2020: acceptable). However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to COVID-19.

THE RISK	OUR RESPONSE

VALUATION OF THE SEPARATELY IDENTIFIABLE INTANGIBLE ASSETS RECOGNISED AS PART OF THE SHOE PALACE ACQUISITION

(£105.6m million; 2020: N/a)
Refer to page 177 (Audit Committee Report), page 245 (accounting policy) and Note 11 on page 248 (financial disclosures).

SUBJECTIVE VALUATION:
On 14 December 2020 the Group acquired a controlling interest in Shoe Palace Corporation, a US company. The purchase price allocation valuation is subject to estimation uncertainty.

The fair value of the Shoe Palace trade name has been identified as the significant area of judgement in the purchase price allocation, specifically the royalty rate used in deriving this fair value.

As part of our risk assessment, we determined that the valuation of the separately identifiable intangible assets identified as part of the Shoe Palace acquisition had a high degree of estimation uncertainty. There is a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (Note 1) disclose the sensitivity estimated by the Group.

OUR PROCEDURES INCLUDED:

- **Methodology choice:** with the assistance of our valuation specialists, we assessed 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, we challenged the key assumptions used in the valuation, in particular the royalty rate used by comparing them to externally derived data and comparable transactions;
- **Sensitivity analysis:** we performed sensitivity analysis on the key assumptions noted above;
- **Our sector experience:** assessing whether the key assumptions used, in particular the royalty rate, reflect our knowledge of the business and industry; and
- **Assessing transparency:** assessing the appropriateness of the Group's disclosures in respect of the valuation of separately identifiable intangible assets recognised on acquisition of Shoe Palace.

We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

OUR RESULTS
We found the valuation of the separately identifiable intangible assets of Shoe Palace to be acceptable.

THE RISK	OUR RESPONSE

VALUATION OF INVENTORY

Group: (£813.7 million; 2020: £811.8 million)
Parent company: (£193 million; 2020: £181.6m)
Refer to page 176 (Audit Committee Report), Note 16 page 270 (accounting policy and financial disclosures).

SUBJECTIVE ESTIMATE

Inventory is one of the most significant items on the Group 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 fashion / season, the assessment of net realisable value involves significant estimation uncertainty. COVID-19 has increased the uncertainty due to the potential impacts on consumer confidence and uncertainty of future closure periods. The result of this is a risk of excess stock being unsold in the correct season or becoming obsolete as a result of a change in trends and future lockdown periods with key trading periods still to come.

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

OUR PROCEDURES INCLUDED:

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

We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

OUR RESULTS

We consider the carrying amount of inventories to be acceptable (2020 result: acceptable).

THE RISK	OUR RESPONSE

VALUATION OF THE RECOVERABLE AMOUNT OF THE GO OUTDOORS AND FOOTASYLUM CGUs

Go Outdoors: (CGU carrying value £66.2 million; 2020: £140 million)
Footasylum: (CGU carrying value £50 million; 2020: £112 million)
Refer to page 177 (Audit Committee Report), Note 12 on pages 253 to 261 (accounting policy and financial disclosures).

SUBJECTIVE ESTIMATE:

The value of the assets held in the Go Outdoors and Footasylum cash generating units (CGU) are highly material and are at risk of irrecoverability due to challenging trading conditions in a number of high street retail sectors, particularly with the increased uncertainties presented by COVID-19.

GO OUTDOORS:

During the year the Group recognised an impairment of £33m against Goodwill (£2m) and fascia name (£31m) triggered by COVID-19.

There is still a risk of irrecoverability over the remaining assets held in the CGU. At the FY21 period-end, there is £22m of Property, Plant and Equipment (PPE) (excluding IFRS 16 Right of use (ROU) assets), £43m ROU assets, £16m fascia name, £5m brand and £48m stock.

FOOTASYLUM:

The Group has recognised a material impairment of goodwill and fascia name of £56m, leaving a £3m Brand name intangible asset at risk in the CGU, in addition to £95m ROU Assets, £27m PPE and £32m stock.

The estimated recoverable amounts are subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows.

The effect of these matters is that, as part of our risk assessment, we determined that the value in use of the Go Outdoors and Footasylum CGUs have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (Note 12) disclose the sensitivities estimated by the Group.

OUR PROCEDURES INCLUDED:

- **Historical comparisons:** we assessed the reasonableness of the budgets by considering the historical accuracy of previous forecasts by comparing to actual financial information;
- **Our sector experience:** we assessed whether assumptions used, in particular those relating to short term forecast revenue growth, profit margins, the discount rate 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, we challenged 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:** we performed sensitivity analysis on the key assumptions noted above; and
- **Assessing transparency:** we assessed whether the Group's disclosures for the Go Outdoors and Footasylum CGUs relating to the impairment tests and resulting impairment losses appropriately reflect the risks inherent in the valuation of goodwill and fascia names in those CGUs.

We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

OUR RESULTS

We found the determination of the recoverable amount of the Go Outdoors and Footasylum CGUs to be acceptable (2020: Go Outdoors: acceptable).

We continue to perform procedures over the carrying amount of IFRS 16 right of use assets and lease liabilities. However, following the initial adoption of IFRS 16 in the prior year, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

In the prior year we also reported a key audit matter in respect of the impact of uncertainties due to the UK exiting the European Union. Following the trade agreement between the UK and the EU, and the end of the EU-exit implementation period, the nature of these uncertainties has changed. We continue to perform procedures over material assumptions in forward looking assessments such as going concern and impairment tests however we no longer consider the effect of the UK's departure from the EU to be a separate key audit matter.

3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality for the Group financial statements as a whole was set at £16.5m (2020: £17.4m), determined with reference to a benchmark of Group normalised profit before tax, normalised to exclude this year's impairment of Go Outdoors of £33.3m, Footasylum impairment of £55.6m and movement in fair value of Sport Zone put options of £18.6m as disclosed in Note 4 and by averaging over the last three years (2020: Normalised to exclude Go Outdoors impairment (£43.1m) and the movement in the fair value of the Sport Zone put option (£32.7m)), of which it represents 4.1% (2020: 4.1%).

Materiality for the Parent Company financial statements as a whole was set at £11.1m (2020: £11.4m), determined with reference to a benchmark of Parent Company profit before tax normalised by averaging over the last three years of £262.6m (2020: £291.5m), of which it represents 4.2% (2020: 3.9%).

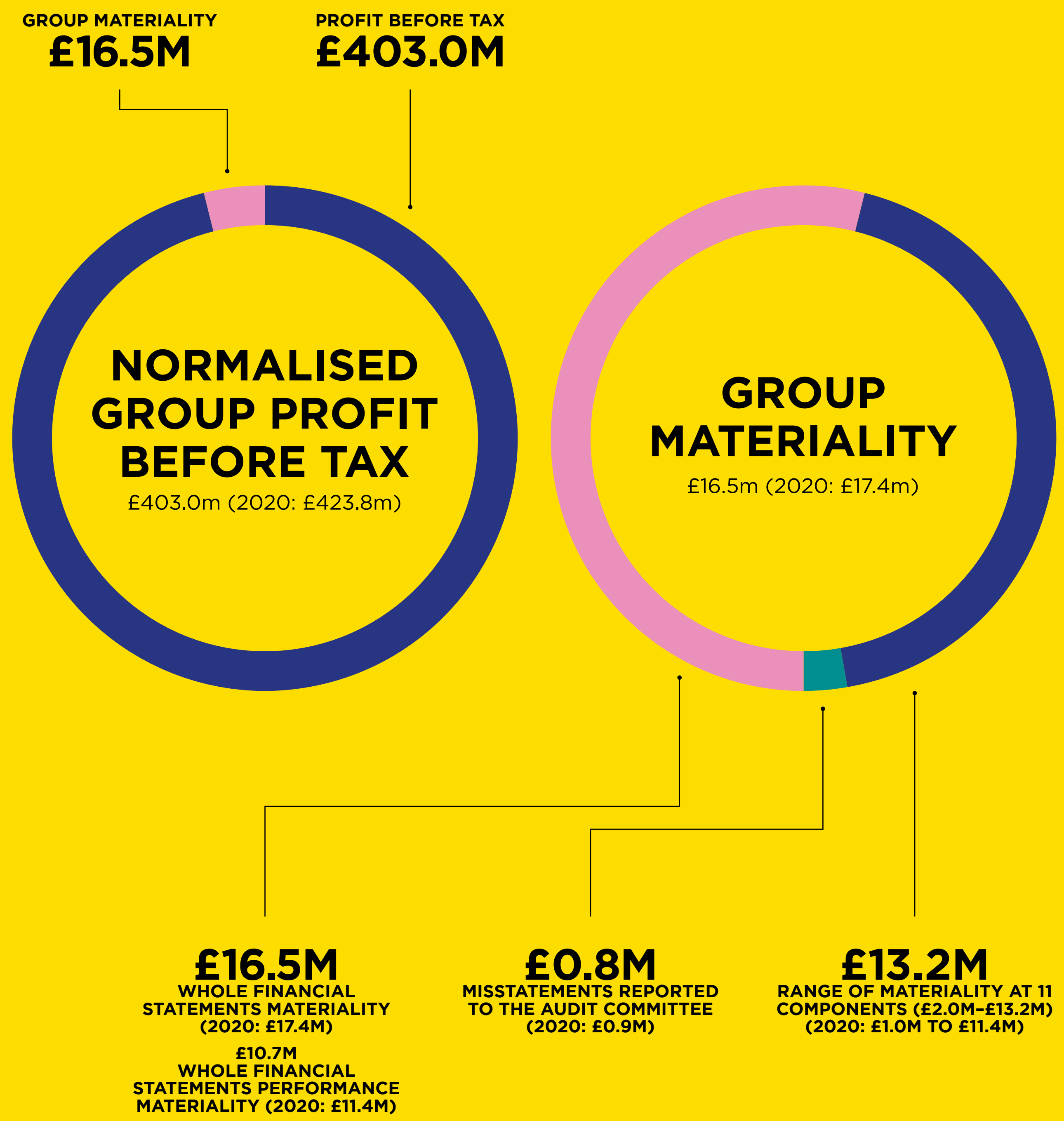
In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 65% (2020: 65%) of materiality for the financial statements as a whole, which equates to £10.7m (2020: £11.3m) for the Group and £7.2m (2020: £7.4m) for the Parent Company. We applied this percentage in our determination of performance materiality based on the level of identified misstatements and control deficiencies during the prior period.

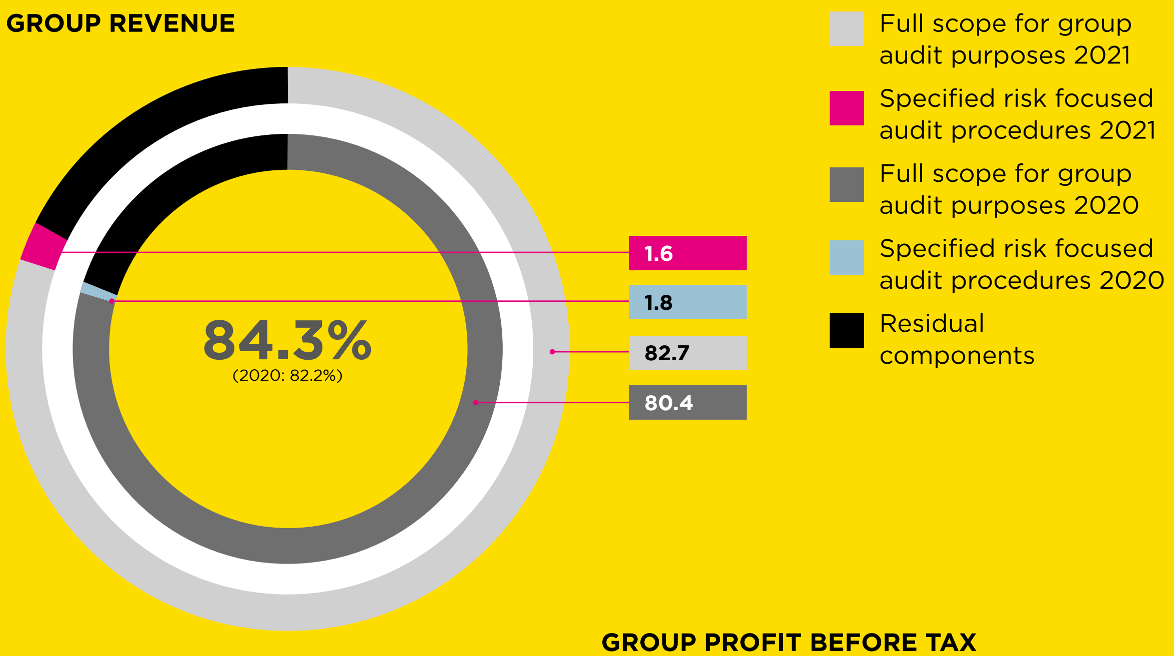
We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.8m (2020: £0.9m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 79 (2020: 71) reporting components, we subjected 10 (2020: 9) to full scope audits for Group purposes and 1 (2020: 1) to specified risk-focused audit procedures. The latter were 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.

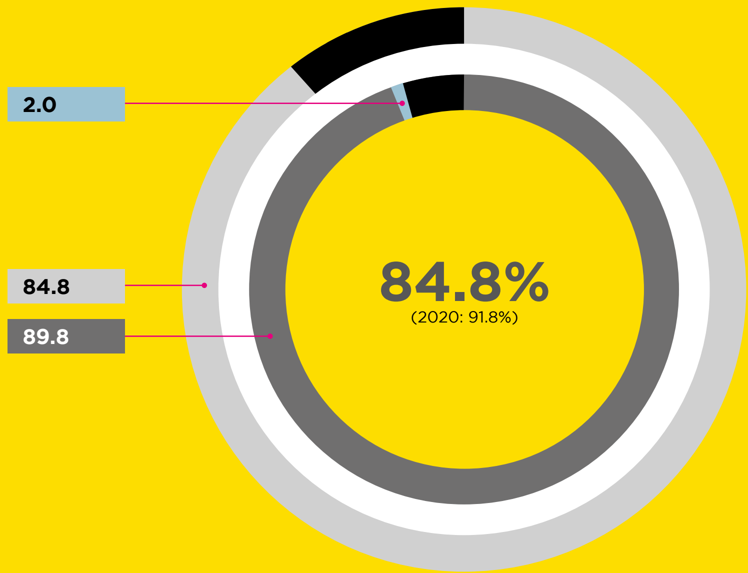
The components within the scope of our work accounted for the percentages illustrated opposite. The Group team performed procedures on the items excluded from normalised Group profit before tax.



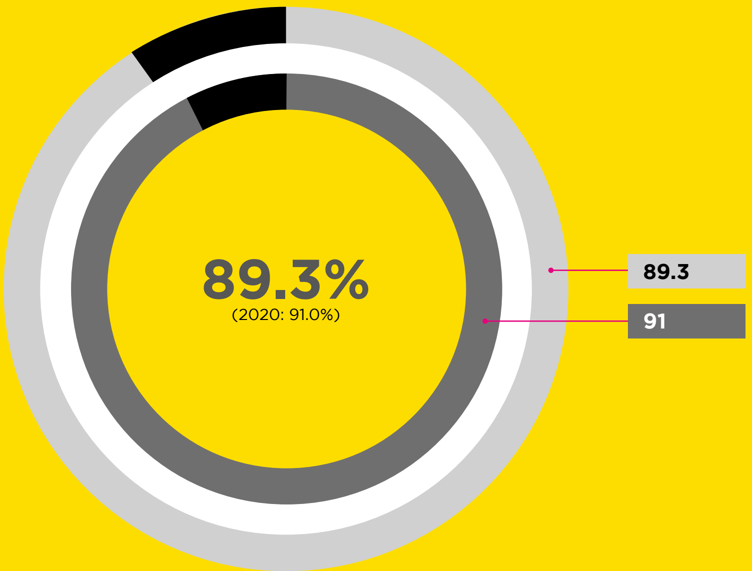
GROUP REVENUE



GROUP PROFIT BEFORE TAX



GROUP TOTAL ASSETS



3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT (CONT.)

The remaining 15.7% (2020: 17.8%) of total Group revenue, 13.4% (2020: 8.2%) of the total profits and losses that made up Group profit before tax and 9.7% (2020: 9%) of total Group assets is represented by 68 (2020: 61) of reporting components, none of which individually represented more than 3% (2020: 3%) of any of total Group revenue, Group profit before tax or total Group assets. For these 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 the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from £2.0m to £13.2m (2020: £1.0m to £11.4m), having regard to the mix of size and risk profile of the Group across the components. The work on 7 of the 11 components (2020: 6 of the 10 components) was performed by component auditors and the rest, including the audit of the Parent Company, was performed by the Group team. The Group team performed procedures on the items excluded from normalised Group profit before tax.

Site visits were prevented by movement restrictions relating to COVID-19 pandemic. Instead the Group team attended video and telephone conference meetings with 6 (2020: 5) component teams from Spain, Portugal, France, USA, Australia and Footasylum to assess the audit risk and strategy. 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.

4. WE HAVE NOTHING TO REPORT ON GOING CONCERN

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

An explanation of how we evaluated management's assessment of going concern is set out in the related key audit matter in section 2 of this report.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing 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 the going concern period; and
- the related statement under the Listing Rules set out on page 77 to 78 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5. FRAUD AND BREACHES OF LAWS AND REGULATIONS – ABILITY TO DETECT

Identifying and responding to risks of material misstatement due to fraud
To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors, the Audit Committee and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit Committee meeting minutes.
- Considering remuneration incentive schemes and performance targets for management and Directors including the profit target for management remuneration.
- Using analytical procedures to identify any unusual or unexpected relationships.

We remained alert to any indications of fraud throughout the audit. This included communication from the Group to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at Group.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls, page 174 of the Audit Committee report.

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence, and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

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 full-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the Group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at Group.

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

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

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: competition rules, health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation recognising the regulated nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management, and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We discussed with the Audit Committee other matters related to actual or suspected breaches of laws or regulations, for which disclosure is not necessary, and considered any implications for our audit.

Context of the ability of the audit to detect fraud or breaches of law or regulation
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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

Disclosures of emerging and principal risks and longer-term viability
We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the viability statement page 77 to 78 that they have carried out a robust assessment of the emerging and 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 how emerging risks are identified, 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.

We are also required to review the viability statement, set out on page 77 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

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

Corporate governance disclosures
We are required to perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- 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;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

7. 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.

8. RESPECTIVE RESPONSIBILITIES

Directors' responsibilities
As explained more fully in their statement set out on page 210 and 211, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or 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 or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. 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.

Frances Simpson
(Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St. Peter's Square, Manchester, M2 3AE
13 April 2021

For the 52 weeks ended 30 January 2021

	Note	52 weeks to 30 January 2021 £m	52 weeks to 30 January 2021 £m	52 weeks to 1 February 2020 £m	52 weeks to 1 February 2020 £m
Revenue			**6,167.3**		6,110.8
Cost of sales			**(3,205.7)**		(3,236.0)
Gross profit			**2,961.6**		2,874.8
Selling and distribution expenses			**(2,126.4)**		(2,020.2)
Administrative expenses – normal		**(381.2)**		(348.6)	
Administrative expenses – exceptional	4	**(97.3)**		(90.3)	
Administrative expenses			**(478.5)**		(438.9)
Sales commission			**15.2**		5.7
Other operating income			**13.1**		5.2
Operating profit before financing			**385.0**		426.6
Before exceptional items			**482.3**		516.9
Exceptional items	4		**(97.3)**		(90.3)
Financial income	7		**1.5**		1.7
Financial expenses	8		**(62.5)**		(79.8)
Net financial expense			**(61.0)**		(78.1)
Profit before tax	3		**324.0**		348.5
Income tax expense	9		**(94.8)**		(97.8)
Profit for the period			**229.2**		250.7
Attributable to equity holders of the parent			**224.3**		246.1
Attributable to non-controlling interest	25		**4.9**		4.6
Basic earnings per ordinary share	10		**23.05p**		25.29p
Diluted earnings per ordinary share	10		**23.05p**		25.29p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 52 weeks ended 30 January 2021

	52 weeks to 30 January 2021 £m	52 weeks to 1 February 2020 £m
Profit for the period	**229.2**	250.7
Other comprehensive income:		
Items that may be classified subsequently to the Consolidated Income Statement:		
Exchange differences on translation of foreign operations	**(20.0)**	(21.5)
Total other comprehensive income for the period	**(20.0)**	(21.5)
Total comprehensive income and expense for the period (net of income tax)	**209.2**	229.2
Attributable to equity holders of the parent	**200.7**	227.2
Attributable to non-controlling interest	**8.5**	2.0

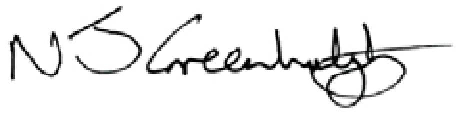
The accompanying notes form part of these financial statements.

As at 30 January 2021

	Note	As at 30 January 2021 £m	As at 1 February 2020 £m
Assets			
Intangible assets	12	**819.7**	413.7
Property, plant and equipment	13	**2,316.4**	2,420.1
Other assets	15	**63.2**	47.9
Investment in associates		**2.7**	2.6
Deferred tax assets	23	**40.6**	–
Total non-current assets		**3,242.6**	2,884.3
Inventories	16	**813.7**	811.8
Trade and other receivables	17	**141.2**	183.9
Cash and cash equivalents	18	**964.4**	465.9
Total current assets		**1,919.3**	1,461.6
Total assets		**5,161.9**	4,345.9
Liabilities			
Interest-bearing loans and borrowings	19	**(120.9)**	(20.4)
Lease liabilities	14	**(301.8)**	(285.0)
Trade and other payables	21	**(1,102.0)**	(900.7)
Provisions	22	**(0.7)**	–
Income tax liabilities		**(29.5)**	(34.3)
Total current liabilities		**(1,554.9)**	(1,240.4)
Interest-bearing loans and borrowings	19	**(48.1)**	(15.6)
Lease liabilities	14	**(1,628.0)**	(1,707.7)
Other payables	21	**(374.4)**	(80.5)
Provisions	22	**(5.1)**	–
Deferred tax liabilities	23	**(55.0)**	(12.5)
Total non-current liabilities		**(2,110.6)**	(1,816.3)
Total liabilities		**(3,665.5)**	(3,056.7)
Total assets less total liabilities		**1,496.4**	1,289.2
Capital and reserves			
Issued ordinary share capital	24	**2.4**	2.4
Share premium		**11.7**	11.7
Retained earnings		**1,560.8**	1,245.7
Other reserves		**(336.2)**	(40.6)
Total equity attributable to equity holders of the parent		**1,238.7**	1,219.2
Non-controlling interest	25	**257.7**	70.0
Total equity		**1,496.4**	1,289.2

The accompanying notes form part of these financial statements.

These financial statements were approved by the Board of Directors on 13 April 2021 and were signed on its behalf by:



N Greenhalgh
Director
Registered number: 1888425

For the 52 weeks ended 30 January 2021

	Ordinary share capital	Share premium	Retained earnings	Other equity	Foreign currency translation reserve	Total equity attributable to equity holders of the parent	Non-controlling interest	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 2 February 2019	**2.4**	**11.7**	**1,016.3**	**(36.3)**	**14.7**	**1,008.8**	**68.0**	**1,076.8**
Profit for the period	–	–	246.1	–	–	**246.1**	4.6	**250.7**
Other comprehensive income:								
Exchange differences on translation of foreign operations	–	–	–	–	(18.9)	**(18.9)**	(2.6)	**(21.5)**
Total other comprehensive income	–	–	–	–	(18.9)	**(18.9)**	(2.6)	**(21.5)**
Total comprehensive income for the period	–	–	246.1	–	(18.9)	**227.2**	2.0	**229.2**
Dividends to equity holders	–	–	(16.7)	–	–	**(16.7)**	(1.3)	**(18.0)**
Put options held by non-controlling interests	–	–	–	(0.1)	–	**(0.1)**	–	**(0.1)**
Non-controlling interest arising on acquisition	–	–	–	–	–	**–**	1.3	**1.3**
Balance at 1 February 2020	**2.4**	**11.7**	**1,245.7**	**(36.4)**	**(4.2)**	**1,219.2**	**70.0**	**1,289.2**
Profit for the period	–	–	224.3	–	–	**224.3**	4.9	**229.2**
Other comprehensive income:								
Exchange differences on translation of foreign operations	–	–	–	–	(23.6)	**(23.6)**	3.6	**(20.0)**
Total other comprehensive income	–	–	–	–	(23.6)	**(23.6)**	3.6	**(20.0)**
Total comprehensive income for the period	–	–	224.3	–	(23.6)	**200.7**	8.5	**209.2**
Dividends to equity holders	–	–	–	–	–	**–**	(1.2)	**(1.2)**
Put options held by non-controlling interest	–	–	–	(272.0)	–	**(272.0)**	–	**(272.0)**
Aquisition of non-controlling interest	–	–	(3.7)	–	–	**(3.7)**	(1.7)	**(5.4)**
Divestment of non-controlling interest	–	–	94.5	–	–	**94.5**	181.4	**275.9**
Non-controlling interest arising on acquisition	–	–	–	–	–	**–**	0.4	**0.4**
Non-controlling interest share capital issued	–	–	–	–	–	–	0.3	**0.3**
Balance at 30 January 2021	**2.4**	**11.7**	**1,560.8**	**(308.4)**	**(27.8)**	**1,238.7**	**257.7**	**1,496.4**

The accompanying notes form part of these financial statements.

For the 52 weeks ended 30 January 2021

	Note	52 weeks to 30 January 2021	52 weeks to 1 February 2020
		£m	£m
Cash flows from operating activities			
Profit for the period		**229.2**	250.7
Income tax expense	9	**94.8**	97.8
Financial expenses	8	**62.5**	79.8
Financial income	7	**(1.5)**	(1.7)
Depreciation and amortisation of non-current assets	3	**499.2**	450.0
Forex losses on monetary assets and liabilities		**3.6**	9.9
Impairment of other intangibles and non-current assets		**8.7**	12.9
Loss on disposal of non-current assets		**1.2**	6.3
Other exceptional items		**2.9**	47.2
Impairment of goodwill and fascia names (exceptional)	3	**89.5**	43.1
Impairment of property, plant and equipment (exceptional)	3	**4.9**	–
Decrease / (increase) in inventories		**63.5**	(9.5)
Decrease / (increase) in trade and other receivables		**46.2**	(13.0)
Increase in trade and other payables		**150.8**	58.1
Interest paid		**(7.6)**	(7.9)
Lease interest	14	**(54.9)**	(71.9)
Income taxes paid		**(130.4)**	(97.8)
Net cash from operating activities		**1,062.6**	854.0
Cash flows from investing activities			
Interest received		**1.5**	1.7
Proceeds from sale of non-current assets		**2.1**	3.1
Investment in software	12	**(19.1)**	(23.2)
Acquisition of property, plant and equipment	13	**(105.2)**	(147.2)
Acquisition of non-current other assets	12,15	**(7.7)**	(6.8)
Acquisition of subsidiaries, net of cash acquired		**(206.3)**	(89.3)
Net cash used in investing activities		**(334.7)**	(261.7)
Cash flows from financing activities			
Draw down / (repayment) of interest-bearing loans and borrowings		**51.6**	(88.6)
Repayment of lease liabilities	29	**(285.2)**	(264.8)
Subsidiary shares issued in the period		**0.3**	–
Acquisition and divestment of non-controlling interests		**(5.2)**	–
Equity dividends paid	26	**–**	(16.7)
Dividends paid to non-controlling interest in subsidiaries		**(1.2)**	(1.3)
Net cash used in financing activities		**(239.7)**	(371.4)
Net increase in cash and cash equivalents	29	**488.2**	220.9
Cash and cash equivalents at the beginning of the period	29	**460.3**	237.7
Foreign exchange gains on cash and cash equivalents	29	**0.2**	1.7
Cash and cash equivalents at the end of the period	29	**948.7**	460.3

The accompanying notes form part of these financial statements.

1. Basis of Preparation

GENERAL INFORMATION

JD Sports Fashion Plc (the 'Company') is a company incorporated and domiciled in the United Kingdom. The financial statements for the 52 week period ended 30 January 2021 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 13 April 2021.

BASIS OF PREPARATION

These Group financial statements were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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 36 and 83 respectively. In addition, details of financial instruments and exposures to interest rate, foreign currency, credit and liquidity risks are outlined in Note 20.

GOING CONCERN

The global COVID-19 pandemic has presented a series of unprecedented challenges which have severely tested all aspects of our business including our multichannel capabilities, the robustness of our operational infrastructure and the resilience of our colleagues. Whilst COVID-19 has inevitably constrained our short term progress, we firmly believe that we have a robust premium branded multichannel proposition with our loyal consumers comfortable engaging with us in any channel.

The financial statements are prepared on a going concern basis, which the Directors believe to be appropriate for the following reasons.

At 30 January 2021, the Group had net cash balances of £795.4 million (2020: £429.9 million) with available committed UK borrowing facilities of £700 million (2020: £700 million) of which £nil (2020: £nil) has been drawn down (see Note 19) and US facilities of approximately $300 million of which $nil was drawn down. These facilities are subject to certain covenants (see Note 19). With a UK facility of £700 million available up to 6 November 2024 and a US facility of approximately $300m available up until 18 June 2023, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Since the year end, the Company completed the placing of new ordinary shares in the capital of the Company raising gross proceeds of approximately £456.0 million after costs. In addition, the Group has completed acquisitions in the new year to date with aggregate cash consideration paid of approximately £380 million. The Group had net cash of £709.5 million as at 6 April 2021.

The Directors have prepared cash flow forecasts for the Group covering a period of at least 12 months from the date of approval of these financial statements, which indicate that the Group will be able to operate within the level of its agreed facilities and

1. Basis of Preparation (continued)

covenant compliance. These forecasts include a number of assumptions including gross profit margins and the response of customers to transition from physical sales to online and vice versa as lockdown restrictions ease. For the purposes of both Viability and Going Concern Reporting, the Directors have prepared severe but plausible downside scenarios which cover the same period as the base case, including specific consideration of a range of impacts that could arise from the continued COVID-19 pandemic. These scenarios included more prolonged store closures, transition from physical sales to online and disruptions to supply chain causing delays in receiving stock. As part of this analysis, mitigating actions within the Group's control should these severe but plausible scenarios occur have also been considered. These forecast cash flows indicate that there remains sufficient headroom for the Group to operate within the committed facilities and to comply with all relevant banking covenants during the forecast period.

The Directors have considered all of the factors noted above, including the inherent uncertainty in forecasting the impact of the COVID-19 pandemic, and are confident that the Group has adequate resources to continue to meet all liabilities as and when they fall due for a period of at least 12 months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

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 IFRS 10 'Consolidated Financial Statements', upon a change in ownership interest in a subsidiary without a loss of control, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent. Acquisitions or disposals of non-controlling interests are therefore accounted for as transactions with owners in their capacity as owners and no goodwill is recognised as a result of such transactions. Associated transaction costs are accounted for within equity.

1. Basis of Preparation (continued)

ALTERNATIVE PERFORMANCE MEASURES
The Directors measure the performance of the Group based on a range of financial measures, including measures not recognised by international financial reporting standards ('IFRS') adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. 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 Alternative Performance Measures section on page 329.

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 the consolidated results or financial position:

- Amendments to References to the Conceptual Framework in IFRS Standards.
- Amendments to IFRS 3 'Definition of a Business'
- Amendments to IAS 1 and IAS 8 'Definition of Material'
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 'Interest Rate Benchmark Reform'

AMENDMENT TO IFRS 16 'LEASES COVID-19 RELATED RENT CONCESSIONS'
This amendment to IFRS16 provided an accounting policy choice for lessees where a COVID-19 related rent concession had been received or granted from a landlord. The Group has elected not to account for COVID-19 related rent concessions under the amendment effective from 1 June 2020. The Group instead continues to remeasure right of use assets and lease liabilities following the lease modification definitions within IFRS16 as originally issued, recalculating using a revised discount rate where applicable.

OTHER
The Group continues to monitor the potential impact of other new standards and interpretations which may be endorsed and require adoption by the Group in future reporting periods. The Group does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS
The preparation of financial statements in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates disclosed below are those which have a significant risk of causing

1. Basis of Preparation (continued)

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
The following critical accounting estimates are new as a result of the acquisition of Shoe Palace or, with reference to Footasylum, have been revised due to changes during the financial period ended 30 January 2021 impacting the carrying value of the intangible assets:

DETERMINATION OF THE FAIR VALUE OF ASSETS AND LIABILITIES ON ACQUISITION
Included within critical accounting policies in the current year is the valuation of the intangible assets recognised as part of the acquisition of Shoe Palace (see Note 11). The estimates used in the valuation of the intangible assets are considered to have a significant risk of causing a material misstatement, specifically; the estimation of future cash flows, the useful economic life of the asset, the selection of suitable royalty relief rates and the selection of a suitable discount rate.

The key assumption used by management in the valuation of the fascia name was the royalty rate. The royalty rate assumption used in the valuation was estimated based on published comparable licence fees in the sports fashion market and a calculation of the expected return on assets of the Shoe Palace business. If the royalty rate used in the valuation was 1% higher or lower, this would lead to a change in the fascia name valuation of plus or minus £25.1 million. 1% was determined to be a reasonable royalty rate sensitivity by comparing the royalty rate used to publicly disclosed licensing transactions related to the retail of sportswear and footwear.

FOOTASYLUM ACQUISITION
The Competition and Markets Authority ('CMA') announced in its Final Report in May 2020 that it had decided to prohibit the merger with Footasylum and that, consequently, it required the Group to fully divest its investment. This decision was subsequently quashed on appeal in November 2020 by the Competition Appeal Tribunal ('CAT') who determined that the case should be passed back to the CMA for full reconsideration. Subsequently, the CMA asked both the CAT and the Court of Appeal for leave to appeal the CAT's decision but, on each occasion, this was refused. Accordingly, the merger with Footasylum will now be re-examined by the CMA, a process expected to take several months.

The continuation of the temporary store closures into the new financial year together with the reduction in the support available for local authority rates have inevitably had a negative impact on the expectations for the performance of Footasylum in the year to 29 January 2022. Further, there is inevitably considerable uncertainty as to whether levels of footfall into the Footasylum stores, which attract an older demographic than JD, will recover to historic levels which could adversely impact the longer term viability of certain stores. As a consequence, the financial projections no longer support the carrying value of the fascia name and goodwill which arose on the acquisition in the year to 1 February 2020 with a charge of £55.6 million recognised in relation to the impairment of these assets.

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

1. Basis of Preparation (continued)

groups of cash-generating units, being portfolios of stores or individual businesses. The cash-generating units used to monitor goodwill and test it for impairment are therefore the store portfolios and individual businesses rather than individual stores, as the cash flows of individual stores are not considered to be independent. The recoverable amounts of these cash-generating units are determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the cash-generating unit and the choice of a suitable discount rate in order to calculate the present value. See Note 12 for further disclosure on impairment of goodwill and review of the key assumptions used.

IMPAIRMENT OF OTHER INTANGIBLE ASSETS WITH DEFINITE LIVES
The Group is required to assess whether there is an indication that other intangible assets with a definite useful economic life have suffered any impairment. The recoverable amount of brand names is based on an estimation of future sales and the choice of a suitable royalty and discount rate in order to calculate the present value, when this method is deemed the most appropriate. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the asset until the licence expiry date and the choice of a suitable discount rate in order to calculate the present value. Impairment losses are recognised in the Consolidated Income Statement. Note 12 provides further disclosure on impairment of other intangible assets with definite lives, including review of the key assumptions used.

PROVISIONS TO WRITE INVENTORIES DOWN TO NET REALISABLE VALUE
The Group makes provisions for obsolescence, mark downs and shrinkage based on historical experience, 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.

VALUATION OF ROLLING LEASES
In initially applying IFRS16 Leases, the Group has applied judgement to determine the lease term for certain lease contracts in which the Group is a lessee that either have no specified end date, or where the Group continues to occupy the property despite the contractual lease end date having passed. In determining the lease term, the Group takes into consideration its commercial strategy on a store by store basis and the future intentions of the Group regarding the duration of continuing occupation of the property. For lease contracts falling into these parameters, the associated lease liability is calculated at the present value of the minimum lease payments over the estimated lease term, discounted at the Group's incremental cost of borrowing. A corresponding right of use asset is also recognised.

IBERIAN SPORTS RETAIL GROUP PUT OPTION
The Group holds Put Options over part of the remaining Non-Controlling Interest in Iberian Sport Retail Group and these options are required to be fair valued at each accounting period date. A valuation has been performed by management using an EBITDA multiple, a suitable discount rate and approved forecasts. The valuation is considerably higher than the previous year which is primarily due to an improved forecast trading performance. Sensitivity was performed over the key variable inputs to the valuation of the

1. Basis of Preparation (continued)

put options, being the discount rate and the approved forecasts. A discount rate increase of 1% would result in a reduction in the put option liability of £0.9 million and an increase of 1% to the forecasted EBITDA % would result in an increase in the put option liability of £0.6 million. 1% was determined to be a reasonable variance to demonstrate the sensitivity of the put option valuation to the key inputs used.

OTHER ACCOUNTING ESTIMATES

GENESIS TOPCO PUT-OPTIONS
Following the acquisition of Shoe Palace, the Group now holds Put Options over 20% of the Non-Controlling Interest in the Genesis Topco sub-group. A valuation has been performed using an EBITDA multiple, a suitable discount rate and approved forecasts and the initial liability has been recognised with the corresponding entry to Other Equity in accordance with the present access method of accounting. These options are required to be fair valued at each accounting period date. Given the proximity of the transaction to the reporting date, the estimation uncertainty as at the current reporting date is limited, however in future periods this estimation uncertainty will be significant. Sensitivity was performed over the key variable inputs to the valuation of the put options, being the discount rate and the approved forecasts. A discount rate increase of 1% would result in a reduction in the put option liability of £13.9 million and an increase of 1% to the forecasted EBITDA % would result in an increase in the put option liability of £14.7 million. 1% was determined to be a reasonable variance to demonstrate the sensitivity of the put option valuation to the key inputs used.

REVENUE RECOGNITION
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of price discounts and sales related taxes.

GOODS SOLD THROUGH RETAIL STORES AND TRADING WEBSITES
In the case of goods sold through the retail stores and trading websites, revenue is recognised when goods are sold and the title has passed, less provision for returns. Accumulated experience is used to estimate and provide for such returns at the time of the sale and this provision is included within accruals. Retail sales are usually in cash, by debit card or by credit card.

- For online sales and click and collect orders, where the customer pays online but collects in store, title is deemed to have passed when the goods are dispatched from the warehouse.
- For reserve and collect, where the customer reserves online but pays at the point of collection from the store, the title is deemed to have passed when the goods are collected by the customer.

WHOLESALE REVENUE
Wholesale revenue is recognised when goods are dispatched and the title and control over a product have passed to the customer. In some instances, goods are sold with a right of return. Where wholesale goods are sold with a right of return, a provision is made to estimate the expected level of returns based on accumulated experience and historical rates. The provision for returns is included within accruals. Wholesale sales are either settled by cash received in advance of the goods being dispatched or made on agreed credit terms.

1. Basis of Preparation (continued)

GYM MEMBERSHIP REVENUE
Revenue from the sale of fitness club memberships is recognised in the period the membership relates to. JD Gyms offers gym membership with no contract therefore income related to joining fees are recognised immediately on the basis that the related service has been performed. For new club openings, memberships are sold and joining fees are collected in the period before the new club is opened. Membership income received in advance of the club opening is deferred until the club is open and then recognised on an accruals basis over the related membership period.

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.

OTHER ACCOUNTING POLICIES

FURLOUGH RECEIPTS
Furlough income is recognised in the Consolidated Financial Statements when it can be reliably measured which the Group considers to be on receipt. In accordance with IAS 20 Government Grants the furlough income of £86.1 million has been shown as a deduction from employed staff costs in the period ended 30 January 2021.

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 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.

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 asset of £40.6 million and a deferred tax liability of £55.0 million (2020: net liability of £12.5 million) and an income tax liability of £29.5 million (2020: £34.3 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.

BUSINESS SEGMENTS

Information regarding the Group's reportable operating segments for the 52 weeks to 30 January 2021 is shown below:

	Sports Fashion	Outdoor	Unallocated	Total
Income statement	£m	£m	£m	£m
Gross revenue	5,808.2	359.1	–	**6,167.3**
Intersegment revenue	(0.2)	0.2	–	**–**
Revenue	5,808.0	359.3	–	**6,167.3**
Gross profit %	48.4%	42.2%	–	**48.0%**
Operating profit / (loss) before exceptional items	484.7	(2.4)	–	**482.3**
Exceptional items	(76.9)	(20.4)	–	**(97.3)**
Operating profit / (loss)	407.8	(22.8)	–	**385.0**
Financial income	–	–	1.5	**1.5**
Financial expenses	(51.2)	(3.7)	(7.6)	**(62.5)**
Profit / (loss) before tax	356.6	(26.5)	(6.1)	**324.0**
Income tax expense				**(94.8)**
Profit for the period				**229.2**

	Sports Fashion	Outdoor	Unallocated	Eliminations	Total
Total assets and liabilities	£m	£m	£m	£m	£m
Total assets	4,940.2	293.2	40.6	(112.1)	5,161.9
Total liabilities	(3,420.3)	(272.8)	(84.5)	112.1	(3,665.5)
Total segment net assets / (liabilities)	**1,519.9**	**20.4**	**(43.9)**	**–**	**1,496.4**

2. Segmental Analysis (continued)

Other segment information	Sports Fashion £m	Outdoor £m	Total £m
Capital expenditure:			
Software development	19.1	–	**19.1**
Property, plant and equipment	102.1	3.1	**105.2**
Right of use assets	168.3	46.6	**214.9**
Non-current other assets	7.7	–	**7.7**
Depreciation, amortisation and impairments:			
Depreciation and amortisation of non-current assets	161.8	16.0	**177.8**
Depreciation and amortisation of right of use assets	301.5	19.9	**321.4**
Impairment of intangible assets (exceptional items)	56.2	33.3	**89.5**
Impairment of non-current assets (exceptional items)	–	4.9	**4.9**
Impairment of non-current assets (non-exceptional items)	4.9	0.4	**5.3**
Impairment of right of use assets (non-exceptional items)	2.4	1.0	**3.4**

The comparative segmental results for the 52 weeks to 1 February 2020 are shown below:

Income statement	Sports Fashion £m	Outdoor £m	Unallocated £m	Total £m
Revenue	5,696.8	414.0	–	**6,110.8**
Gross profit %	47.4%	41.9%	–	**47.0%**
Operating profit before exceptional items	533.2	(16.3)	–	**516.9**
Exceptional items	(40.6)	(49.7)	–	**(90.3)**
Operating profit / (loss)	492.6	(66.0)	–	**426.6**
Financial income	–	–	1.7	**1.7**
Financial expenses	(64.7)	(7.2)	(7.9)	**(79.8)**
Profit / (loss) before tax	**427.9**	**(73.2)**	**(6.2)**	348.5
Income tax expense				**(97.8)**
Profit for the period				**250.7**

Total assets and liabilities	Sports Fashion £m	Outdoor £m	Unallocated £m	Eliminations £m	Total £m
Total assets	4,047.7	411.7	–	(113.5)	4,345.9
Total liabilities	(2,723.5)	(393.9)	(52.8)	113.5	(3,056.7)
Total segment net assets / (liabilities)	**1,324.2**	**17.8**	**(52.8)**	**–**	**1,289.2**

Other segment information	Sports Fashion £m	Outdoor £m	Total £m
Capital expenditure:			
Software development	23.2	–	**23.2**
Property, plant and equipment	138.4	8.8	**147.2**
Right of use assets	408.5	9.6	**418.1**
Non-current other assets	6.8	–	**6.8**
Depreciation, amortisation and impairments:			
Depreciation and amortisation of non-current assets	132.3	14.4	**146.7**
Depreciation and amortisation of right of use assets	274.9	28.4	**303.3**
Impairment of intangible assets (exceptional Items)	0.6	42.5	**43.1**
Impairment of non-current assets (non-exceptional Items)	5.0	–	**5.0**
Impairment of right of use assets	7.0	0.8	**7.8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Segmental Analysis (continued)

GEOGRAPHICAL INFORMATION

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

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

Revenue	52 weeks to 30 January 2021 £m	52 weeks to 1 February 2020 £m
UK	**2,527.0**	2,599.2
Europe	**1,579.4**	1,619.2
US	**1,780.5**	1,611.0
Rest of world	**280.4**	281.4
	6,167.3	6,110.8

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. Taxation is treated as unallocated reflecting the nature of the Group's tax group.

Non-current assets	2021 £m	2020 £m
UK	**1,011.0**	1,296.2
Europe	**1,003.4**	979.2
US	**1,078.6**	497.4
Rest of world	**109.0**	111.5
Unallocated	**40.6**	–
	3,242.6	2,884.3

3. Profit Before Tax

	52 weeks to 30 January 2021 £m	52 weeks to 1 February 2020 £m
Profit before tax is stated after charging:		
Auditor's remuneration:		
Audit of these financial statements (KPMG LLP)	**0.4**	0.2
Amounts receivable by the Company's auditor (KPMG LLP) and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	**1.5**	1.5
Interim review	**0.1**	0.1
Depreciation and amortisation of non-current assets:		
Depreciation of property, plant and equipment	**458.2**	409.2
Amortisation of intangible assets	**41.0**	40.8
Impairments of non-current assets:		
Property, plant and equipment (exceptional)	**4.9**	–
Property, plant and equipment (non-exceptional)	**8.6**	12.2
Goodwill & fascia names (exceptional)	**89.5**	43.1
Other intangibles assets (non-exceptional)	**0.1**	0.7
Loss on disposal of non-current assets	**1.2**	6.3
Rentals payable under non-cancellable operating leases for:		
Land and buildings – non-contingent rentals payable	**37.9**	36.2
Land and buildings – contingent rentals payable	**3.4**	21.4
Other – plant and equipment	**0.5**	1.3
Movement in the fair value of forward contracts	**31.5**	–
Profit before tax is stated after crediting:		
Sales commission received	**15.2**	5.7
Sundry income	**13.1**	5.2
Movement in the fair value of forward contracts	**–**	1.7
Foreign exchange gain recognised	**18.5**	2.1

In addition, fees of £0.1 million (2020: £0.1 million) were incurred and paid to KPMG LLP by Pentland Group Limited 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 and store deposits associated with the acquisition of leasehold interests (see Note 15).

Since transition to IFRS 16 on 2 February 2019, only lease rentals in relation to contingent rents, low value assets or short term leases have been charged to the Income Statement. The contingent rents shown above relate to turnover rents which are impacted by changes in sales at certain stores where the lease includes an element of turnover rent. The non-contingent rentals payable relate to rents payable for low value assets or short term leases.

4. Exceptional Items

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

The separate reporting of exceptional items, which are presented as exceptional within the relevant category in the Consolidated Income Statement, helps provide an indication of the Group's underlying business performance. The principal items which may be included as exceptional items are:

- Profit / (loss) on the disposal of non-current assets
- Impairment of right of use assets
- 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

	52 weeks to 30 January 2021 £m	52 weeks to 1 February 2020 £m
Impairment of goodwill and fascia names[1]	**56.2**	43.1
Movement in fair value of put and call options[2]	**20.7**	31.4
Restructuring of Go Outdoors[3]	**20.4**	–
Integration of Outdoor systems and warehousing[4]	**–**	7.2
Integration of Sport Zone into Sprinter infrastructure[5]	**–**	8.6
Administrative expenses – exceptional	**97.3**	90.3

(1) The impairment in the current period primarily relates to the impairment of goodwill and fascia name arising in prior years on the acquisition of Footasylum (£55.6m). The impairment in the prior period relates to the impairment of the goodwill arising in prior years on the acquisition of Go Outdoors Topco Limited and Choice Limited (see Note 12).
(2) Movement in the fair value of the liabilities in respect of the put and call options (see Note 21).
(3) The net impact consequent to the restructuring of Go Outdoors in the period including a charge of £33.3 million in relation to the impairment of intangible assets, a charge of £4.9 million in relation to the impairment of leasehold improvements and a credit of £17.8 million in relation to the extinguishment of lease commitments.
(4) The costs arising in the prior period relates to the integration and consolidation of the principal IT systems, warehousing and other infrastructure in Go Outdoors.
(5) The prior period costs associated with transferring the stocks and other operations of Sport Zone into the Sprinter infrastructure.

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

5. Remuneration of Directors

The remuneration of the Executive Directors includes provision for future LTIP payments of £0.3m (2020: £0.2m). Further information on Directors' emoluments is shown in the Directors' Remuneration Report on page 179.

In the opinion of the Board, the key management as defined under revised IAS 24 'Related Party Disclosures' are the seven Executive and Non-Executive Directors (2020: seven). During the year there was one (2020: one) Director within the defined contribution pension scheme. Full disclosure of the Directors' remuneration is given in the Directors' Remuneration Report on page 179.

	52 weeks to 30 January 2021	52 weeks to 1 February 2020
	£m	£m
Directors' emoluments:		
As Non-Executive Directors	**0.2**	0.2
As Executive Directors	**5.9**	6.4
Pension contributions	**–**	–
	6.1	6.6

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:

	2021	2020
Sales and distribution	**52,234**	51,475
Administration	**2,151**	2,002
	54,385	53,477
Full time equivalents	**37,297**	34,885

The aggregate payroll costs of these persons were as follows:

	52 weeks to 30 January 2021	52 weeks to 1 February 2020
	£m	£m
Wages and salaries	**682.8**	759.4
Social security costs	**79.8**	87.0
Pension costs	**14.7**	13.1
Other employed staff costs	**8.6**	14.3
	785.9	873.8

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.

	52 weeks to 30 January 2021	52 weeks to 1 February 2020
	£m	£m
Bank interest	**1.5**	1.7

8. Financial Expenses

Financial expenses comprise interest payable on interest-bearing loans and borrowings. Financial expenses are recognised in the Consolidated Income Statement on an effective interest method.

	52 weeks to 30 January 2021	52 weeks to 1 February 2020
	£m	£m
On bank loans and overdrafts	**5.7**	6.6
Amortisation of facility fees	**1.5**	1.0
Lease interest (Note 14)	**54.9**	71.9
Other interest	**0.4**	0.3
Financial expenses	**62.5**	79.8

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.

9. Income Tax Expense (continued)

	52 weeks to 30 January 2021 £m	52 weeks to 1 February 2020 £m
Current tax		
UK corporation tax at 19.0% (2020: 19.0%)	**129.8**	106.7
Adjustment relating to prior periods	**(3.6)**	(2.6)
Total current tax charge	**126.2**	104.1
Deferred tax		
Deferred tax (origination and reversal of temporary differences)	**(28.0)**	(4.7)
Adjustment relating to prior periods	**(3.4)**	(1.6)
Total deferred tax credit	**(31.4)**	(6.3)
Income tax expense	**94.8**	97.8

	52 weeks to 30 January 2021 £m	52 weeks to 1 February 2020 £m
Profit before tax multiplied by the standard rate of corporation tax 19.0% (2020: 19.0%)	**61.6**	66.2
Effects of:		
Expenses not deductible	**10.9**	12.8
Depreciation and impairment of non-qualifying non-current assets (including brand names arising on consolidation)	**8.6**	10.9
Non taxable income	**(0.5)**	(1.1)
Effect of tax rates in foreign jurisdictions	**6.8**	6.3
Research and development tax credits and other allowances	**(0.3)**	(0.3)
Recognition of previously unrecognised tax losses	**–**	(0.2)
Reduction in tax rate	**0.5**	(1.2)
Change in unrecognised temporary differences	**5.6**	4.3
Over provided in prior periods	**(7.0)**	(4.2)
Other taxes due	**8.6**	4.3
Income tax expense	**94.8**	97.8

10. Earnings Per Ordinary Share

BASIC AND DILUTED EARNINGS PER ORDINARY SHARE

The calculation of basic and diluted earnings per ordinary share at 30 January 2021 is based on the profit for the period attributable to equity holders of the parent of £224.3 million (2020: £246.1 million) and a weighted average number of ordinary shares outstanding during the 52 week period ended 30 January 2021 of 973,233,160 (2020: 973,233,160).

	52 weeks to 30 January 2021 Number	52 weeks to 1 February 2020 Number
Issued ordinary shares at beginning and end of period	**973,233,160**	973,233,160

10. Earnings Per Ordinary Share (continued)

ADJUSTED BASIC AND DILUTED EARNINGS PER ORDINARY SHARE

Adjusted basic and diluted earnings per ordinary share have been based on the profit for the period attributable to equity holders of the parent for each financial period but excluding the post-tax effect of certain exceptional items. The Directors consider that this gives a more useful measure of the underlying performance of the Group.

	Note	52 weeks to 30 January 2021 £m	52 weeks to 1 February 2020 £m
Profit for the period attributable to equity holders of the parent		**224.3**	246.1
Exceptional items excluding loss on disposal of non-current assets	4	**97.3**	90.3
Tax relating to exceptional items		**(8.3)**	(3.0)
Profit for the period attributable to equity holders of the parent excluding exceptional items		**313.3**	333.4
Adjusted basic and diluted earnings per ordinary share		**32.19p**	34.26p
Unadjusted basic and diluted earnings per ordinary share		**23.05p**	25.29p

11. Acquisitions

BUSINESS COMBINATIONS

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect the returns through its power over the entity.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the Consolidated Income Statement.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and the settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the Consolidated Income Statement.

The valuation techniques used for measuring the fair value of material assets acquired are as follows:

- Assembled workforce - In accordance with IAS 38, the assembled workforce should not be recognised as a separate intangible asset but is subsumed within goodwill. The assembled workforce is valued using the cost savings method which estimates the costs saved by the acquirer from purchasing the asset versus building or developing the asset internally.

11. Acquisitions (continued)

- Intangible assets (computer software) - The cost approach is used which reflects the amount that would be required to currently replace the service capacity of an asset (often referred to as current replacement cost).
- Intangible assets (fascia names and brand names) – The relief from royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the intangible assets being owned.
- 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.
- Leases - a right of use asset and lease liability are recognised, measured as if the acquired lease were a new lease at the date of acquisition. The fair value of the acquired leases is estimated by comparing the annual rent to a normalised rent level based on a market-oriented occupancy rate.
- The difference is calculated over the remaining lease term and discounted at the estimated pre-tax discount rate, adjusting the value of the right of use asset recognised under IFRS16 Leases. The lease liability recognised is measured at the present value of the remaining lease payments, using a discount rate determined in accordance with IFRS 16 at the date of acquisition.
- Owned property - The cost approach considers the cost to replace the existing improvements, less accrued depreciation, plus the fair value of the land. The value of the properties is derived by adding the estimated value of the land to the cost of constructing a reproduction or replacement for the improvements and then subtracting the amount of depreciation.
- Property, plant and equipment – The depreciated replacement cost new valuation approach is utilised reflecting adjustments for physical deterioration as well as functional and economic obsolescence.

CURRENT PERIOD ACQUISITIONS

Onepointfive Ventures Limited trading as Livestock ('Livestock')
On 10 February 2020, the Group acquired 100% of the issued share capital of Onepointfive Ventures Limited DBA Livestock ('Livestock') through a newly established Canadian holding company (JDSF Holdings (Canada) Inc.) ('Holdco'). Based in Vancouver, this business and its management will provide the platform to develop JD Group fascias in Canada.

Consideration was comprised of £7.0 million in cash, of which £0.6m is deferred, plus 20% of the equity in Holdco. The fair value of the 20% equity in Holdco was £1.8 million.

Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £1.2 million, representing the 'Livestock' fascia name. The Board believes that the excess of consideration paid over net assets on acquisition of £8.4 million is best considered as goodwill on acquisition representing future operating synergies. The goodwill calculation is summarised on the next page:

11. Acquisitions (continued)

	Book value	Measurement adjustments	Fair value as at 10 February 2020
	£m	£m	£m
Acquiree's net assets at acquisition date:			
Intangible assets	–	1.2	**1.2**
Property, plant and equipment	0.5	–	**0.5**
Right of use assets	0.5	–	**0.5**
Inventories	0.5	–	**0.5**
Cash and cash equivalents	(0.8)	–	**(0.8)**
Trade and other receivables	0.1	–	**0.1**
Trade and other payables	(0.5)	–	**(0.5)**
Deferred tax liablity	–	(0.3)	**(0.3)**
Lease liabilities	(0.5)	–	**(0.5)**
Corporation tax	(0.3)	–	**(0.3)**
Net identifiable (liabilities) / assets	(0.5)	0.9	**0.4**
Goodwill on acquisition			**8.4**
Consideration – satisfied in cash			**6.4**
Consideration – fair value of shares issued			**1.8**
Consideration – deferred			**0.6**
Total consideration			**8.8**

Included in the 52 week period ended 30 January 2021 is revenue of £10.1 million and a profit before tax of £1.4 million in respect of Livestock.

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

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

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

The Board believes the excess of cash consideration paid over the net identifiable assets on acquisition of £14.2 million is best considered as goodwill representing future operating synergies. The goodwill calculation is summarised on the next page:

11. Acquisitions (continued)

	Book value £m	Measurement adjustments £m	Fair value at 22 July 2020 £m
Acquiree's net assets at acquisition date:			
Intangible assets	16.3	(16.1)	**0.2**
Property, plant and equipment	7.8	4.4	**12.2**
Trade and other receivables	0.1	(0.1)	**–**
Trade and other payables	–	(1.5)	**(1.5)**
Deferred tax liability	–	(0.9)	**(0.9)**
Net identifiable assets	24.2	(14.2)	**10.0**
Goodwill on acquisition			**14.2**
Consideration paid – satisfied in cash			**24.2**

Included in the 52 week period ended 30 January 2021 is revenue of £8.1 million and a loss before tax of £3.3 million in respect of X4L Gyms Limited.

SHOE PALACE CORPORATION AND NICE KICKS LLC
On 14 December 2020, JD Sports Fashion Plc's wholly owned intermediate holding company in the United States, Genesis Holdings, acquired 100% of the issued shares in both the Shoe Palace Corporation and the members' interests in Nice Kicks LLC (together 'Shoe Palace').

Shoe Palace has an established retail presence in California, Texas, Nevada, Arizona, Florida, Colorado, New Mexico and Hawaii with 163 stores trading under the Shoe Palace fascia and four stores trading as Nice Kicks.

Total consideration for the acquisition was $672.9 million, comprising $316.7 million of cash consideration (of which $100 million has been deferred and will be paid on various dates through 2021) and $356.2 million, being the initial fair value of the equity in the enlarged group in the United States calculated using an EBITDA multiple and approved forecasts. Additionally, several put and call options, to enable future exit opportunities for the minority interest have also been agreed, which commence after the end of the financial year to 1 February 2025. A valuation of these put options has been performed using an EBITDA multiple, a suitable discount rate and approved forecasts and the initial liability of £261.6 million has been recognised with the corresponding entry to Other Equity in accordance with the present access method of accounting. These options are required to be fair valued at each accounting period date.

Included within the provisional fair value of the net identifiable assets on acquisition is an intangible asset of £105.6 million, representing the 'Shoe Palace' fascia name and an intangible asset of £1.2 million, representing the 'Nice Kicks' fascia name. The Board believes that the excess of consideration paid over net assets on acquisition of £408.2 million is best considered as goodwill on acquisition representing future operating synergies. Due to the proximity of the date of the acquisition and the financial period end, it has not been possible to present a final goodwill calculation or the final fair values of the assets and liabilities acquired. The provisional goodwill calculation is summarised on the next page:

11. Acquisitions (continued)

	Book value £m	Measurement adjustments £m	Provisional fair value at 14 December 2020 £m
Acquiree's net assets at acquisition date:			
Intangible assets	0.2	106.8	**107.0**
Property, plant and equipment	22.7	2.9	**25.6**
Right of use assets	139.8	–	**139.8**
Other non-current assets	0.6	–	**0.6**
Inventories	49.7	5.0	**54.7**
Cash and cash equivalents	3.1	–	**3.1**
Bank loans and overdrafts	(1.7)	–	**(1.7)**
Trade and other receivables	10.6	–	**10.6**
Trade and other payables – current	(64.2)	6.4	**(57.8)**
Trade and other payables – non-current	(9.5)	9.5	**–**
Deferred tax liability	–	(32.7)	**(32.7)**
Lease liabilities	(139.8)	–	**(139.8)**
Net identifiable assets	11.5	97.9	**109.4**
Goodwill on acquisition			**408.2**
Consideration – satisfied in cash			**170.4**
Consideration – fair value of shares issued			**274.1**
Consideration – deferred			**73.1**
Total consideration			**517.6**

Included in the 52 week period ended 30 January 2021 is revenue of £56.1 million and a profit before tax of £13.9 million in respect of Shoe Palace.

A NUMBER OF NAMES LIMITED
On 23 December 2020, the Group acquired 100% of the issued share capital of A Number of Names Limited ('ANON'). ANON is primarily a wholesale business with the licence to the Billionaire Boys Club ('BBC') brand in the UK, Europe, Middle East, Africa, Russia, Ukraine, Australia, Canada and certain other territories.

Due to the proximity of the date of the acquisition and the financial period end, it has not been possible to finalise the goodwill calculation or the fair values of the assets and liabilities acquired. The total provisional fair value of consideration recognised at 23 December 2020 was £4.8 million comprising £3.3 million of cash consideration and £1.5 million of deferred consideration that is contingent on ANON meeting certain performance criteria. £1.5 million was deemed to be the provisional fair value of the deferred consideration based on management's judgement and best estimates as at 23 December 2020.

The Board believes the provisional excess of consideration over the net assets acquired of £1.9 million is best considered as goodwill on acquisition representing future operating synergies.

Included in the 52 week period ended 30 January 2021 is revenue of £0.2 million and a break even result before tax in respect of A Number of Names Limited.

OTHER ACQUISITIONS
During the period, the Group made several small acquisitions. These transactions were not material.

11. Acquisitions (continued)

FULL YEAR IMPACT OF ACQUISITIONS
Had the acquisitions of the entities listed above been effected at 2 February 2020, the revenue and profit before tax of the Group for the 52 week period to 30 January 2021 would have been £6.5 billion and £334.9 million respectively.

ACQUISITION COSTS
Acquisition related costs amounting to £4.0 million have been excluded from the consideration transferred and have been recognised as an expense in the year, within administrative expenses in the Consolidated Income Statement.

PRIOR PERIOD ACQUISITIONS

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

On 18 March 2019, in conjunction with the board of Footasylum Plc, JD Sports Fashion Plc announced the terms of an offer to be made for the remaining 81.3% of the ordinary share capital of Footasylum at a price of 82.5 pence per ordinary share. This offer was declared unconditional in all respects on 12 April 2019 with acceptances received for a total of 78,176,481 shares representing a further 74.8% of the issued ordinary share capital. On 26 April 2019, the first bulk transfer was made to acquire an additional 80.5 million shares (in addition to the 19.5 million already owned). The formal process to acquire the remaining Footasylum shares (incl. the dissenting shareholders) was completed on 4 June 2019. Footasylum was delisted on 16 May 2019 and converted from an unlisted Plc to a private company on 19 September 2019.

Footasylum is a UK-based fashion retailer founded in 2005 focusing on the footwear and apparel market. The company operates a multichannel model which combined a store estate of 69 stores on acquisition in a variety of high street, mall and retail park locations in cities and towns throughout Great Britain, complemented by an online platform and a 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.

Included within the fair value of the net identifiable assets on acquisition was an intangible asset of £34.3 million representing the Footasylum fascia name and an intangible asset of £3.0 million for Footasylum exclusive brands. No measurement adjustments have been made to the fair value during the 52 week period ended 30 January 2021 and the period in which measurement adjustments could be made has now closed on this acquisition. The Board believed the excess of cash consideration paid over the net identifiable assets on acquisition of £27.3 million was best considered as goodwill representing future operating synergies. The carrying value of the goodwill and fascia name has been impaired in full in the financial year ended 30 January 2021. See Note 1 and Note 12 for further details.

11. Acquisitions (continued)

	Book value	Measurement adjustments	Fair value at 12 April 2019
	£m	£m	£m
Acquiree's net assets at acquisition date:			
Intangible assets	–	37.3	**37.3**
Property, plant and equipment	29.1	(3.5)	**25.6**
Right of use assets	100.4	–	**100.4**
Inventories	39.6	–	**39.6**
Cash and cash equivalents	5.7	–	**5.7**
Trade and other receivables	19.4	–	**19.4**
Deferred tax asset / (liability)	0.2	(6.3)	**(6.1)**
Trade and other payables – current	(42.0)	–	**(42.0)**
Trade and other payables – non-current	(0.2)	–	**(0.2)**
Lease liabilities	(107.5)	–	**(107.5)**
Interest bearing loans and borrowings	(13.5)	–	**(13.5)**
Net identifiable assets	31.2	27.5	**58.7**
Goodwill on acquisition			**27.3**
Consideration paid – satisfied in cash			**86.0**

Given that this transaction is being reviewed by the Competition and Markets Authority ('CMA'), the Directors of the Company have had to assess whether the Group had control over Footasylum. In making their judgement, the Board considered the Group's ability to direct the relevant activities of Footasylum during the investigation period. Ultimately, after careful consideration, the Board concluded that the Group had control and, accordingly, Footasylum should be consolidated from the date of acquisition.

Included within the 52 week period ended 1 February 2020 is revenue of £215.9 million and a profit before tax of £1.7 million in respect of Footasylum.

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

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

The Board believes that the excess of consideration paid over the net assets on acquisition of £2.2 million is best considered as goodwill on acquisition representing future operating synergies. No measurement adjustments have been made to the fair value during the 52 week period ended 30 January 2021 and the period in which measurement adjustments could be made has now closed on this acquisition.

Included within the 52 week period ended 1 February 2020 is revenue of £4.4 million and a profit before tax of £0.6 million in respect of Rascal Clothing Limited.

11. Acquisitions (continued)

PG2019 LIMITED ('PRETTY GREEN')

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

Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £1.0 million representing the Pretty Green fascia name and an intangible asset of £0.7 million representing the Pretty Green brand name. The Board believes the excess of cash consideration paid over the net identifiable assets on acquisition of £2.7 million is best considered as goodwill representing future operating synergies. No measurement adjustments have been made to the fair value during the 52 week period ended 30 January 2021 and the period in which measurement adjustments could be made has now closed on this acquisition.

Included within the 52 week period ended 1 February 2020 is revenue of £13.5 million and a profit before tax of £1.7 million in respect of PG2019 Limited.

GIULIO FASHION LIMITED

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

The Board believes the excess of cash consideration paid over the net identifiable assets on acquisition of £2.7 million is best considered as goodwill representing future operating synergies. No measurement adjustments have been made to the fair value during the 52 week period ended 30 January 2021 and the period in which measurement adjustments could be made has now closed on this acquisition.

Included within the 52 week period ended 1 February 2020 is revenue of £5.6 million and a profit before tax of £0.2 million in respect of Giulio Fashion Limited.

OTHER ACQUISITIONS

During the prior 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 3 February 2019, the revenue and profit before tax of the Group for the 52 week period to 1 February 2020 would have been £6.2 billion and £349.2 million respectively.

ACQUISITION COSTS

Acquisition related costs amounting to £7.4 million (Footasylum Plc, £7.3 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.

12. Intangible Assets

ACQUISITIONS

The acquisition of intangible assets in the current year principally relate to the acquisition of Shoe Palace Corporation and Nice Kicks LLC, Onepointfive Ventures Limited and X4L Gyms Limited. The acquisitions in the prior year principally relate to the acquisition of Footasylum plc, Rascal Clothing Limited, Pretty Green Limited and Giulio Fashion Limited. Further details, including the fair value of the assets acquired, are provided in Note 11.

AMORTISATION

Included within the amortisation charge for the period ended 30 January 2021 is accelerated amortisation of £4.0 million (2020: £7.0 million) following a review of the useful economic life of certain items of software development capitalised.

IMPAIRMENT

The impairment in the current period primarily relates to:

(i) The impairment of goodwill and fascia name arising in prior years on the acquisition of Footasylum. The continuation of the temporary store closures into the new financial year together with the reduction in the support available for local authority rates have inevitably had a negative impact on the expectations for the performance of Footasylum in the year to 29 January 2022. Further, there is inevitably considerable uncertainty as to whether levels of footfall into the Footasylum stores, which attract an older demographic than JD, will recover to historic levels which could adversely impact the longer term viability of certain stores. As a consequence, the financial projections no longer support the carrying value of the fascia name and goodwill which arose on the acquisition in the year to 1 February 2020 with a charge of £55.6 million recognised in relation to the impairment of these assets.

(ii) The impairment of the goodwill and fascia name arising in prior years on the acquisition of Go Outdoors Topco Limited totalling £33.3 million consequent to the restructuring of Go Outdoors in the period.

The impairment in the prior period relates to the impairment of the goodwill arising in prior years on the acquisition of Go Outdoors Topco Limited and Choice Limited.

INTANGIBLES ASSETS WITH DEFINITE LIVES

BRAND LICENCES

Brand licences are stated at cost less accumulated amortisation and impairment losses. Amortisation of brand licences is charged to the Consolidated Income Statement within cost of sales over the term to the licence expiry on a straight line basis.

At each reporting date, the Group reviews the carrying amounts of its brand licences to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment losses are recognised in the Consolidated Income Statement.

The recoverable amount of brand licences is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the relevant asset until the licence expiry date and the choice of a suitable discount rate in order to calculate the present value.

12. Intangible Assets (continued)

	Goodwill	Brand licences	Brand names	Fascia name	Software development	Total
	£m	£m	£m	£m	£m	£m
Cost or valuation						
At 2 February 2019	261.6	11.8	24.4	181.6	48.1	527.5
Additions	34.8	–	3.7	35.3	23.2	97.0
Acquisitions	–	–	–	–	0.6	0.6
Reclassifications	–	–	–	–	6.6	6.6
Disposals	–	–	(2.0)	–	(0.4)	(2.4)
Exchange differences	3.4	–	(0.2)	(2.9)	(0.6)	(0.3)
At 1 February 2020	299.8	11.8	25.9	214.0	77.5	629.0
Additions	–	3.8	–	–	19.1	22.9
Acquisitions	434.8	–	–	108.9	0.2	543.9
Reclassifications	–	–	–	–	1.8	1.8
Disposals	–	–	–	–	(0.7)	(0.7)
Exchange differences	(36.1)	–	–	5.2	2.2	(28.7)
At 30 January 2021	698.5	15.6	25.9	328.1	100.1	1,168.2
Amortisation and impairment						
At 2 February 2019	47.3	10.5	13.6	39.8	22.0	133.2
Charge for the period	–	1.4	1.8	15.4	22.2	40.8
Impairments	43.1	–	–	–	0.7	43.8
Reclassifications	–	–	–	–	0.8	0.8
Disposals	–	–	(2.1)	–	(0.2)	(2.3)
Exchange differences	–	(0.8)	–	(0.2)	–	(1.0)
At 1 February 2020	90.4	11.1	13.3	55.0	45.5	215.3
Charge for the period	–	2.2	1.7	16.2	20.9	41.0
Impairments	29.8	–	–	59.7	0.1	89.6
Reclassifications	–	–	–	–	0.9	0.9
Disposals	–	–	–	–	(0.4)	(0.4)
Exchange differences	–	–	–	1.0	1.1	2.1
At 30 January 2021	120.2	13.3	15.0	131.9	68.1	348.5
Net book value At 30 January 2021	**578.3**	**2.3**	**10.9**	**196.2**	**32.0**	**819.7**
At 1 February 2020	209.4	0.7	12.6	159.0	32.0	413.7
At 2 February 2019	214.3	1.3	10.8	141.8	26.1	394.3

12. Intangible Assets (continued)

BRAND NAMES
Brand names acquired as part of a business combination are stated at fair value as at the acquisition date less accumulated amortisation and impairment losses. Brand names separately acquired are stated at cost less accumulated amortisation and impairment losses. The useful economic life of each purchased brand name is considered to be finite. In determining the useful economic life of each brand name, the Board considers the market position of the brands acquired, the nature of the market that the brands operate in, typical product life cycles of brands and the useful economic lives of similar assets that are used in comparable ways.

Brand names are amortised over a period of 10 years and the amortisation charge is included within administrative expenses in the Consolidated Income Statement.

At each reporting date, the Group reviews the carrying amounts of its brand names to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of brand names is determined based on a 'royalty relief' method of valuation. The recoverable amount of brand names is based on an estimation of future sales and the choice of a suitable royalty and discount rate in order to calculate the present value, when this method is deemed the most appropriate. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the asset and the choice of a suitable discount rate in order to calculate the present value. Impairment losses are recognised in the Consolidated Income Statement.

SOFTWARE DEVELOPMENT
Software development costs (including website development costs) are capitalised as intangible assets if the technical and commercial feasibility of the project has been demonstrated, the future economic benefits are probable, the Group has an intention and ability to complete and use or sell the software and the costs can be measured reliably. Costs that do not meet these criteria are expensed as incurred. Software development costs are stated at historic cost, less accumulated amortisation.

Software development costs are all amortised over a period of two to seven years and the amortisation charge is included within administrative expenses in the Consolidated Income Statement.

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:

12. Intangible Assets (continued)

- Online fascia names 3 to 5 years
- Store fascia names 10 years

The factors that are considered when determining the useful life of each fascia name are:

- The strength of the respective fascia names in the relevant sector and geographic region where the fascia is located.
- The history of the fascia names and that of similar assets in the relevant retail sectors.
- The commitment of the Group to continue to operate these stores separately for the foreseeable future, including the ongoing investment in new stores and refurbishments.

At each reporting date, the Group reviews the carrying amounts of its fascia names to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of these assets is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the cash-generating unit and the choice of a suitable discount rate in order to calculate the present value. Impairment losses are recognised in the Consolidated Income Statement.

INTANGIBLE ASSETS WITH INDEFINITE LIVES

GOODWILL

Goodwill represents amounts arising on acquisition of subsidiaries. The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, negative goodwill is recognised immediately in the Consolidated Income Statement.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit / loss on disposal.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to groups of cash-generating units and is tested annually for impairment and whenever there is an indication that the goodwill may be impaired. The cash-generating units used are individual stores and the groups of cash-generating units are either the store portfolios or individual businesses acquired. The recoverable amount is compared to the carrying amount of the cash-generating units including goodwill.

12. Intangible Assets (continued)

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. The intangible assets have been reviewed for indicators of impairment and none were noted. The carrying amount of goodwill and fascia name by cash-generating units, along with the key assumptions used in the value-in-use calculation is as follows on the next page:

12. Intangible Assets (continued)

		Basic financial information					
	Segment	Goodwill 2021 £m	Fascia name 2021 £m	Total intangible 2021 £m	Goodwill 2020 £m	Fascia name 2020 £m	Total intangible 2020 £m
Champion store portfolio	Sports Fashion	9.7	–	9.7	9.0	–	9.0
Finish Line	Sports Fashion	97.2	51.3	148.5	100.7	61.0	161.7
First Sport store portfolio	Sports Fashion	15.0	–	15.0	15.0	–	15.0
Mainline Menswear Limited	Sports Fashion	7.4	0.2	7.6	7.4	0.3	7.7
Sport Zone	Sports Fashion	17.2	7.3	24.5	17.2	8.2	25.4
Sprinter store portfolio	Sports Fashion	6.8	3.0	9.8	6.2	3.1	9.3
Go Outdoors	Outdoor	–	16.1	16.1	1.9	50.2	52.1
Footasylum	Sports Fashion	–	–	–	27.3	31.7	59.0
Shoe Palace	Sports Fashion	386.3	101.1	487.4	–	–	–
Other	Sports Fashion & Outdoor	38.7	17.2	55.9	24.7	4.5	29.2
		578.3	196.2	774.5	209.4	159.0	368.4

12. Intangible Assets (continued)

	Impairment model assumptions used				
	Short term growth rate (1) %	Long term growth rate (2) %	Margin rate	Pre Tax Discount rate(3) 2021 %	Pre Tax Discount rate(3) 2020 %
Champion store portfolio	1.0%	1.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	8.5%	7.0%
Finish Line	2.0%	1.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	13.7%	11.8%
First Sport store portfolio	1.0%	1.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	8.5%	6.7%
Mainline Menswear Limited	1.0%	1.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	10.1%	8.5%
Sport Zone	2.0%	2.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	12.3%	10.6%
Sprinter store portfolio	2.0%	2.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	12.2%	10.6%
Go Outdoors	2.0%	2.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	16.0%	12.9%
Footasylum	2.0%	2.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	11.7%	8.9%
Shoe Palace	4.0%	1.5%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	15.6%	–
Other	1.0%–3.0%	1.0%–3.0%	A range of gross margin assumptions, from broadly consistent with approved budget levels to improvements of up to 2% in the short term to reflect implementation of enhanced group terms and focused strategy regarding stock and merchandising	7.0%–13.1%	7.5%–14.3%

The total intangible assets for Finish Line include a decrease of £8.5m in relation to exchange rate fluctuations (2020: increase of £8.4m). The total intangible assets for Shoe Palace include a decrease of £27.7 million due to exchange rate fluctuations (2020: £nil).

(1) The short term growth rate is the Board approved compound annual growth rate for the four year period following the January 2022 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 a pre-tax measure based on the historical industry average weighted-average cost of capital, with a possible debt leverage of 15% at a market interest rate of 5%. The discount rate applied reflects any specific risk premiums relevant to the individual cash-generating unit. The impact of the Right of Use asset funding under IFRS 16 has been taken into consideration and factored into the calculation of the discount rate. These discount rates are considered to be equivalent to the rates a market participant would use.

12. Intangible Assets (continued)

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 used for assessing the goodwill and other intangibles.

The Board has considered the possibility of each business achieving less revenue and gross profit % than forecast. Whilst any reduction in revenue would be partially offset by a reduction in revenue related costs, the Board would also take actions to mitigate the loss of gross profit by reducing other costs. With regards to the assessment of value-in-use of all cash-generating units, with the exception of Go Outdoors and Footasylum, the Board believes 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 and the amount of headroom would cover large negative growth rates.

The table below shows the amount of head room for each cash generating unit, as well as the current assumption used and the revised assumption which would be required to eliminate the headroom.

	Headroom	Short Term Growth Rate		Long Term Growth Rate		Pre Tax Discount Rate	
Company	£m	% Used	Revised %	% Used	Revised %	% Used	% Revised
Champion store portfolio	213.5	1.0	-50.5	1.0	more than -1,000.0	7.0	86.0
Finish Line	812.7	2.0	-73.3	1.0	more than -1,000.0	13.7	53.2
First Sport store portfolio	248.7	1.0	-58.9	1.0	more than -1,000.0	8.5	121.2
Mainline Menswear	37.4	1.0	-33.6	1.0	-235.03	10.1	30.0
Sport Zone	140.8	2.0	-75.7	2.0	more than -1,000.0	12.3	39.0
Sprinter store portfolio	226.1	2.0	-75.6	2.0	more than -1,000.0	12.2	46.2
Go Outdoors	26.6	2.0	-22.0	2.0	-7.71	16.0	20.8

12. Intangible Assets (continued)

For the Footasylum cash-generating unit, as noted above, an impairment charge of £55.6 million has been recorded in relation to the fascia name and goodwill in the year, leaving £2.5 million of brand names. Following this impairment, the headroom available at 30 January 2021 is nil and therefore any change in key assumption about future business performance of Footasylum could lead to a material adjustment to the carrying amount of fascia name through reversal of the recognised impairment up to a maximum of £23.9 million within the next financial year.

For the Go Outdoors cash-generating unit, there is £26.6 million of headroom following the impairment of £33.3 million in the first half of the year (2020: full year impairment of £42.5 million). Any change in key assumptions may therefore result in further impairments. Despite the level of headroom in the Go Outdoors impairment model, it was not considered appropriate to reverse any of the impairments made during the first half of the financial year given how sensitive the model is to changes in the assumptions, particularly the margin rate.

Significant changes in key assumptions could cause the carrying value of the unit to exceed its recoverable amount. The following sensitivities were performed:

- Reducing the assumed short term store and online sales growth by 1%, assuming the business would be unable to reduce selling and distribution and administrative costs, would result in headroom of £22.8 million. All other assumptions remain unchanged.
- Increasing the pre-tax discount rate by 1% would result in headroom of £19.6 million. All other assumptions remain unchanged.
- Reducing the margin rate by 1% would lead to an impairment of £9.4 million. All other assumptions remain unchanged.
- If the UK entered a further lockdown for one month in November 2021, this would result in headroom of £21.0 million. The impact on store profit and the retention of online sales were assumed to be similar to the impact that Go Outdoors has seen during previous UK lockdown periods. All other assumptions remain unchanged.

13. Property, Plant and Equipment

	Freehold land, long leasehold & freehold properties	Improvements to short leasehold properties	Assets under construction	Fixtures and fittings	Computer equipment	Motor vehicles	Right of use assets	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Cost								
At 2 February 2019	54.8	108.0	3.1	621.1	79.4	1.1	–	867.5
Recognised on adoption of IFRS16	–	–	–	–	–	–	1,895.1	1,895.1
Additions	0.6	23.0	20.6	89.4	13.0	0.6	418.1	565.3
Disposals	–	(3.9)	–	(18.3)	(1.8)	(0.2)	(36.4)	(60.6)
Reclassifications	(0.2)	(5.6)	(14.3)	9.6	(3.4)	(0.4)	(92.6)	(106.9)
Acquisitions	–	0.3	1.9	18.9	3.0	0.2	–	24.3
Exchange differences	(0.7)	(1.4)	(0.1)	(9.1)	(0.7)	–	(19.0)	(31.0)
At 1 February 2020	54.5	120.4	11.2	711.6	89.5	1.3	2,165.2	3,153.7
Additions	4.1	16.6	0.2	68.9	14.6	0.8	214.9	320.1
Disposals	–	(1.7)	–	(7.4)	(1.2)	(0.1)	(204.0)	(214.4)
Reclassifications	–	(22.7)	(7.5)	(23.6)	(14.5)	(0.8)	14.4	(54.7)
Acquisitions	0.4	26.6	0.7	10.2	1.5	0.2	143.2	182.8
Exchange differences	1.2	3.8	0.6	3.1	1.2	0.1	22.4	32.4
At 30 January 2021	60.2	143.0	5.2	762.8	91.1	1.5	2,356.1	3,419.9
Depreciation and impairment								
At 2 February 2019	2.7	30.5	–	241.2	53.0	0.3	–	327.7
Charge for the period	1.9	16.4	–	75.8	11.2	0.6	303.3	409.2
Disposals	–	(2.0)	–	(11.4)	(1.4)	(0.1)	–	(14.9)
Reclassifications	–	(2.2)	–	3.7	(0.2)	–	–	1.3
Impairments	–	0.3	–	4.0	0.1	–	7.8	12.2
Exchange differences	–	(0.2)	–	(1.4)	(0.3)	–	–	(1.9)
At 1 February 2020	4.6	42.8	–	311.9	62.4	0.8	311.1	733.6
Charge for the period	5.1	18.8	–	98.4	13.8	0.7	321.4	458.2
Disposals	–	(1.0)	–	(4.6)	(1.2)	(0.1)	(32.2)	(39.1)
Reclassifications	0.1	(24.7)	–	(25.9)	(15.7)	(0.4)	–	(66.6)
Impairments	–	7.0	–	2.9	0.2	–	3.4	13.5
Exchange differences	0.1	1.1	–	2.1	0.6	–	–	3.9
At 30 January 2021	9.9	44.0	–	384.8	60.1	1.0	603.7	1,103.5
Net book value								
At 30 January 2021	**50.3**	**99.0**	**5.2**	**378.0**	**31.0**	**0.5**	**1,752.4**	**2,316.4**
At 1 February 2020	49.9	77.6	11.2	399.7	27.1	0.5	1,854.1	2,420.1
At 2 February 2019	52.1	77.5	3.1	379.9	26.4	0.8	–	539.8

13. Property, Plant and Equipment (continued)

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.

DEPRECIATION
Depreciation is charged to the Consolidated Income Statement over the estimated useful life of each part of an item of property, plant and equipment. The estimated useful economic lives are as follows:

Freehold land	not depreciated
Warehouse	15–25 years on a straight line basis
Long leasehold and freehold properties	2% per annum on a straight line basis
Improvements to short leasehold properties	life of lease on a straight line basis
Computer equipment	3–4 years on a straight line basis
Fixtures and fittings	5–7 years, or length of lease if shorter, on a straight line basis
Motor vehicles	25% per annum on a reducing balance basis

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND NON-CURRENT OTHER ASSETS
Property, plant and equipment and non-current other assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of an asset or a cash-generating unit is not recoverable. A cash-generating unit is an individual store. The recoverable amount is the greater of the fair value less costs to sell and value-in-use. Impairment losses recognised in prior periods are assessed at each reporting period date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would be held (net of depreciation) if no impairment had been realised.

LEASED ASSETS
Assets funded through finance leases and similar hire purchase contracts and those previously classified as operating leases are now recognised in the consolidated statement of financial position under IFRS16 Leases as a right of use asset. Note 14 describes the recognition and subsequent measurement of leased assets under IFRS16.

Impairment charges of £13.5 million (2020: £12.2 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 30 January 2021 is accelerated depreciation of £16.5 million (2020: £0.3 million) following a review of the useful economic life of certain items of property, plant and equipment and assets capitalised.

14. Leases

The Group adopted IFRS 16 Leases from 3 February 2019. IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. The Group applied IFRS 16 using the modified retrospective approach, under which any cumulative effect of initial application was recognised in retained earnings at 3 February 2019.

SIGNIFICANT ACCOUNTING POLICY

The Group leases assets which consist of properties, vehicles and equipment. The most significant leases in size for the Group are its retail stores, offices and warehouses. Some leases include an option to renew the lease for an additional number of years after the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in local price indices.

The Group assesses whether a contract is or contains a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - The Group has the right to operate the asset; or
  - The Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 3 February 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 3 February 2019.

AS A LESSEE

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. Lease liabilities are measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate for the relevant subsidiary in which the lease is represents a contractual commitment. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments plus any initial direct costs incurred less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the earlier

14. Leases (continued)

of the end of the useful life of the right-of-use asset or the end of the lease term. A right-of-use asset's useful economic life is determined on the same basis as for land and buildings recognised in property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at the rate implicit in the lease. If the rate implicit in the lease is not readily available then payments are discounted using the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- Lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Where revised lease terms involve a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease then these changes are accounted for as a lease modification. Any revised consideration and / or revised lease length are taken into account in a remeasurement calculation that includes a revised discount rate at the effective date of the modification of terms. The revised discount rate is determined as the lessee's incremental borrowing rate at the effective date of the modification.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has also applied judgement to determine the lease term for some lease contracts in which it is a lessee that either have no specified end date, or where the Group continues to occupy the property despite the contractual lease end date having passed. In determining the lease term, the Group takes into consideration its commercial strategy on a store by store basis and the future intentions of the Group regarding the duration of continuing occupation of the property.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns. The Group presents lease liabilities separately within the statement of financial position.

SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated

14. Leases (continued)

with these leases as an expense on a straight-line basis over the lease term.

AS A LESSOR

The Group sub-leases a small number of properties. When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

When the Group is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

THE GROUP AS A LESSEE

The Group leases many assets including land and buildings, vehicles, machinery and IT equipment. Information about leases for which the Group is a lessee is presented below.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns. The carrying amount of the right-of-use asset is as below.

		2021	2020
	Note	£m	£m
Property, plant and equipment owned	13	564.0	566.0
Right-of-use assets, except for investment property	13	1,752.4	1,854.1
		2,316.4	2,420.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Leases (continued)

	Property	Vehicles	Total
	£m	£m	£m
Cost			
Recognised on adoption of IFRS16	1,891.3	3.8	1,895.1
Additions	416.5	1.6	418.1
Disposals	(36.4)	–	(36.4)
Remeasurement adjustments	(93.5)	0.9	(92.6)
Foreign exchange retranslation	(19.0)	–	(19.0)
At 1 February 2020	2,158.9	6.3	2,165.2
Additions	211.6	3.3	214.9
On acquisition	143.2	–	143.2
Disposals	(203.8)	(0.2)	(204.0)
Remeasurement adjustments	8.2	6.2	14.4
Foreign exchange retranslation	22.3	0.1	22.4
At 30 January 2021	2,340.4	15.7	2,356.1
Depreciation and impairment			
Depreciation charge for the period	301.4	1.9	303.3
Impairment of Right of use assets	7.8	–	7.8
At 1 February 2020	309.2	1.9	311.1
Depreciation charge for the period	317.2	4.2	321.4
Depreciation on disposals	(32.2)	–	(32.2)
Impairment of Right of use assets	3.4	–	3.4
At 30 January 2021	597.6	6.1	603.7
At 30 January 2021	**1,742.8**	**9.6**	**1,752.4**
At 1 February 2020	1,849.7	4.4	1,854.1

Within remeasurement adjustments are lease modifications totalling £53.7 million which increase the value of the right of use asset as a result of recalculating leases for modifications made during the year, which are predominantly the result of altered terms due to discussions with landlord in light of the COVID-19 pandemic. Lease modifications have been accounted for by remeasuring the right of use asset and corresponding lease liability for any change in lease length and total consideration, recalculating using a revised discount rate of the lessee's incremental borrowing rate at the effective date of the modification. Other remeasurement adjustments to the right of use asset predominantly relate to deferred income and rolling leases.

The Group presents lease liabilities separately within the statement of financial position. The carrying amount of the lease liability as at 30 January 2021 is below, along with a maturity analysis of contractual undiscounted cash flows to which the Group is committed. As at 30 January 2021, the weighted average discount rate applied to the lease portfolio of the Group is 3.1% (2020: 3.5%)

	2021	2020
	£m	£m
Maturity analysis – contractual undiscounted cash flows		
Within one year	355.3	333.2
Later than one year and not later than five years	1,104.2	1,076.7
After five years	713.5	835.1
Total undiscounted lease liabilities	**2,173.0**	2,245.0

14. Leases (continued)

	2021	2020
	£m	£m
Lease liabilities included in the statement of financial position	**1,929.8**	**1,992.7**
Current	301.8	285.0
Non-current	1,628.0	1,707.7

Amounts recognised in profit or loss:

	52 weeks to 30 January 2021	52 weeks to 1 February 2020
	£m	£m
Interest on lease liabilities	54.9	71.9
Variable lease payments not included in the measurement of lease liabilities	37.9	36.2
Income from subleasing right-of-use assets	0.8	0.8
Expenses relating to short terms leases and low value leases	3.9	22.7

Amounts recognised in statement of cash flows:

	52 weeks to 30 January 2021	52 weeks to 1 February 2020
	£m	£m
Total cash outflow for leases	285.2	264.8

PROPERTY LEASES

The Group leases buildings for its office space, retail stores and warehouses. These leases typically run for a period of ten years. Some leases include an option to renew the lease for an additional number of years after the end of the non-cancellable period. Some require the Group to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor.

Some properties leased by the Group provide for additional rent payments that are based on changes in local price indices or sales that the Group makes at the leased store in the period. In respect of contracts linked to store sales, initial recognition of the lease liability is measured at the present value of the minimum lease payments specified in the contract excluding the element linked to sales since the variable element of these payments is not based on an index or rate. Where the variable element of the payments is based on an index or rate, initial and subsequent measurement of the lease liability includes these index linked payments.

The Group sub-leases some of its properties under operating leases.

OTHER LEASES

The Group leases vehicles and equipment (including IT equipment) with lease terms of three to five years. Leases of equipment are of low-value items, therefore the Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

14. Leases (continued)

THE GROUP AS A LESSOR

Lease income from lease contracts in which the Group acts as a lessor is as below.

	52 weeks to 30 January 2021	52 weeks to 1 February 2020
	£m	£m
Operating Lease		
Lease income	0.8	0.8

The Group leases out residential and office properties. The Group has classified these leases as operating leases, because they do not transfer substantially all the risk and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2021	2020
	£m	£m
Within one year	0.2	0.2
Later than one year and not later than five years	–	0.3
	0.2	0.5

15. 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. Deposits are assessed for recoverability on leased stores on a practical basis and 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. On adoption of IFRS 16 Leases, initial direct costs incurred by the Group of entering into property leases relating to legal fees were deducted from the right of use asset initially recognised in the statement of financial position.

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. On adoption of IFRS 16 Leases, initial direct costs incurred by the Group of entering into property leases relating to lease premia were deducted from the right of use asset initially recognised in the statement of financial position.

15. Non-current Other Assets (continued)

	Key Money £m	Deposits £m	Legal Fees £m	Lease Premia £m	Total £m
Cost					
At 2 February 2019	24.1	35.3	25.5	13.0	**97.9**
IFRS16 reclassification	–	–	(25.5)	(13.0)	**(38.5)**
Additions	0.1	6.7	–	–	**6.8**
Disposals	(0.9)	(2.9)	–	–	**(3.8)**
Exchange differences	(0.3)	(12.6)	–	–	**(12.9)**
At 1 February 2020	23.0	26.5	–	–	**49.5**
Additions	0.4	3.5	–	–	**3.9**
Disposals	(0.1)	(2.1)	–	–	**(2.2)**
Acquisitions	–	0.6	–	–	**0.6**
Reclassifications	–	0.2	–	–	**0.2**
Exchange differences	0.2	12.4	–	–	**12.6**
At 30 January 2021	23.5	41.1	–	–	**64.6**
Depreciation and impairment					
At 2 February 2019	1.5	0.1	12.3	4.9	**18.8**
IFRS16 reclassification	–	–	(12.3)	(4.9)	**(17.2)**
At 1 February 2020	1.5	0.1	–	–	**1.6**
Exchange differences	(0.2)	–	–	–	**(0.2)**
At 30 January 2021	1.3	0.1	–	–	**1.4**
Net book value					
At 30 January 2021	**22.2**	**41.0**	**–**	**–**	**63.2**
At 1 February 2020	21.5	26.4	–	–	**47.9**
At 2 February 2019	22.6	35.2	13.2	8.1	**79.1**

16. 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.

	2021 £m	2020 £m
Finished goods and goods for resale	**813.7**	811.8

The cost of inventories recognised as expenses and included in cost of sales for the 52 weeks ended 30 January 2021 was £3,205.7 million (2020: £3,236.0 million).

The Group has £89.0 million (2020: £74.9 million) of stock provisions at the end of the period.

Cost of inventories includes a net charge of £21.7 million (2020: £21.1 million) in relation to net provisions recognised against inventories.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. Trade and Other Receivables

CREDIT RISK

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The trade receivables balances are typically held by the wholesale businesses within the Group. Each subsidiary establishes a credit policy under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. The Group review includes financial statements, credit agency information and industry information. Each subsidiary limits its credit exposure by setting payment periods and, in certain circumstances, these are approved by Group management.

Customers are monitored by taking into account their credit characteristics; whether they are a wholesale or retail customer, their geographic location, industry, trading history with the Group and existence of previous financial difficulties.

EXPECTED CREDIT LOSS ASSESSMENT

Each subsidiary within the Group allocates each exposure to a credit risk grade based on the data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and available press information about customers) and by applying experienced credit judgement.

An allowance matrix is used to measure the expected credit losses (ECL's) of trade receivables from smaller customers, which comprise a very large number of small balances. Loss rates are based on actual credit loss experience over the past five years, factoring in other information such as current conditions, age of the customer relationship and the view of the economic conditions over the expected lives of the receivables.

The Group recognises loss allowances for ECL's on financial assets measured at amortised cost and measures the loss allowances at an amount equal to the lifetime ECL's for trade receivables.

	2021 £m	2020 £m
Current assets		
Trade receivables	**46.2**	42.6
Other receivables	**26.0**	39.0
Prepayments and accrued income	**69.0**	102.3
	141.2	183.9

A summary of the Group's exposure to credit risk for trade receivables is as follows:

	2021 Gross £m	2021 Provision £m	2021 Net £m	2020 Gross £m	2020 Provision £m	2020 Net £m
Not past due	**21.7**	**(0.2)**	**21.5**	28.1	(0.7)	27.4
Past due 0 – 30 days	**10.0**	**–**	**10.0**	7.1	–	7.1
Past due 30 – 60 days	**7.6**	**(0.1)**	**7.5**	5.1	(0.2)	4.9
Past 60 days	**8.2**	**(1.0)**	**7.2**	3.6	(0.4)	3.2
	47.5	**(1.3)**	**46.2**	43.9	(1.3)	42.6

17. Trade and Other Receivables (continued)

At 30 January 2021, the exposure to credit risk for trade receivables by geographic region was as follows:

	As at 30 January 2021 Total	As at 1 February 2020 Total
	£m	£m
UK	**20.8**	13.4
Europe	**19.6**	21.0
US	**4.0**	5.2
Rest of world	**3.1**	4.3
Total	**47.5**	43.9

At 30 January 2021, the exposure to credit risk for trade receivables by type of counterparty was as follows:

	As at 30 January 2021 Total	As at 1 February 2020 Total
	£m	£m
Wholesale customers	**22.6**	25.3
Retail customers	**7.3**	9.6
End user customers	**8.5**	5.5
Other	**9.1**	3.5
Total	**47.5**	43.9

At 30 January 2021, the carrying amount of the Group's most significant customer was £5.0 million (2020: £3.0 million).

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables as at 30 January 2021:

	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
	£m	£m	£m	£m
Not past due	0.9%	21.7	(0.2)	–
Past due 0 – 30 days	–	10.0	–	–
Past due 30 – 60 days	1.3%	7.6	(0.1)	–
Past due 61 – 90 days	–	0.6	–	–
More than 90 days past due	13.2%	7.6	(1.0)	–
Total	**2.7%**	**47.5**	**(1.3)**	**–**

Movement on this provision is shown below:

	£m
At 2 February 2019 (as per IFRS 9)	1.3
Created	(0.3)
Released	0.4
Acquired	(0.1)
At 1 February 2020	1.3
Created	0.1
Released	(0.1)
At 30 January 2021	**1.3**

The other classes within trade and other receivables do not contain impaired assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. 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.

	2021	2020
	£m	£m
Cash at bank and in hand	**964.4**	465.9

19. 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.

	2021	2020
	£m	£m
Current liabilities		
Bank loans and overdrafts	**52.0**	20.4
Other loans	**68.9**	–
	120.9	20.4
Non-current liabilities		
Bank loans	**48.1**	14.9
Other loans	**–**	0.7
	48.1	15.6

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 20.

BANK FACILITIES

As at 30 January 2021, the Group has a syndicated committed £700 million bank facility which expires on 6 November 2024. The Group is subject to covenants on Net Worth, Net Debt Leverage and a Fixed Charge Cover.

Under this facility, a maximum of 15 drawdowns can be outstanding at any time with drawdowns made for a period of one, two, three or six months with interest currently payable at a rate of LIBOR plus a margin of 0.9% (2020: 0.9%). The arrangement and underwriting fee payable on the facility is 1.0% and the commitment fee on the undrawn element of the facility is 35% of the applicable margin rate.

As at 30 January 2021, this facility encompassed cross guarantees between the Company, Blacks Outdoor Retail Limited, Tessuti Limited, Go Outdoors Retail Limited, The Finish Line Inc, The Finish Line USA Inc, Genesis Holdings Inc, Genesis Finco Limited, Focus Brands Limited and Focus International Limited. From 16 March 2021, Genesis Topco Inc and Shoe Palace Corporation were also included within the cross guarantee.

19. Interest-bearing Loans and Borrowings (continued)

At 30 January 2021, £nil was drawn down on this facility (2020: £nil).

The Group's second principal bank facility is a syndicated Asset Based Lending Facility in the United States which has a maximum revolving advance amount of approximately $300 million and expires on 18 June 2023. At 30 January 2021 $nil was drawn down on this facility (2020: $nil).

BANK LOANS AND OVERDRAFTS

The bank loans and overdrafts attract interest rates at 0.5% - 9.9%. The overdrafts are repayable on demand and the bank loans are repayable over periods between two and 65 months. Included within bank loans and overdrafts are bank loans of £84.4 million (2020: £29.7 million) and overdrafts of £15.7 million (£5.6 million). The maturity of the bank loans and overdrafts is as follows:

	2021	2020
	£m	£m
Within one year	**52.0**	20.4
Between one and five years	**48.1**	14.9
	100.1	35.3

OTHER LOANS

The acquisition of Pretty Green Limited included loans with balances remaining of £1.8 million at the time of acquisition, £1.1m of the loans were repaid during the prior period and the remaining £0.7m was repaid during the current period.

Other loans < 1 year is the deferred consideration payable at 30 January 2021 in respect of the acquisition of Shoe Palace Corporation (see Note 11). The deferred consideration is not contingent.

The maturity of the other loans is as follows:

	2021	2020
	£m	£m
Less than one year	**68.9**	–
Between one and five years	**–**	0.7

FINANCE LEASES

As at 30 January 2021 and 1 February 2020, the Group's liabilities under finance leases are included in Leases, see Note 14.

20. 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.

20. Financial Instruments (continued)

FINANCIAL ASSETS

The Group's financial assets are non-derivative and derivative financial assets. The non-derivative assets have fixed or determinable payments that are not quoted in an active market. The Group's financial assets comprise 'Trade 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:

	2021	2020
	£m	£m
Cash and cash equivalents	**964.4**	465.9
Sterling	**378.7**	120.1
Euros	**306.8**	188.9
US Dollars	**212.2**	114.1
Australian Dollars	**30.2**	15.6
Danish Krone	**7.1**	5.1
Canadian Dollars	**6.1**	–
Other	**23.3**	22.1
	964.4	465.9

The currency profile of trade receivables is shown below:

	2021	2020
	£m	£m
Trade receivables	**46.2**	42.6
Sterling	**20.6**	15.3
Euros	**17.7**	16.3
US Dollars	**5.1**	8.3
Australian Dollars	**0.2**	0.4
Canadian Dollars	**0.1**	0.1
Other	**2.5**	2.2
	46.2	42.6

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 payables'.

The currency profile of interest-bearing loans and borrowings is shown below:

	2021	2020
	£m	£m
Interest-bearing loans and borrowings	**169.0**	36.0
Sterling	**15.9**	8.9
Euros	**78.5**	19.9
US Dollars	**68.9**	–
Other	**5.7**	7.2
	169.0	36.0

20. Financial Instruments (continued)

The currency profile of trade payables is shown below:

	2021	2020
	£m	£m
Trade payables	**514.2**	426.6
Sterling	**241.6**	201.8
Euros	**114.5**	86.7
US Dollars	**142.1**	127.6
Australian Dollars	**11.9**	7.6
Danish Krone	**0.5**	0.1
Canadian Dollars	**1.2**	–
Other	**2.4**	2.8
	514.2	426.6

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 30 January 2021.

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 £700 million committed bank facility, together with overdraft facilities in subsidiary companies (see Note 19). At 30 January 2021 £nil was drawn down from the committed bank facility (2020: £nil). When drawdowns are made, the Group is exposed to cash flow interest risk with interest paid at a rate of LIBOR plus a margin of 0.9% (2020: 0.9%).

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 £nil (2020: £nil) and would change equity by £nil (2020: £nil). The calculation is based on any floating interest rate loans and borrowings drawn down at the period end date. Calculations are performed on the same basis as the prior year and assume that all other variables remain unchanged.

FOREIGN CURRENCY RISK

FOREIGN CURRENCY TRANSLATION
Transactions denominated in foreign currencies are translated into sterling at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange at the reporting date. Exchange differences in monetary items are recognised in the Consolidated Income Statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into sterling at the rate of exchange at the reporting date. Income and expenses are translated at the average exchange

20. Financial Instruments (continued)

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 activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value and remeasured at each period end. The gain or loss on remeasurement to fair value is recognised immediately in the Consolidated Income Statement.

Interest rate swaps are recognised at fair value in the Consolidated Statement of Financial Position with movements in fair value recognised in the Consolidated Income Statement for the period. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the respective risk profiles of the swap counterparties.

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 30 January 2021, options have been entered into to protect approximately 95% of the US Dollar trading requirement for the period to January 2022. The balance of any US Dollar requirement for the period will be satisfied at spot rates.

As at 30 January 2021, the fair value of these instruments was a net liability of £20.7 million (2020: net asset of £10.8 million). £12.7 million is due within one year and the remaining £8.0 million is due between one and two years. A loss of £31.5 million (2020: gain of £5.3 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	
	2021	2020	2021	2020
	£m	£m	£m	£m
Euros	**4.5**	3.9	**23.6**	23.4
US Dollars	**6.6**	0.4	**67.5**	31.4
Australian Dollars	**0.5**	0.9	**2.1**	0.6
Other	**0.8**	0.4	**2.8**	2.6
	12.4	5.6	**96.0**	58.0

20. Financial Instruments (continued)

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	
	2021	2020	2021	2020
	£m	£m	£m	£m
Euros	**5.4**	4.7	**29.2**	28.7
US Dollars	**8.1**	0.5	**82.5**	38.4
Australian Dollars	**0.7**	1.1	**2.5**	0.8
Other	**1.0**	0.5	**3.4**	3.1
	15.2	6.8	**117.6**	71.0

Calculations are performed on the same basis as the prior year and the method assumes that all other variables remain unchanged.

CREDIT RISK
Credit risk arises from the possibility of customers and counterparties failing to meet their obligations to the Group. Investments of cash surpluses, borrowings and derivative instruments are made through major clearing banks, which must meet minimum credit ratings as required by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and a provision is made for impairment where amounts are not thought to be recoverable (see Note 17). 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 £72.2 million (2020: £81.6 million) and cash and cash equivalents of £964.4 million (2020: £465.9 million).

LIQUIDITY RISK
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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. See Note 19 for the overdraft facilities available to the Group. The commitment fee on these facilities is 0.35% (2020: 0.35%).

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and exclude the impact of netting agreements.

	2021	0–3 months	3–12 months	1–2 years	2–5 years	>5 years
	£m	£m	£m	£m	£m	£m
Non-derivative financial instruments						
Bank loans and overdrafts	**100.1**	28.5	23.5	31.5	15.6	1.0
Other loans	**68.9**	12.2	56.7	–	–	–
Trade and other payables	**965.0**	643.4	321.1	0.5	–	–
Lease liabilities	**1,929.8**	75.5	226.4	304.0	690.3	633.6
Derivative financial instruments						
Put options	**365.9**	–	–	67.4	32.4	266.1
Forward contracts	**20.7**	0.6	12.1	8.0	–	–
	3,450.4	760.2	639.8	411.4	738.3	900.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Financial Instruments (continued)

FAIR VALUES
The fair values together with the carrying amounts shown in the Statement of Financial Position as at 30 January 2021 are as follows:

		Carrying amount 2021	Fair value 2021
	Note	£m	£m
Trade and other receivables	17	72.2	72.2
Cash and cash equivalents	18	964.4	964.4
Interest-bearing loans and borrowings – current	19	(120.9)	(120.9)
Interest-bearing loans and borrowings – non-current	19	(48.1)	(41.2)
Trade and other payables – current		(976.6)	(976.6)
Trade and other payables – non-current		(374.4)	(374.4)
		(483.4)	(476.5)
Unrecognised gains			6.9

The comparatives at 1 February 2020 are as follows:

		Carrying amount 2020	Fair value 2020
	Note	£m	£m
Trade and other receivables	17	81.6	81.6
Cash and cash equivalents	18	465.9	465.9
Interest-bearing loans and borrowings – current	19	(20.4)	(20.4)
Interest-bearing loans and borrowings – non-current	19	(15.6)	(13.0)
Trade and other payables – current		(806.1)	(806.1)
Trade and other payables – non-current		(73.2)	(73.2)
		(367.8)	(365.2)
Unrecognised gains			2.6

In the opinion of the Board, the fair value of the Group's current financial assets and liabilities as at 30 January 2021 and 1 February 2020 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 30 January 2021 and 1 February 2020, the fair value has been calculated using a pre-tax discount rate of 8.1% (2020: 6.6%) 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 30 January 2021, the Group held the following financial instruments carried at fair value on the Statement of Financial Position:

- Foreign exchange forward contracts - non-hedged.
- Put and call option.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

20. Financial Instruments (continued)

At 30 January 2021	Carrying amount £m	Level 1 £m	Level 2 £m	Level 3 £m
Loans and receivables				
Deposits	**41.0**	–	41.0	–
Cash and cash equivalents	**964.4**	–	964.4	–
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts – non-hedged	**(20.7)**	–	(20.7)	–
Other financial liabilities				
Interest-bearing loans and borrowings – current	**(120.9)**	–	(120.9)	–
Interest-bearing loans and borrowings – non-current	**(48.1)**	–	(48.1)	–
Put options held by non-controlling interests	**(365.9)**	–	–	(365.9)

The comparatives at 1 February 2020 are as follows:

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

21. Trade and Other Payables

TRADE AND OTHER PAYABLES

Trade and other payables are non-interest-bearing and are stated at their cost. Volume related rebates or other contributions from suppliers are recognised in the Consolidated Financial Statements when it is contractually agreed with the supplier and can be reliably measured. All significant rebates and contributions are agreed with suppliers retrospectively and after the end of the relevant supplier's financial year.

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.

	2021 £m	2020 £m
Current liabilities		
Trade payables	**514.2**	426.6
Other payables and accrued expenses	**463.0**	379.5
Other tax and social security costs	**124.8**	94.6
	1,102.0	900.7
Non-current liabilities		
Other payables and accrued expenses	**374.4**	80.5

21. Trade and Other Payables (continued)

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 is estimated based on expected earnings in Board approved forecasts and the choice of a suitable discount rate or earnings multiple. 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 Exceptional Items in 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 call option. The present value of the non-controlling interests' call options is estimated based on expected earnings in Board approved forecasts and the choice of a suitable discount rate or earnings multiple. Upon initial recognition and for subsequent changes on remeasurement of the liability of call options a corresponding entry is made to Exceptional Items in 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 30 January 2021 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 2022 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.

Sensitivity analysis was performed over the key variable inputs to the valuation of the following put options. The key variable inputs were determined to be the discount rate and approved forecasts:

IBERIAN SPORTS RETAIL GROUP PUT OPTION

A discount rate increase of 1% would result in a reduction in the put option liability of £0.9 million and an increase of 1% to the forecasted EBITDA % would result in an increase in the put option liability of £0.6 million. 1% was determined to be a reasonable variance to demonstrate the sensitivity of the put option valuation to the key inputs used.

GENESIS TOPCO PUT-OPTIONS

A discount rate increase of 1% would result in a reduction in the put option liability of £13.9 million and an increase of 1% to the forecasted EBITDA % would result in an increase in the put option liability of £14.7 million. 1% was determined to be a reasonable variance to demonstrate the sensitivity of the put option valuation to the key inputs used.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Trade and Other Payables (continued)

	Put Options													
	Source Lab Limited £m	JD Germany GmbH £m	JD Sports Gyms Limited £m	Iberian Sports Retail Group £m	Dantra Limited £m	Base Childrenswear Limited £m	Tessuti Limited £m	JD Sports Fashion Holdings Australia Pty £m	Catchbest Limited £m	Mainline Menswear Holdings Limited £m	JDSF Holdings (Canada) Inc. £m	Genesis Topco Inc. £m	Oi Polloi Limited £m	**Total Put Options £m**
Put and call options														
At 1 February 2020	0.1	0.4	1.5	68.8	0.6	–	0.3	1.5	–	–	–	–	–	**73.2**
Acquisitions	–	–	–	–	–	–	–	–	1.1	6.0	3.4	261.6	0.1	**272.2**
New options	–	–	2.8	–	–	–	–	–	–	–	–	–	–	**2.8**
Option lapsed during the period	–	–	(1.5)	–	–	–	–	(1.5)	–	–	–	–	–	**(3.0)**
Increase / (decrease) in the present value of the existing option liability	–	1.3	–	18.6	(0.1)	0.1	0.8	–	–	–	–	–	–	**20.7**
At 30 January 2021	**0.1**	**1.7**	**2.8**	**87.4**	**0.5**	**0.1**	**1.1**	**–**	**1.1**	**6.0**	**3.4**	**261.6**	**0.1**	**365.9**

					Recognised as a liability	
Company	Options in existence	Exercise periods	Methodology	Maximum price	At 30 January 2021	At 1 February 2020
					£m	**£m**
Source Lab Limited	Put and call option whereby JD Sports Fashion Plc may acquire or be required to acquire (in stages) the remaining 15% of the issued share capital of Source Lab Limited.	Exercisable by either party after the third anniversary of the completion of the initial transaction, during the 30 day period commencing on the date on which the statutory accounts of Source Lab Limited for the relevant financial year have been approved by the board of directors.	The option price is calculated based on a multiple of the audited profit before distributions, interest, amortisation and exceptional items but after taxation for the relevant financial year prior to the exercise date.	The option price shall not exceed £12.5 million.	**0.1**	0.1
JD Germany GmbH	Put option whereby JD Sports Fashion Plc may be required to acquire all or some of the remaining 20% of the issued share capital of JD Germany GmbH.	The put option is exercisable after 1 July 2018 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.	**1.7**	0.4
JD Sports Gyms Limited	Put and call option whereby JD Sports Fashion Plc may acquire 6% of the issued share capital of JD Sports Gyms Limited in five equal tranches with the ability to roll over a tranche that has not previously been subject to the exercise of a put option.	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 2023 • The year ended 31 January 2024 • The year ended 31 January 2025 • The year ended 31 January 2026 • The year ended 31 January 2027	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 £7.8 million.	**2.8**	1.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Trade and Other Payables (continued)

21. Trade and Other Payables (continued)

Company	Options in existence	Exercise periods	Methodology	Maximum price	Recognised as a liability At 30 January 2021	Recognised as a liability At 1 February 2020
					£m	£m
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.	**87.4**	68.8
Dantra Limited	First put and call option whereby JD Sports Fashion Plc may acquire 12.5% of the issued share capital of Dantra Limited. Second put and call option whereby JD Sports Fashion Plc may acquire 12.5% of the issued share capital of Dantra Limited.	The first put option is exercisable for a ten year period beginning the day after the accounts of Dantra Limited are signed by the auditors for the financial year ending 31 January 2022. The second put option is exercisable after at least one year has lapsed since the first put option was exercised.	The option price is calculated based on a multiple of the average earnings before tax for the relevant two financial years prior to the exercise date.	Each put option price shall not exceed £7.8 million.	**0.5**	0.6
Base Childrenswear Limited	Put and call options whereby JD Sports Fashion Plc may acquire or be required to acquire 20% of the issued share capital in Base Childrenswear Limited.	The put and call options are exercisable 3 months after the approval by the auditors of the annual accounts of: • The year ended 31 January 2021 • The year ended 31 January 2022 • The year ended 31 January 2023 • The year ended 31 January 2024	The option price is calculated based on the lower of average earnings before interest, tax, depreciation and amortisation or forecast earnings before interest, tax, depreciation and amortisation for the relevant financial period.	The maximum option price is £20 million.	**0.1**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Trade and Other Payables (continued)

21. Trade and Other Payables (continued)

Company	Options in existence	Exercise periods	Methodology	Maximum price	Recognised as a liability At 30 January 2021	Recognised as a liability At 1 February 2020
					£m	£m
Tessuti Limited	First put and call option whereby JD Sports Fashion Plc may acquire or be required to acquire 100% of the option holders 6.8% of the issued share capital of Tessuti Limited over four separate tranches. Second put and call option whereby JD Sports Fashion Plc may acquire or be required to acquire 100% of the option holders 1.7% of the issued share capital of the issued share capital of Tessuti Limited in one tranche. Third put option whereby JD Sports Fashion Plc may acquire or be required to acquire 3% of the initial share capital of Tessuti Limited in two tranches of 183 shares and a further two tranches of 182 shares. Fourth put option whereby JD Sports Fashion Plc may acquire or be required to acquire 1% of the initial share capital of Tessuti Limited in one tranch of 183 shares.	The first put option is exercisable 30 days after the approval by the auditors of the annual Tessuti Limited accounts of: • The year ended 31 January 2021 • The year ended 31 January 2022 • The year ended 31 January 2023 • The year ended 31 January 2024 The second put option is exercisable 3 months after the approval by the auditors of the annual Tessuti Limited accounts of: • The year ended 31 January 2024 The third put option option is exercisable 30 days after the approval by the auditors of the annual Tessuti Limited accounts of: • The year ended 31 January 2023 • The year ended 31 January 2024 • The year ended 31 January 2025 • The year ended 31 January 2026 The fourth put option is exercisable 30 days after the approval by the auditors of the annual Tessuti Limited accounts of: • The year ended 31 January 2026	The option price is calculated based on a multiple of earnings before interest, tax, depreciation and amortisation for the relevant two financial years prior to the exercise date.	The option price shall not exceed £30 million for the first and second put and call option. The maximum option price for the third and fourth put option is £7.5 million.	**1.1**	0.3
JD Sports Fashion Holdings Australia Pty	Put option whereby JD Sports Fashion Plc may acquire 20% of the issued share capital of JD Sports Fashion Australia Holdings Pty in tranches of 10%.	The put option was exercised in the 52 week period ended 30 January 2021 and JD Sports Fashion Holdings Australia Pty is now wholly owned by JD Sports Fashion Plc.	The option price is calculated based on a multiple of earnings before interest, depreciation and amortisation for the relevant period, less net debt as a % of the total number of shares in issue as at the date of the proposed completion.	Not applicable. The put option has been exercised.	**-**	1.5
Bernard Esher Limited	Put and call option whereby JD Sports Fashion Plc may acquire or be required to acquire 20% of the share capital of Bernard Esher Limited.	The put option is exercisable 30 days after the approval by the auditors of the annual Bernard Esher Limited accounts of: • The year ended 31 January 2021 The call option may be exercised: • 30 days following the publication of the audited accounts of the year ended 31 January 22, or • within a period of six calendar months commencing on the date the relevant Seller ceases to be employee or director of the Company.	The option price is calculated based on a multiple of earnings before interest, depreciation and amortisation for the relevant period, less net debt as a % of the total number of shares in issue as at the date of the proposed completion.	The maximum consideration is £4.7 million.	**-**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Trade and Other Payables (continued)

21. Trade and Other Payables (continued)

Company	Options in existence	Exercise periods	Methodology	Maximum price	Recognised as a liability At 30 January 2021	Recognised as a liability At 1 February 2020
					£m	£m
Catchbest Limited	Put and call option whereby JD Sports Fashion Plc may acquire or be required to acquire the remaining 20% of the issued share capital of Catchbest Limited.	The put and call option is exercisable 30 days after the approval by the auditors of the annual Catchbest Limited accounts of: • The year ended 31 January 2024 • The year ended 31 January 2025 • The year ended 31 January 2026 • The year ended 31 January 2027	The option price is calculated based on a multiple of earnings before interest, tax, depreciation and amortisation for the relevant financial period, less net debt as a percentage of the total number of shares in issue as at the date of the proposed completion.	The maximum option price is £25 million.	**1.1**	–
Mainline Menswear Holdings Limited	Put and call option whereby JD Sports Fashion Plc may acquire or be required to acquire the remaining 20% of the issued share capital of Mainline Menswear Holdings Limited.	The put and call option is exercisable 30 days after the approval by the auditors of the annual accounts of: • The year ended 30 January 2021	The option price is calculated on a multiple of the lower of (i) Average profit after tax for the previous two periods, or (ii) Forecast profit after tax for the following year, as a percentage of the total number of shares in issue as at the date of the proposed completion.	The maximum option price is £6 million.	**6.0**	–
JDSF Holdings (Canada) Inc.	Put and call option whereby JD Sports Fashion Plc may acquire or be required to acquire the remaining 20% of the issued share capital of JDSF Holdings (Canada) Inc. in four equal tranches with the ability to roll over a tranche that has not previously been subject to the exercise of a put option.	The put and call option is exercisable 3 months after the approval by the auditors of the annual accounts of: • The year ended 31 January 2025 • The year ended 31 January 2026 • The year ended 31 January 2027 • The year ended 31 January 2028	The option price is calculated based on a multiple of earnings before interest, tax, depreciation and amortisation for the relevant financial period, less total debt, plus total cash as a percentage of the total number of shares in issue as at the date of the proposed completion.	The maximum option price is £300 million.	**3.4**	–
Genesis Topco Inc.	Put and call option whereby JD Sports Fashion Plc may acquire or be required to acquire the remaining 20% of the issued share capital of Genesis Topco Inc. in four equal tranches with the ability to roll over a tranche that has not previously been subject to the exercise of a put option.	The put options are exercisable within 30 calendar days after the determination of the final put / call value for the fiscal year. The first put period will occur after the determination of the put / call value for the fascia year ending on 1 February 2025. The call options are exercisable for a period of 30 days commencing 30 days after the put period has closed.	The option price is calculated based on a multiple of earnings before interest, tax, depreciation and amortisation for the relevant financial period, less net post-closing cash and debt as a percentage of the total number of shares in issue as at the date of the proposed completion.	The maximum option price is £1.2 billion.	**261.6**	–

21. Trade and Other Payables (continued)

Company	Options in existence	Exercise periods	Methodology	Maximum price	Recognised as a liability At 30 January 2021	Recognised as a liability At 1 February 2020
					£m	£m
Oi-Polloi Limited	Put and call option whereby JD Sports Fashion Plc may be required to sell 9.9% of the issued share capital of Oi Polloi Limited followed by a put option whereby JD Sports Fashion may be required to acquire the remaining 30% of the issued share capital of Oi Polloi Limited in three equal tranches of 10%.	The first option is exercisable 60 days after the approval by the auditors of the annual accounts of: • The year ended 31 January 2022 • The year ended 31 January 2023 • The year ended 31 January 2024 • The year ended 31 January 2025 • The year ended 31 January 2026 The second option is excercisable 60 days after the approval by the auditors of the annual accounts of: • The year ended 31 January 2025	The option price is calculated based on a multiple of earnings before interest and tax for the relevant financial period, less total debt, plus total cash as a percentage of the total number of shares in issue as at the date of the proposed completion.	The maximum option price is £10 million.	**0.1**	–
			Total liability		**365.9**	73.2

22. 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 CONTRACTS PROVISION

Within the onerous contracts provision, management have provided against the minimum contractual cost for the remaining term on a non-cancellable logistics services contract for the Azambuja warehouse in Portugal within the SportZone division. The provision will be unwound over a ten year period ending 30 September 2030.

	Onerous contracts	Total
	£m	£m
Balance at 1 February 2020	–	–
Provisions created during the period	5.8	5.8
Balance at 30 January 2021	**5.8**	**5.8**

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

	2021	2020
	£m	£m
Current	**0.7**	–
Non-current	**5.1**	–
	5.8	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Deferred Tax Assets and Liabilities

RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	Assets 2021	Assets 2020	**Liabilities 2021**	Liabilities 2020	**Net 2021**	Net 2020
	£m	£m	£m	£m	£m	£m
Property, plant and equipment	**14.7**	–	**(12.0)**	(6.4)	**2.7**	(6.4)
Fascia name	**–**	–	**(37.4)**	(20.3)	**(37.4)**	(20.3)
Other temporary differences	**24.2**	13.0	**(5.6)**	–	**18.6**	13.0
Tax losses	**1.7**	1.2	**–**	–	**1.7**	1.2
Tax assets / (liabilities)	**40.6**	14.2	**(55.0)**	(26.7)	**(14.4)**	(12.5)

The UK Budget on 3 March 2021 included an announcement that the UK corporation tax rate will increase to 25% from 1 April 2023 for certain companies. This increase has not yet been substantively enacted. Under IAS 12, deferred tax is required to be calculated using rates that have been substantively enacted at the balance sheet date. Consequently, the deferred tax asset and liability have been calculated based on a rate of 19%. Had the deferred tax been calculated at 25%, the deferred tax asset would increase by £4.7m and the deferred tax liability would increase by £2.1m.

23. Deferred Tax Assets and Liabilities (continued)

Deferred tax asset on losses of £89.4m (2020: £56.6m) have not been recognised as there is uncertainty over the utilisation of these losses. The losses sit within the following Group subsidiaries:

	2021	2020
	£m	£m
SDSR – Sports Division SR, S.A	**21.7**	17.4
JD Sports Fashion Germany GmbH	**6.7**	–
JD Size GmbH	**4.0**	3.6
JD Sports Fashion AT GmbH	**5.3**	1.9
JD Sports Fashion Sweden AB	**4.1**	3.2
JD Sports Fashion Finland OY	**2.7**	2.0
Sports Unlimited Retail BV	**13.6**	–
JD Sports (Thailand) Limited	**3.0**	0.9
JD Sports Fashion Korea Inc	**12.9**	8.2
Clothingsites.co.uk Limited	**4.5**	4.5
KGR Rugby Limited	**–**	3.6
Tiso Group Limited and its subsidiaries	**4.7**	4.7
Other	**6.2**	6.6
	89.4	56.6

MOVEMENT IN DEFERRED TAX DURING THE PERIOD

	Property, plant and equipment	Fascia name	Other	Tax losses	Total
	£m	£m	£m	£m	£m
Balance at 2 February 2019	1.2	(13.6)	0.6	0.8	(11.0)
Recognised on acquisition	(0.6)	(6.3)	0.5	–	(6.4)
Recognised on disposal	0.1	–	(1.3)	–	(1.2)
Recognised in income	(8.0)	4.3	9.6	0.4	6.3
Reclassifications	0.7	(4.4)	3.7	–	–
Foreign exchange movements	0.2	(0.3)	(0.1)	–	(0.2)
Balance at 1 February 2020	(6.4)	(20.3)	13.0	1.2	(12.5)
Recognised on acquisition	(1.7)	(28.2)	(3.8)	–	(33.7)
Recognised in income	11.5	10.9	8.6	0.4	31.4
Foreign exchange movements	(0.7)	0.2	0.8	0.1	0.4
Balance at 30 January 2021	**2.7**	**(37.4)**	**18.6**	**1.7**	**(14.4)**

As at 30 January 2021, the Group has no recognised deferred income tax liability (2020: £nil) in respect of taxes that would be payable on the unremitted earnings of certain overseas subsidiaries. As at 30 January 2021, the unrecognised gross temporary differences in respect of overseas subsidiaries is £425.4 million (2020: £192.7 million). No deferred income tax liability has been recognised in respect of this temporary difference due to the foreign profits exemption and the availability of double tax relief.

There are no income tax consequences attached to the payment of dividends by the Group to its shareholder.

24. Capital and Reserves

ISSUED ORDINARY SHARE CAPITAL

The total number of authorised ordinary shares at 30 January 2021 are 1,243,000,000 (2020: 1,243,000,000) with a par value of 0.25p per share (2020: 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 monitors capital using a ratio of net debt to equity using net cash / financial debt. Net cash / financial debt is calculated as per Note 29 and equity is calculated using the share price as at the financial year end multiplied by the number of ordinary shares in issue. The net debt to equity ratio as at 30 January 2021 was 18.0% (2020: 24.3%). There were no changes to the Group's approach to capital management during the period.

On 3 February 2021, JD Sports Fashion Plc completed the placing of new ordinary shares in the capital of the company. A total of 58,393,989 new ordinary shares were issued, increasing the total ordinary shares in issue to 1,031,627,149. This was a non-adjusting post balance sheet event. Further details are provided in Note 31.

Full disclosure on the rights attached to shares is provided in the Directors' Report on page 163.

	Number of ordinary shares	Ordinary share capital
	thousands	£m
At 1 February 2020 and 30 January 2021	**973,233**	**2.4**

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.

OTHER EQUITY

Put and call options held by non-controlling interests are accounted for using the present access method. Upon initial recognition of the put or call option liability a corresponding entry is made to other equity, and for subsequent changes on remeasurement of the liability the corresponding entry is made to Exceptional Items in the Income Statement.

25. Non-controlling Interests

The following disclosure provides summarised financial information for investments that have non-controlling interests ('NCI'). NCI 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 NCI at 30 January 2021 and 1 February 2020:

	Country of incorporation	**NCI at 30 January 2021**	NCI at 1 February 2020	**Net income/(loss) attributable to NCI for 52 weeks ending 30 January 2021**	**NCI at 30 January 2021**	Net income/(loss) attributable to NCI for 52 weeks ending 1 February 2020	NCI at 1 February 2020
		%	%	**£m**	**£m**	£m	£m
Name of subsidiary:							
Iberian Sports Retail Group SL	Spain / Portugal / Canaries	**50.0%**	50.0%	**5.9**	**67.6**	8.9	62.4
JD Sports Fashion Korea	Korea	**50.0%**	50.0%	**(2.3)**	**7.8**	(3.0)	10.1
Genesis Topco Inc	United States	**20.0%**	–	**(1.2)**	**178.4**	–	–
Other	Various*	**6%–50%**	12.5% – 50%	**2.5**	**3.9**	(1.3)	(2.5)
				4.9	**257.7**	4.6	70.0

* Other includes subsidiaries incorporated in the UK, Canada, Germany, India and Malaysia (2020: UK, Australia, Germany, India and Malaysia).

During the period, the Group has increased its shareholding in one non-wholly owned subsidiary. Furthermore, JD Sports Fashion Holdings Pty in Australia was previously non-wholly owned, however, during the period ended 30 January 2021 the Group increased its shareholding to 100%.

For newly acquired non-wholly owned subsidiaries, further details are provided in Note 11.

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI. On 14 December 2020, the Group's equity interest in the Genesis sub-group reduced from 100% to 20% as part of the Shoe Palace acquisition (further details are provided in Note 11). Accordingly, the information relating to the Genesis sub-group is only for the period from 14 December to 30 January 2021:

	Iberian Sports Retail Group SL 2021	Iberian Sports Retail Group SL 2020	**Genesis Topco Inc (sub-group) 2021**
Summarised statement of financial position	£m	£m	£m
Current assets	**269.0**	216.1	**319.0**
Non-current assets	**456.3**	467.6	**1,091.3**
Total assets	**725.3**	683.7	**1,410.3**
Current liabilities	**(239.9)**	(243.5)	**(387.6)**
Non-current liabilities	**(343.4)**	(294.4)	**(359.7)**
Net assets	**142.0**	145.8	**663.0**

25. Non-controlling Interests (continued)

	Iberian Sports Retail Group SL 52 weeks to 30 January 2021	Iberian Sports Retail Group SL 52 weeks to 1 February 2020	**Genesis Topco Inc (sub-group) 6 week period to 30 January 2021**
Summarised results of operations	£m	£m	£m
Revenue	**579.2**	629.9	**156.3**
Profit / (loss) for the period, net of tax	**3.7**	23.1	**(8.7)**

	Iberian Sports Retail Group SL 52 weeks to 30 January 2021	Iberian Sports Retail Group SL 52 weeks to 1 February 2020	**Genesis Topco Inc (sub-group) 6 week period to 30 January 2021**
Summarised statement of cash flows	£m	£m	£m
Net cash provided by / (used in) operating activities	**35.7**	42.2	**(33.8)**
Net cash used in investing activities	**(16.3)**	(22.2)	**(8.6)**
Net cash from / (used in) financing activities	**57.2**	0.4	**(15.7)**
Cash and cash equivalents:			
At the beginning of the period presented	**82.5**	62.1	**182.9**
At the end of the period	**159.1**	82.5	**124.8**

26. 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 dividend was proposed by the Directors and will be payable to all shareholders on the register at 25 June 2021. The dividends were not provided for at the reporting date.

	52 weeks to 30 January 2021	52 weeks to 1 February 2020
	£m	£m
1.44p per ordinary share (2020: 0.00p)	**14.9**	–

Dividends on Issued Ordinary Share Capital

	52 weeks to 30 January 2021	52 weeks to 1 February 2020
	£m	£m
Final dividend of 0.00p (2020: 1.44p) per qualifying ordinary share paid in respect of prior period, but not recognised as a liability in that period	**–**	14.0
Interim dividend of 0.00p (2020: 0.28p) per qualifying ordinary share paid in respect of current period	**–**	2.7
	–	16.7

27. Commitments

As at 30 January 2021, the Group had entered into contracts to purchase property, plant and equipment as follows:

	2021	2020
	£m	£m
Contracted	**12.8**	20.3

28. 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 £14.7 million (2020: £13.1 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 £2.4 million (2020: £1.8 million).

29. 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 1 February 2020	On acquisition of subsidiaries	Cash flow	Non-cash movements	At 30 January 2021
	£m	£m	£m	£m	£m
Cash at bank and in hand	465.9	3.3	495.0	0.2	**964.4**
Overdrafts	(5.6)	–	(10.1)	–	**(15.7)**
Cash and cash equivalents	**460.3**	**3.3**	**484.9**	**0.2**	**948.7**
Interest-bearing loans and borrowings:					
Bank loans	(29.7)	(0.6)	(52.4)	(1.7)	**(84.4)**
Other loans	(0.7)	(73.1)	0.8	4.1	**(68.9)**
Net cash / (financial debt)	**429.9**	**(70.4)**	**433.3**	**2.6**	**795.4**
Lease liabilities	(1,992.7)	(143.2)	285.2	(79.1)	(1,929.8)
Net cash / (financial debt)	**(1,562.8)**	**(213.6)**	**718.5**	**(76.5)**	**(1,134.4)**

Other loans of £68.9 million is the deferred consideration payable at 30 January 2021 in respect of the acquisition of Shoe Palace Corporation (see Note 11). The deferred consideration is not contingent and is due within one year.

30. Related Party Transactions and Balances

Transactions and balances with each category of related parties during the period are shown below. Transactions were undertaken in the ordinary course of business on an arm's length basis. Outstanding balances are unsecured (unless otherwise stated) and will be settled in cash.

TRANSACTIONS WITH RELATED PARTIES WHO ARE NOT MEMBERS OF THE GROUP

PENTLAND GROUP LIMITED

During the financial year, Pentland Group Limited owned 55% (2020: 55%) of the issued ordinary share capital of JD Sports Fashion Plc. The Group made purchases of inventory from Pentland Group Limited in the period and the Group also sold inventory to Pentland Group Limited. The Group also paid royalty costs to Pentland Group Limited for the use of a brand.

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

	Income from related parties 2021	Expenditure with related parties 2021	Income from related parties 2020	Expenditure with related parties 2020
	£m	£m	£m	£m
Sale of inventory	**1.4**	**–**	1.6	–
Purchase of inventory	**–**	**(46.7)**	–	(48.4)
Royalty costs	**–**	**(1.8)**	–	(5.1)
Marketing costs	**–**	**(0.3)**	0.1	–
Other income	**–**	**–**	0.5	–

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

	Amounts owed by related parties 2021	Amounts owed to related parties 2021	Amounts owed by related parties 2020	Amounts owed to related parties 2020
	£m	£m	£m	£m
Trade receivables / (payables)	**0.9**	**(3.1)**	1.4	(1.1)

Other than the remuneration of Directors as shown in Note 5 and in the Directors' Remuneration Report on page 179 there have been no other transactions with Directors in the year (2020: nil).

31. Post Balance Sheet Events

DTLR VILLA LLC ('DTLR')
On 31 January 2021, JD Sports Fashion Plc entered into a conditional agreement for the acquisition of 100% of DTLR Villa LLC ('DTLR' or 'Company'). Completion of the acquisition was subject to customary closing conditions, including expiration or termination of the applicable waiting period under the U.S. Hart-Scott-Rodino Antitrust Improvements Act (HSR Act). The acquisition subsequently completed on 17 March 2021.

Total cash consideration for the acquisition was $495 million, subject to customary working capital and other adjustments at completion, of which approximately $100 million will be used to repay existing indebtedness of the Company. This cash consideration is being funded from the Group's cash resources and existing bank facilities. The DTLR Management Team ('Management'), headed up by Glenn Gaynor and Scott Collins, who will be continuing in their roles as Co-CEOs, have also reinvested a portion of their proceeds back into DTLR in exchange for a new minority stake of approximately 1.4%. Put and call options, to enable future exit opportunities for Management, have also been agreed and become exercisable after a minimum period of three years.

DTLR is based in Baltimore, Maryland and is a hyperlocal athletic footwear and apparel streetwear retailer. Originally named Downtown Locker Room, the Company later re-branded as DTLR and, in 2017, merged with Sneaker Villa Inc (previously based in Philadelphia). At acquisition, DTLR operated from 247 stores across 19 states, principally in the North and East of the United States. The acquisition of DTLR, with its differentiated consumer proposition, will enhance the Group's presence in the North and East of the United States complementing not only our existing JD and Finish Line fascias but also the recent acquisition of Shoe Palace which is based on the West Coast.

Due to the proximity of the date of the acquisition and the date of this Annual Report, it is not possible to present a goodwill calculation, or the fair values of the assets and liabilities acquired. The goodwill calculation and fair value table will be presented in the announcement of our Interim Results on the 14 September 2021.

PLACING OF NEW ORDINARY SHARES
On 3 February 2021, JD Sports Fashion Plc ('the Company') completed the placing of new ordinary shares in the capital of the Company. A total of 58,393,989 new ordinary shares in the capital of the Company were placed by Investec Bank plc and Peel Hunt LLP at an issue price of 795 pence per share (the 'Placing Price').

The Placing Shares represent approximately 6.0 per cent of the existing issued share capital of the Company and raised proceeds of approximately £456.0 million after costs. The Placing Price represents a discount of approximately 2.5 per cent to the mid-market closing price of 815 pence on 3 February 2021. The Placing was implemented on a non-pre-emptive basis.

The admission of the Placing Shares to trading on the main market for listed securities took place on the 8 February 2021. The Placing Shares rank pari passu in all respects with each other and with the existing issued Ordinary Shares. This includes, without limitations, the right to receive all dividends and other distributions declared or paid in respect of such Ordinary Shares after the date of issue of the Placing Shares.

The Company now has a total of 1,031,627,149 Ordinary Shares in issue. The Company does not hold any shares in treasury and the total number of voting shares in issue is therefore 1,031,627,149.

31. Post Balance Sheet Events (continued)

MARKETING INVESTMENT GROUP S.A. ('MIG')
On 11 March 2021, JD Sports Fashion Plc entered into a conditional agreement for the acquisition of 60% of the share capital of Marketing Investment Group S.A. The business operates 410 retail stores and associated trading websites across nine countries in Central and Eastern Europe. In the year ended 31 January 2020, MIG generated revenues of approximately £200 million (£stg equivalent). The estimated date of completion of the acquisition is May 2021 subject to customary closing conditions and competition clearance.

The net assets of MIG at the date of completion are expected to be approximately £15 million. Put and call options to enable future exit opportunities for the 40% shareholders have also been agreed and become exercisable after the year ended January 2025.

32. Subsidiary Undertakings

The following companies were the subsidiary undertakings of JD Sports Fashion Plc at 30 January 2021.

Name of subsidiary	Place of Registration	Registered Address	Nature of Business and Operation	Ownership & Voting Rights Interest
2Squared Agency Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor of fashion apparel and accessories	100%
A Number of Names Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Wholesale of clothing and footwear	100%
ActivInstinct Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
ActivInstinct Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Allsports.co.uk Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Alpine Bikes Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Dormant company	60%
Alpine Group (Scotland) Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Intermediate holding company	60%
Ark Fashion Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Aspecto (Holdings) Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Aspecto Trading Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Athleisure Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Base Childrenswear Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of childrens fashion apparel and footwear	80%
Bernard Esher Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of premium womens fashion apparel and footwear	80%
Blacks Outdoor Retail Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of outdoor footwear, apparel and equipment	100%

*Indirect holding of the Company

32. Subsidiary Undertakings (continued)

Name of subsidiary	Place of Registration	Registered Address	Nature of Business and Operation	Ownership & Voting Rights Interest
Blue Retail Limited*	UK	Hollinsbrook Way, Pilsworth,Bury, Lancashire, BL9 8RR	Dormant company	100%
Capso Holdings Limited*	Isle of Man	33–37 Athol Street, Isle Of Man, IM1 1LB	Intermediate holding company	100%
Castlebrook Management Company Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant Company	100%
Catchbest Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retail of clothing in a specialised store	80%
CCC Outdoors Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Champion Retail Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Retailer of sports and leisure goods	100%
Champion Sports (Holdings) Unlimited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Dormant company	100%
Champion Sports Group Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Intermediate holding company	100%
Champion Sports Ireland*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Retailer of sports and leisure goods	100%
Champion Sports Newco Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Dormant company	100%
Choice 33 Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	88%
Choice Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	88%
Cloggs Online Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Clothingsites Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%

*Indirect holding of the Company

32. Subsidiary Undertakings (continued)

Name of subsidiary	Place of Registration	Registered Address	Nature of Business and Operation	Ownership & Voting Rights Interest
Clothingsites.co.uk Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	100%
Dantra Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of childrens fashion apparel and footwear	75%
Duffer of St George Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Licensor of a fashion brand	100%
Exclusive Footwear Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	90%
First Sport Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Focus Brands Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Focus Equipment Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Focus Group Holdings Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Focus International Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor of sports apparel and footwear	100%
Focus Italy S.pa.*	Italy	Viale Majno Luigi 17/A, 20122 Milano Italy	Distributor of sports apparel and footwear	100%
Focus Sports & Leisure International Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Footasylum Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of sports inspired footwear and apparel	100%
Footasylum Brands Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Footasylum GmbH	Germany	Wittestraße 30 K, 13509 Berlin	Retailer of sports inspired footwear and apparel	100%
Footpatrol London 2002 Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Frank Harrison Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	72%
Genesis Finco Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%

*Indirect holding of the Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. Subsidiary Undertakings (continued)

Name of subsidiary	Place of Registration	Registered Address	Nature of Business and Operation	Ownership & Voting Rights Interest
Genesis Holdings Inc	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Intermediate holding company	80%
Genesis Topco Inc	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Intermediate holding company	80%
George Fisher Holdings Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	60%
George Fisher Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of outdoor footwear, apparel and equipment	60%
GetTheLabel.com Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80%
Giulio Fashion Limited*	UK	24–32 King Street, Cambridge, Cambridgeshire, CB1 1LN	Intermediate holding company	88%
Giulio Limited*	UK	24–32 King Street, Cambridge, Cambridgeshire, CB1 1LN	Retailer of premium fashion apparel and footwear	88%
Giulio Woman Limited*	UK	24–32 King Street, Cambridge, Cambridgeshire, CB1 1LN	Dormant company	88%
Go Explore Consulting Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Go Outdoors Fishing Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of outdoor leisure equipment and apparel	100%
GOL Realisations Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Go Outdoors Equestrian Limited *	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Go Outdoors Retail Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of outdoor leisure equipment and apparel	100%
Graham Tiso Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Retailer of outdoor footwear, apparel and equipment	60%
Henleys Clothing Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%

*Indirect holding of the Company

32. Subsidiary Undertakings (continued)

Name of subsidiary	Place of Registration	Registered Address	Nature of Business and Operation	Ownership & Voting Rights Interest
Hip (Birmingham) Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Hip Store Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of premium mens fashion apparel and footwear	100%
Iberian Sports Retail Group SL	Spain	Polígono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114.	Intermediate holding company	50%
I Am Athlete, LLC*	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Retailer of sports and leisure inspired goods	80%
Infinities Retail Group Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Infinities Retail Group Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Altrincham Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Birkenhead Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Blackburn Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Bradford Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Bury Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Chesterfield Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Denton Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Derby Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Stockport Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%

*Indirect holding of the Company

32. Subsidiary Undertakings (continued)

Name of subsidiary	Place of Registration	Registered Address	Nature of Business and Operation	Ownership & Voting Rights Interest
IRG Stoke Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Warrington Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
J D Sports Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Jandernama	Spain	Polígono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114.	Intermediate holding company	100%
JD Academy Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Management consultancy activities other than financial management	100%
JDSF Retail (Canada) Inc	Canada	1200 Waterfront Centre, 200 Burrard Street, Vancouver BC V6C 3L6	Retailer of sports inspired footwear and apparel	88%
JD Canary Islands Sports SL*	Spain	Polígono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114.	Retailer of sports inspired footwear and apparel	65%
JD Newco 2 Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
JD Size GmbH	Germany	Neusser Strasse 93, 50670 Cologne	Retailer of sports inspired footwear and apparel	100%
JD Spain Sports Fashion 2010 SL*	Spain	Polígono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114.	Retailer of sports inspired footwear and apparel	65%
JD Sports (Thailand) Limited*	Thailand	Room No. TT04 No. 1106 Sukhumvit Road, Phrakhanong Sub-district, Klongtoey District, Bangkok	Retailer of sports inspired footwear and apparel	80%
JD Sports Active Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
JD Sports Fashion (France) SAS	France	96 R Du Pont Rompu, 59200 Tourcoing.	Intermediate holding company	100%
JD Sports Fashion AT GmbH	Austria	Wallnerstraße 1, 3. Stock, 1010 Vienna, Austria	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion Aus Pty*	Australia	Level 12, 54 Park St, Sydney, NSW 2000	Retailer of sports inspired footwear and apparel	100%

*Indirect holding of the Company

32. Subsidiary Undertakings (continued)

Name of subsidiary	Place of Registration	Registered Address	Nature of Business and Operation	Ownership & Voting Rights Interest
JD Sports Fashion Belgium BV	Belgium	Wiegstraat 21, 2000 Antwerpen.	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion BV	Netherlands	Oosteinderweg 247 B 1432 AT Aalsmeer.	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion Denmark APS	Denmark	c/o Harbour House, Sundkrogsgade 21, 2100 Copenhagen.	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion Finland OY	Finland	c/o Intertrust Finland Oy, Lautatarhankatu 6, 00580, Helsinki	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion Germany GmbH	Germany	Neusser Strasse 93, 50670 Cologne	Retailer of sports inspired footwear and apparel	80%
JD Sports Fashion Holdings Aus Pty	Australia	Level 12, 54 Park St, Sydney, NSW 2000	Intermediate holding company	100%
JD Sports Fashion India LLP	India	B-808 The Platina, Gachibawli, Hyderabad, Telangana, India – 500032	Outsourced multichannel operations	100%
JD Sports Fashion Korea Inc	Korea	6F Yoonik Bldg. 430 Eonju-ro, Gangnam-gu, Seoul	Retailer of sports inspired footwear and apparel	50%
JD Sports Fashion NZ Pty Limited*	New Zealand	Anderson Lloyd, Level 10 Otago House, Cnr Moray Place & Princes Street, Dunedin, 9016, NZ	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion PTE LTD*	Singapore	190 Middle Road, 14–05, Fortune Centre, Singapore, 188979	Retailer of sports inspired footwear and apparel	80%
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	80%
JD Sports Fashion SRL	Italy	Via Montenapoleone n. 29 – 20121 Milan, Italy	Retailer of sports inspired footwear and apparel	100%
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%
JD Sports Gyms Acquisitions Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	94%

*Indirect holding of the Company

32. Subsidiary Undertakings (continued)

Name of subsidiary	Place of Registration	Registered Address	Nature of Business and Operation	Ownership & Voting Rights Interest
JD Sports Gyms Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Operator of fitness centres	94%
JDSF Holdings (Canada) Inc	Canada	1200 Waterfront Centre, 200 Burrard Street, Vancouver BC V6C 3L6	Intermediate holding company	80%
John David Sports Fashion (Ireland) Limited	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Retailer of sports inspired footwear and apparel	100%
KGR Rugby Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor of rugby apparel and accessories	100%
Kukri (Asia) Limited*	Hong Kong	Unit 4, 27th Floor, Global Trade Square, 21 Wong Chuk Hang Road, Hong Kong	Distributor of sports apparel and accessories	80%
Kukri (HK) Limited*	Hong Kong	Unit 4, 27th Floor, Global Trade Square, 21 Wong Chuk Hang Road, Hong Kong	Dormant company	80%
Kukri Australia Pty Limited*	Australia	39 Charles Street, Norwood, SA 5067	Distributor of sports apparel and accessories	80%
Kukri Events Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80%
Kukri GB Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor and retailer of sports apparel and accessories	80%
Kukri NZ Limited*	New Zealand	Unit 2, 45 The Boulevard, Te Rapa Park, Hamilton	Distributor of sports apparel and accessories	60%
Kukri Pte Limited*	Singapore	10 Anson Road, 19–15 International Plaza, Singapore 079903	Distributor of sports apparel and accessories	80%
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 apparel and accessories	80%
Kukri Sports Canada Inc*	Canada	106-1533 Broadway St, Port Coquitlam, British Columbia, V3c 6P3	Distributor of sports apparel and accessories	60%
Kukri Sports Ireland Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Distributor of sports apparel and accessories	80%

*Indirect holding of the Company

32. Subsidiary Undertakings (continued)

Name of subsidiary	Place of Registration	Registered Address	Nature of Business and Operation	Ownership & Voting Rights Interest
Kukri Sports Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	80%
Kukri Sports Middle East JLT*	Middle East	Lakeview Tower, Jumeirah Lake Towers, Dubai, United Arab Emirates	Distributor of sports apparel and accessories	80%
Onepointfive Ventures Limited*	Canada	1200 Waterfront Centre, 200 Burrard Street, Vancouver BC V6C 3L6	Retailer of fashion apparel and footwear	80%
Mainline Menswear Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	80%
Mainline Menswear Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of premium mens fashion apparel and footwear	80%
Marathon Sports Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Dormant company	100%
Millets Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Mitchell's Practical Campers Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Nanny State Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Naylor's Equestrian LLP*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of Equestrian equipment	100%
NiceKicks Holdings LLC	US	755 Jarvis Drive, Morgan Hill, CA 95037	Retailer of athletic footwear and streetwear apparel	80%
Nicholas Deakins Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor of fashion footwear	100%
Oi-Polloi Limited	UK	63 Thomas Street, Manchester, M4 1LQ	Retail sale of clothing in specialised stores	80%
Old Brown Bag Clothing Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%

*Indirect holding of the Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. Subsidiary Undertakings (continued)

Name of subsidiary	Place of Registration	Registered Address	Nature of Business and Operation	Ownership & Voting Rights Interest
OneTrueSaxon Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Open Fashion Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
PCPONE*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Intermediate holding company	100%
Pear Sports LLC*	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Retailer of sports and leisure inspired goods	80%
Peter Werth Limited*	UK	Millae & Bryce Limited, Bonnington Bond 2 Anderson Place, Edinburgh, EH6 5NP	Dormant company	100%
PG2019 Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	100%
Pink Soda Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Premium Fashion Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Prima Designer Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
R.D. Scott Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	100%
Rascal Clothing Ltd	UK	Acre House, 11/15 William Road, London, United Kingdom, NW1 3ER	Retailer of fashion apparel and footwear	50%
SDSR – Sports Division SR, S.A*	Portugal	Rua Joao Mendoça, nº 505, Matosinhos Freguesia, São Mamede de Infesta e Senhora da Hora, 4464 503, Matosinhos, Portugal	Retailer of sports and leisure goods	50%
SEA Sports Fashion SDN. BHD.	Malaysia	Level 19-01, Block B, Plaza Zurich, No. 12, Jalan Gelenggang, Bukit Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan KL.	Wholesaler and retailer of sports inspired footwear and apparel	60%

*Indirect holding of the Company

32. Subsidiary Undertakings (continued)

Name of subsidiary	Place of Registration	Registered Address	Nature of Business and Operation	Ownership & Voting Rights Interest
Shoe Palace Corporation	US	755 Jarvis Drive, Morgan Hill, CA 95037	Retailer of athletic footwear and streetwear apparel	80%
Size? Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of sports inspired footwear and apparel	100%
Sonneti Fashions Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Source Lab Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Design and distributor of sportswear	85%
South South East Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Spikes Holding LLC*	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Dormant company	80%
Spodis SA*	France	96 R Du Pont Rompu, 59200 Tourcoing, France	Retailer of sports and leisure goods	100%
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%
Sportiberica – Sociedade de Arigos de Desporto S.A.	Portugal	Avenida das Indústrias, n.º 63, Agualva do Cacém, Sintra, Portugal	Retailer of sports and leisure goods	65%
Sports Unlimited Retail BV	Netherlands	Oosteinderweg 247 B 1432 AT Aalsmeer, The Netherlands	Retailer of sports and leisure goods	100%
Sprinter Megacentros Del Deporte SLU*	Spain	Polígono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114, Spain	Retailer of sports and leisure goods	50%
Squirrel Sports Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80%
Tessuti Group Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%

*Indirect holding of the Company

32. Subsidiary Undertakings (continued)

Name of subsidiary	Place of Registration	Registered Address	Nature of Business and Operation	Ownership & Voting Rights Interest
Tessuti Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	88%
Tessuti Retail Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
The Alpine Group Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Intermediate holding company	60%
The Finish Line Distribution, Inc*	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Retailer of sports and leisure inspired goods	80%
The Finish Line MA, Inc*	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Dormant company	80%
The Finish Line Puerto Rico, Inc*	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Retailer of sports and leisure inspired goods	80%
The Finish Line Transportation, Inc*	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Retailer of sports and leisure inspired goods	80%
The Finish Line USA, Inc*	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Retailer of sports and leisure inspired goods	80%
The Finish Line, Inc*	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Intermediate holding company	80%
The John David Group Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Tiso Group Limited	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Intermediate holding company	60%
Topgrade Sportswear Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80%
Topgrade Sportswear Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor and multichannel retailer of sports and fashion apparel and footwear	80%
Touchwood Sports Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Ultimate Outdoors Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%

*Indirect holding of the Company

32. Subsidiary Undertakings (continued)

Name of subsidiary	Place of Registration	Registered Address	Nature of Business and Operation	Ownership & Voting Rights Interest
Varsity Kit Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Weaver's Door Ltd	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant Company	100%
Wellgosh Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	100%
X4L Gyms Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Operator of fitness centres	94%

*Indirect holding of the Company

As at 30 January 2021

	Note	As at 30 January 2021 £m	As at 1 February 2020 £m
Assets			
Intangible assets	C5	**28.9**	27.9
Property, plant and equipment	C6	**502.5**	607.6
Investment property	C8	**2.8**	3.0
Investments	C9	**532.2**	587.3
Investment in associates		**2.5**	2.5
Deferred tax assets	C15	**3.4**	1.0
Total non-current assets		**1,072.3**	1,229.3
Stocks	C10	**193.0**	181.6
Debtors	C11	**502.1**	487.6
Cash and cash equivalents	C12	**398.0**	143.8
Total current assets		**1,093.1**	813.0
Total assets		**2,165.4**	2,042.3
Liabilities			
Creditors: amounts falling due within one year	C13	**(436.0)**	(370.8)
Lease liabilities	C7	**(61.9)**	(68.3)
Income tax liabilities		**(8.9)**	(27.4)
Total current liabilities		**(506.8)**	(466.5)
Creditors: amounts falling due after more than one year	C14	**(8.0)**	(5.6)
Lease liabilities	C7	**(371.2)**	(420.9)
Total non-current liabilities		**(379.2)**	(426.5)
Total liabilities		**(886.0)**	(893.0)
Total assets less total liabilities		**1,279.4**	1,149.3
Capital and reserves			
Issued ordinary share capital	C16	**2.4**	2.4
Share premium		**11.7**	11.7
Retained earnings		**1,265.3**	1,135.2
Total equity		**1,279.4**	1,149.3

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 accompanying notes form part of these financial statements.

These financial statements were approved by the Board of Directors on 13 April 2021 and were signed on its behalf by:

N Greenhalgh
Director

Registered number: 1888425

For the 52 weeks ended 30 January 2021

	Ordinary share capital	Share premium	Retained earnings	**Total equity**
	£m	£m	£m	£m
Balance at 2 February 2019	2.4	11.7	974.1	**988.2**
Profit for the period	–	–	177.8	**177.8**
Total comprehensive income for the period	–	–	177.8	**177.8**
Dividends to equity holders	–	–	(16.7)	**(16.7)**
Balance at 1 February 2020	2.4	11.7	1,135.2	**1,149.3**
Profit for the period	–	–	130.1	**130.1**
Total comprehensive income for the period	–	–	130.1	**130.1**
Balance at 30 January 2021	**2.4**	**11.7**	**1,265.3**	**1,279.4**

The accompanying notes form part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

C1. BASIS OF PREPARATION

The parent company financial statements of JD Sports Fashion Plc were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101').

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ('Adopted IFRSs') 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 IFRS15 Revenue from contracts with customers in respect of disaggregation of revenue and performance obligations;
- Certain disclosures required by IFRS16 Leases in respect of the Company acting as a lessor;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company; and

C1. BASIS OF PREPARATION (CONTINUED)

- 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 included in these consolidated financial statements is £130.1 million (2020: £177.8 million).

The accounting policies have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared on a going concern basis under the historical cost convention except as disclosed in the accounting policies in Note 1 of the Group financial statements. The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are the same for the Company as they are for the Group. For further details, see page 232 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:

	2021	2020
Sales and distribution	**15,510**	14,767
Administration	**619**	566
	16,129	15,333
Full time equivalents	**10,388**	10,173

The aggregate payroll costs of these persons were as follows:

	52 weeks to 30 January 2021	52 weeks to 1 February 2020
	£m	£m
Wages and salaries	**188.4**	225.7
Social security costs	**13.7**	15.8
Pension costs	**3.6**	3.4
Other employed staff costs	**–**	1.2
	205.7	246.1

C5. INTANGIBLE ASSETS

Goodwill in the Company comprises the goodwill on acquisition of First Sport (£15.0 million) and Allsports (£0.9 million).

Brand names in the Company comprise all brand names included in the Group table (Note 12) within the Sport Fashion segment with the exclusion of the Duffer brand name which is included within Duffer of St George Limited and the Doone brand name which is included in the Sport Zone group.

Brand licences in the Company comprise all brand licenses included in the Group table (Note 12). Brand licences are stated at cost less accumulated amortisation and impairment losses.

	Goodwill	Brand licences	Brand names	Software development	Total
	£m	£m	£m	£m	£m
Cost or valuation					
At 1 February 2020	19.9	11.7	7.4	36.3	75.3
Additions	–	3.8	–	7.6	11.4
At 30 January 2021	19.9	15.5	7.4	43.9	86.7
Amortisation and impairment					
At 1 February 2020	4.0	11.0	7.4	25.0	47.4
Charge for the period	–	2.2	–	8.2	10.4
At 30 January 2021	4.0	13.2	7.4	33.2	57.8
Net book value					
At 30 January 2021	**15.9**	**2.3**	**–**	**10.7**	**28.9**
At 1 February 2020	15.9	0.7	–	11.3	27.9

C6. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Improvements to short leasehold properties	Computer equipment	Fixtures and fittings	Motor vehicles	Right of use assets	Total
	£m	£m	£m	£m	£m	£m	£m
Cost							
At 1 February 2020	13.0	20.4	45.4	274.2	0.1	523.9	877.0
Additions	3.9	1.9	4.7	10.9	–	22.1	43.5
Disposals	–	(0.4)	(0.1)	(1.9)	–	(4.2)	(6.6)
Lease modifications and remeasurements	–	–	–	–	–	(29.8)	(29.8)
Reclassifications to other asset categories	–	(0.6)	–	(0.1)	–	–	(0.7)
At 30 January 2021	16.9	21.3	50.0	283.1	0.1	512.0	883.4
Depreciation and impairment							
At 1 February 2020	–	15.9	39.4	141.1	0.1	72.9	269.4
Charge for period	3.1	4.6	4.4	30.5	–	71.9	114.5
Disposals	–	(0.4)	–	(1.8)	–	–	(2.2)
Impairments	–	–	–	–	–	0.3	0.3
Reclassifications to other asset categories	–	(1.1)	–	–	–	–	(1.1)
At 30 January 2021	3.1	19.0	43.8	169.8	0.1	145.1	380.9
Net book value							
At 30 January 2021	**13.8**	**2.3**	**6.2**	**113.3**	**–**	**366.9**	**502.5**
At 1 February 2020	13.0	4.5	6.0	133.1	–	451.0	607.6

C7. LEASES

The Company has adopted the same accounting policies as the Group in respect of IFRS16 Leases and adopted IFRS16 on 3 February 2019. Details of the accounting policies applied from 3 February 2019 onwards can be found in Note 1 to the Group financial statements on page 232 and Note 14 to the Group financial statements on page 264.

As a lessee

'Property, plant and equipment' comprise owned and leased assets that do not meet the definition of investment property.

	Note	2021	2020
		£m	£m
Property, plant and equipment owned	C6	135.6	156.6
Right-of-use assets, except for investment property	C6	366.9	451.0
		502.5	**607.6**

The Company leases assets including land and buildings, vehicles, machinery and IT equipment. Information about leases for which the Company is a lessee is presented below.

Right-of-use assets

	Property	Vehicles and Equipment	Total
	£m	£m	£m
Cost			
At 1 February 2020	522.2	1.7	523.9
Additions	21.0	1.1	22.1
Disposals	(4.2)	–	(4.2)
Remeasurement adjustments	(30.0)	0.2	(29.8)
At 30 January 2021	509.0	3.0	512.0
Depreciation and impairment			
At 1 February 2020	72.1	0.8	72.9
Depreciation charge for the period	71.0	0.9	71.9
Impairment of right-of-use assets	0.3	–	0.3
At 30 January 2021	143.4	1.7	145.1
At 30 January 2021	**365.6**	**1.3**	**366.9**
At 1 February 2020	450.1	0.9	451.0

Lease liabilities

	2021	2020
	£m	£m
Maturity analysis – contractual undiscounted cash flows		
Less than one year	76.4	78.4
One to five years	235.0	246.9
More than five years	190.2	218.9
Total undiscounted lease liabilities	**501.6**	**544.2**
Lease liabilities included in the statement of financial position	**433.1**	**489.2**
Current	61.9	68.3
Non-current	371.2	420.9

As at 30 January 2021, the weighted average discount rate applied to the lease portfolio of the Company is 3.2% (2020: 3.2%)

C7. LEASES (CONTINUED)

Amounts recognised in profit or loss

	52 weeks to 30 January 2021	52 weeks to 1 February 2020
	£m	£m
Interest on lease liabilities	13.4	14.6
Variable lease payments not included in the measurement of lease liabilities	2.9	13.0
Income from subleasing right-of-use assets	0.1	0.1
Expenses relating to short term leases and low value leases	0.3	5.8
Impairment of right-of-use assets	0.3	2.3

As a lessor

Lease income from lease contracts in which the Company acts as a lessor is as below.

	52 weeks to 30 January 2021	52 weeks to 1 February 2020
Operating Lease	£m	£m
Lease Income	0.1	0.1

The Company leases out residential and office properties. The Company has classified these leases as operating leases, because they do not transfer substantially all the risk and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2021	2020
	£m	£m
Within one year	**0.1**	0.1
Later than one year and not later than five years	**–**	0.1
	0.1	0.2

C8. 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 below. 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
Cost	
At 1 February 2020 and 30 January 2021	4.8
Depreciation and impairment	
At 1 February 2020	1.8
Charge for period	0.2
At 30 January 2021	2.0
Net book value	
At 30 January 2021	**2.8**
At 1 February 2020	3.0

C8. INVESTMENT PROPERTY (CONTINUED)

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 30 January 2021.

Based on an external valuation prepared as at 31 December 2018, the fair value of the investment properties as at that date was £4.5 million.

Management do not consider either of the investment properties to be impaired as the future rental income supports the carrying value.

C9. INVESTMENTS

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

	£m
Cost	
At 1 February 2020	635.3
Additions	24.6
Disposals	(38.5)
At 30 January 2021	**621.4**
Impairment	
At 1 February 2020	48.0
Impairments	41.2
At 30 January 2021	89.2
Net book value	
At 30 January 2021	**532.2**
At 1 February 2020	587.3

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

	2021
	£m
JDSF Holdings (Canada) Inc – 80%	8.2
A Number of Names Limited	4.7
JD Sports Fashion Holdings Australia Pty Ltd	4.1
Catchbest Limited – 80%	3.2
JD Sports Gyms Limited – 94%	1.2
Sportiberica Sociedade De Artigos De Desporto S.A. – 65%	1.3
Wellgosh Limited	1.2
Kukri Sports Limited – 80%	0.6
Oi-Polloi Limited – 79.9%	0.1
Total additions	24.6

The disposal relates to a capital reduction in the year in respect of the investment held in Genesis Finco Limited.

A list of subsidiaries is disclosed in Note 32 of the Group financial statements.

C10. STOCKS

	2021	2020
	£m	£m
Finished goods and goods for resale	**193.0**	181.6

The Company has £19.7 million (2020: £19.0 million) of stock provisions at the end of the period.

C11. TRADE AND OTHER RECEIVABLES

	2021	2020
	£m	£m
Current assets		
Trade receivables	**5.1**	2.0
Other receivables	**1.0**	14.5
Prepayments and accrued income	**24.5**	33.8
Amounts owed by other Group companies	**471.5**	437.3
	502.1	487.6

A summary of the Company's exposure to credit risk for trade receivables is as follows:

	2021 Gross	2021 Provision	2021 Net	2020 Gross	2020 Provision	2020 Net
	£m	£m	£m	£m	£m	£m
Not past due	**0.7**	**–**	**0.7**	1.6	–	1.6
Past due 0 – 30 days	**1.3**	**–**	**1.3**	0.1	–	0.1
Past due 30-60 days	**0.6**	**–**	**0.6**	0.3	–	0.3
Past 60 days	**2.8**	**(0.3)**	**2.5**	0.3	(0.3)	–
	5.4	**(0.3)**	**5.1**	2.3	(0.3)	2.0

At 30 January 2021, the exposure to credit risk for trade receivables by geographic region was as follows:

	As at 30 January 2021 Total	As at 1 February 2020 Total
Trade receivables	£m	£m
UK	**4.3**	–
Europe	**0.8**	2.3
Rest of world	**0.3**	–
Total	**5.4**	2.3

At 30 January 2021, the exposure to credit risk for trade receivables by type of counterparty was as follows:

	As at 30 January 2021 Total	As at 1 February 2020 Total
Trade receivables	£m	£m
Supplier rebates and royalties	**5.4**	2.3

At 30 January 2021, the carrying amount of the Company's most significant customer was £1.7 million (2020: £0.2 million).

C11. TRADE AND OTHER RECEIVABLES (CONTINUED)

A summary of the Company's exposure to credit risk for trade receivables is as follows:

	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
As at 30 January 2021	£m	£m	£m	£m
Not past due	–	0.7	–	–
Past due 0–30 days	–	1.3	–	–
Past due 30–60 days	–	0.6	–	–
Past due 61–90 days	–	0.3	–	–
More than 90 days past due	12.0%	2.5	(0.3)	–
Total	**5.6%**	**5.4**	**(0.3)**	**–**

	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
As at 1 February 2020	£m	£m	£m	£m
Not past due	–	1.6	–	–
Past due 0–30 days	–	0.1	–	–
Past due 30–60 days	–	0.3	–	–
Past due 61–90 days	100.0%	0.2	(0.2)	–
More than 90 days past due	100.0%	0.1	(0.1)	–
Total	**13.0%**	**2.3**	**(0.3)**	**–**

Movement on this provision is shown below:

	£m
At 1 February 2020	0.3
Created	–
At 30 January 2021	**0.3**

The Amounts owed by other Group companies is after a provision of £114.8 million (2020: £106.6 million) against the balances outstanding at the end of the period.

The other classes within trade and other receivables do not contain impaired assets.

C12. FINANCIAL INSTRUMENTS

Financial Assets

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

	2021	2020
	£m	£m
Bank balances and cash floats	**398.0**	143.8
Sterling	**265.9**	91.3
Euros	**39.1**	32.1
US Dollars	**79.9**	6.0
Australian Dollars	**5.4**	10.0
Other	**7.7**	4.4
	398.0	143.8

C12. FINANCIAL INSTRUMENTS (CONTINUED)

Credit Risk
The Company has provided guarantees on working capital and other banking facilities entered into by Spodis SA (€6.6 million) and Kukri Sports Limited and Kukri GB Limited (£1.0 million). In addition, the syndicated committed £700 million bank facility, which was in place as at 30 January 2021, encompassed cross guarantees between the Company, Blacks Outdoor Retail Limited, Tessuti Limited, Go Outdoors Retail Limited, The Finish Line, Inc., The Finish Line USA Inc., Genesis Holdings Inc., Genesis Finco Limited, Focus Brands Limited and Focus International Limited to the extent to which any of these companies were overdrawn. As at 30 January 2021, these facilities were drawn down by £nil (2020: £nil).

Fair Values
The fair values together with the carrying amounts shown in the Balance Sheet as at 30 January 2021 are as follows:

	Note	Carrying amount 2021	Fair value 2021
		£m	£m
Trade and other receivables	C11	**477.6**	477.6
Cash and cash equivalents	C12	**398.0**	398.0
Trade and other creditors – current		**(395.1)**	(395.1)
Trade and other creditors – non-current		**(8.0)**	(8.0)
		472.5	472.5
Unrecognised gains			–

Fair Value Hierarchy
For information on Company balances which are categorised at the same level as for Group, see Note 20. In addition, Investment property held in the Company of £2.8 million (2020: £3.0 million) is categorised as Level 3 within the fair value hierarchy.

C13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£m	£m
Trade creditors	**199.2**	162.5
Other creditors and accrued expenses	**195.9**	164.9
Other tax and social security costs	**9.1**	8.5
Amounts payable to other Group companies	**31.8**	34.9
	436.0	370.8

C14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£m	£m
Other creditors and accrued expenses	**8.0**	5.6

C15. DEFERRED TAX ASSETS AND LIABILITIES

Recognised Deferred Tax Assets and Liabilities
Deferred tax assets and liabilities are attributable to the following:

	Assets 2021	Assets 2020	Liabilities 2021	Liabilities 2020	Net 2021	Net 2020
	£m	£m	£m	£m	£m	£m
Property, plant and equipment	**1.1**	–	–	(1.2)	**1.1**	(1.2)
Other	**2.3**	2.2	–	–	**2.3**	2.2
Tax assets / (liabilities)	**3.4**	2.2	–	(1.2)	**3.4**	1.0

Movement in Deferred Tax during the Period

	Property, plant and equipment	Other	Total
	£m	£m	£m
Balance at 2 February 2019	(0.6)	2.3	**1.7**
Recognised in income	(0.6)	(0.1)	**(0.7)**
Balance at 1 February 2020	(1.2)	2.2	**1.0**
Recognised in income	2.3	0.1	**2.4**
Balance at 30 January 2021	**1.1**	**2.3**	**3.4**

The UK Budget on 3 March 2021 included an announcement that the UK corporation tax rate will increase to 25% from 1 April 2023 for certain companies. This increase has not yet been substantively enacted. Under IAS 12, deferred tax is required to be calculated using rates that have been substantively enacted at the balance sheet date. Consequently, the deferred tax asset and liability have been calculated based on a rate of 19%. Had the deferred tax been calculated at 25%, the deferred tax asset would increase by £1.1m.

C16. CAPITAL

Issued Ordinary Share Capital for both the Company and Group is disclosed in Note 24 of the Group financial statements.

C17. DIVIDENDS

After the reporting date the dividend proposed by both Company and Group Directors is disclosed in Note 26 of the Group financial statements.

C18. COMMITMENTS

As at 30 January 2021, the Company had entered into contracts to purchase property, plant and equipment as follows:

	2021	2020
	£m	£m
Contracted	**8.0**	7.4

C19. RELATED PARTY TRANSACTIONS AND BALANCES

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

	Income from related parties 2021	Expenditure with related parties 2021	Income from related parties 2020	Expenditure with related parties 2020
	£m	£m	£m	£m
Purchase of inventory	**–**	**(26.0)**	–	(23.5)
Other income	**–**	**–**	0.1	–

C19. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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

	Amounts owed by related parties 2021	Amounts owed to related parties 2021	Amounts owed by related parties 2020	Amounts owed to related parties 2020
	£m	£m	£m	£m
Trade payables	–	(0.1)	–	(0.1)

TRANSACTIONS WITH RELATED PARTIES WHO ARE MEMBERS OF THE GROUP

Subsidiaries

In the disclosure below the Company has applied the exemptions available under FRS 101 in respect of transactions with wholly owned subsidiaries.

Loans represent historic intercompany balances and initial investment in subsidiary undertakings to enable them to purchase other businesses. For subsidiaries with a non-controlling interest, these long term loans attract interest at the UK base rate plus an applicable margin.

Other intercompany balances and trade receivables / payables relates to:

- The sale and purchase of stock between the Company and its subsidiaries on arm's length terms; and
- Recharges for administrative overhead and distribution costs.

Other intercompany balances are settled a month in arrears. These balances do not accrue interest. In certain circumstances where the subsidiaries have not repaid these balances, they have been reclassified to long term loans, and therefore accrue interest as applicable.

During the period, the Company entered into the following transactions with subsidiaries not wholly owned:

	Income from related parties 2021	Expenditure with related parties 2021	Income from related parties 2020	Expenditure with related parties 2020
	£m	£m	£m	£m
Sale / (purchase) of inventory	150.5	(1.4)	169.1	–
Interest receivable	4.0	–	0.3	–
Dividend income received	3.8	–	11.6	–
Rental income	0.1	–	0.2	–
Royalty income	28.9	–	3.1	–
Management charge receivable	2.3	–	6.0	–

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

	Amounts owed by related parties 2021	Amounts owed to related parties 2021	Amounts owed by related parties 2020	Amounts owed to related parties 2020
	£m	£m	£m	£m
Non-trading loan receivable	50.2	–	22.8	–
Non-trading loan receivable (interest bearing)	111.5	–	96.1	–
Trade receivables	22.5	–	34.4	–
Other intercompany balances	–	(3.4)	–	(3.4)
Income tax group relief	0.6	–	2.6	(0.9)

C20. CONTINGENT LIABILITIES

Where the Company enters into 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 (2020: €6.6 million).
- Guarantee on the working capital facilities Kukri Sports Limited and Kukri GB Limited of £1.0 million (2020: £1.0 million).
- Guarantee to Kiddicare Properties Limited in relation to the rental commitments on four stores assigned to Blacks Outdoor Retail Limited. The total value of the remaining rental commitments at 30 January 2021 was £1.3 million (2020: £2.9 million).
- Guarantee on loan facility with HSBC in JD Australia of AUD1.1 million (2020: AUD1.1 million).
- Guarantee on overdraft facility with Lloyds for Tiso Limited of £5.7 million (2020: £5.7 million).

C21. ULTIMATE PARENT COMPANY

The immediate parent undertaking is Pentland Group Limited (formerly known as 'Pentland Group Plc'), a company registered in England and Wales. R S Rubin and his close family are considered the ultimate controlling party by virtue of their control of Pentland Group Limited (a company registered in Jersey). Consolidated financial statements will be prepared by Pentland Group Limited (a company registered in England and Wales), which is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements for the year ended 31 December 2020. The consolidated financial statements of Pentland Group Limited can be obtained from the company's registered office at 8 Manchester Square, London, W1U 3PH, England.

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.

C22. POST BALANCE SHEET EVENTS

Please refer to Note 31 in the Group accounts for disclosure of the post balance sheet events impacting JD Sports Fashion Plc.

Financial Statements Published	27 May 2021
Annual General Meeting	01 July 2021
Interim Results Announced	14 September 2021
Period End (52 Weeks)	29 January 2022
Final Results Announced	12 April 2022

REGISTERED OFFICE

JD SPORTS FASHION PLC
Hollinsbrook Way
Pilsworth
Bury
Lancashire
BL9 8RR

COMPANY NUMBER

Registered in England and Wales,
Number 1888425

SOLICITORS

LINKLATERS LLP
One, Silk Street
London
EC2Y 8HQ

ADDLESHAW GODDARD LLP
1 St. Peter's Square
Manchester
M2 3DE

REGISTRARS

EQUINITI LIMITED
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

FINANCIAL ADVISERS AND STOCKBROKERS

PEEL HUNT LLP
7th Floor, 100
Liverpool Street
London
EC2M 2AT

INVESTEC BANK PLC
30 Gresham Street
London
EC2V 7QP

PRINCIPAL BANKERS

BARCLAYS BANK PLC
43 High Street
Sutton
Surrey
SM1 1DR

FINANCIAL PUBLIC RELATIONS

ENGINE MHP
60 Great Portland Street
London
W1W 7RT

AUDITOR

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

	52 weeks to 28 January 2017	53 weeks to 3 February 2018	52 weeks to 2 February 2019	52 weeks to 1 February 2020	**52 weeks to 30 January 2021**
	£m	£m	£m	£m	£m
Revenue	2,378.7	3,161.4	4,717.8	6,110.8	**6,167.3**
Cost of sales	(1,215.1)	(1,629.8)	(2,474.5)	(3,236.0)	**(3,205.7)**
Gross profit	1,163.6	1,531.6	2,243.3	2,874.8	**2,961.6**
Selling and distribution expenses	(813.0)	(1,080.5)	(1,632.9)	(2,020.2)	**(2,126.4)**
Administrative expenses – normal	(106.2)	(144.7)	(253.6)	(348.6)	**(381.2)**
Administrative expenses – exceptional	(6.4)	(12.9)	(15.3)	(90.3)	**(97.3)**
Administrative expenses	(112.6)	(157.6)	(268.9)	(438.9)	**(478.5)**
Other operating income	1.8	2.4	4.7	10.9	**28.3**
Operating profit	239.8	295.9	346.2	426.6	**385.0**
Before exceptional items	246.2	308.8	361.5	516.9	**482.3**
Exceptional items	(6.4)	(12.9)	(15.3)	(90.3)	**(97.3)**
Operating profit before financing	239.8	295.9	346.2	426.6	**385.0**
Financial income	0.8	0.6	1.2	1.7	**1.5**
Financial expenses	(2.2)	(2.0)	(7.5)	(79.8)	**(62.5)**
Profit before tax	238.4	294.5	339.9	348.5	**324.0**
Income tax expense	(53.8)	(58.1)	(75.7)	(97.8)	**(94.8)**
Profit for the period	184.6	236.4	264.2	250.7	**229.2**
Attributable to equity holders of the parent	178.9	231.9	261.8	246.1	**224.3**
Attributable to non-controlling interest	5.7	4.5	2.4	4.6	**4.9**
Basic earnings per ordinary share from continuing operations (i)	18.38p	23.83p	26.90p	25.29p	**23.05p**
Adjusted basic earnings per ordinary share from continuing operations (i) (ii)	19.04p	25.15p	28.44p	34.26p	**32.19p**
Dividends per ordinary share (i) (iii)	1.55p	1.63p	1.71p	0.28p	**1.44p**

(i) Basic and adjusted earnings per ordinary share and dividends per ordinary share have been adjusted to reflect the share split, effective 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) 52 weeks to 1 February 2020 reflects the application of IFRS16 'Leases' for the first time, the impact is on Operating Profit and Financial Expenses.

The Directors measure the performance of the Group based on a range of financial measures, including measures not recognised by international financial reporting standards ('IFRS') adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. 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 considered unusual in nature and not reflective of the underlying trading and profitability of the Group. The separate reporting of exceptional items, which are presented as exceptional within the relevant category in the Consolidated Income Statement, helps provide an indication of the Group's underlying business performance. The principal items which may be included as exceptional items are listed in Note 4.

ADJUSTED EARNINGS PER ORDINARY SHARE BEFORE EXCEPTIONALS

The calculation of basic earnings per share is detailed in Note 10. Adjusted basic earnings per ordinary share has been based on the profit for the period attributable to equity holders of the parent for each financial period but excluding the post-tax effect of certain exceptional items. A reconciliation between basic earnings per share and adjusted earnings per share is shown below:

	2021	2020
Basic earnings per share	**23.05p**	25.29p
Exceptional items excluding loss on disposal of non-current assets	**10.00p**	9.27p
Tax relating to exceptional items	**(0.86)p**	(0.30)p
Adjusted earnings per ordinary share	**32.19p**	34.26p

Core

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

Effective Core Rate of Taxation

A reconciliation between the UK main rate of corporation tax and the effective core rate from continuing activities is as follows:

	2021	2020
	%	%
UK main rate of corporation tax	**19.0**	19.0
Depreciation and impairment of non-qualifying non-current assets	**1.1**	0.7
Effect of tax rates in foreign jurisdictions	**2.0**	1.8
Expenses not deductible and income not taxable	**1.7**	1.8
Recognition of previously unrecognised tax losses / movement in deferred tax assets	**1.8**	(0.5)
Other	**2.6**	2.4
Effective core rate of taxation	**28.2**	25.2

EBITDA before exceptional items
Earnings before interest, tax, depreciation and amortisation.

	2021 £m	2020 £m
Profit for the period	**229.2**	250.7
Addback:		
Financial expenses	**62.5**	79.8
Income tax expense	**94.8**	97.8
Depreciation, amortisation and impairment of non-current assets	**507.9**	462.9
Exceptional items	**97.3**	90.3
Deduct:		
Financial income	**(1.5)**	(1.7)
EBITDA before exceptional items	**990.2**	979.8

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.

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

Operating Profit Before Exceptional Items
A reconciliation between operating profit and exceptional items can be found in the Consolidated Income Statement.

Profit Before Tax and Exceptional Items
A reconciliation between profit before tax and profit before tax and exceptional items is as follows:

	2021 £m	2020 £m
Profit before tax	**324.0**	348.5
Exceptional items	**97.3**	90.3
Profit before tax and exceptional items	**421.3**	438.8

Proforma IAS 17
The Group presents results on a proforma basis with rents recognised under the provisions of IAS 17 'Leases' as opposed to IFRS 16 'Leases' so as to assist the user in the interpretation of current performance when compared to previous years. Further, certain management incentives are linked to the results on this basis.

A reconciliation from the IFRS 16 headline profit before tax and exceptional items to the proforma IAS 17 headline profit before tax and exceptional items is as follows:

	2021 £m	2020 £m
Headline profit before tax and exceptional items (IFRS 16)	**421.3**	438.8
Addback:		
Depreciation and impairment of the Right of Use asset under IFRS 16	**324.8**	311.1
Lease interest expense	**54.9**	71.9
Deduct:		
Lease costs expensed to the income statement under IAS 17	**(340.9)**	(356.2)
Headline profit before tax and exceptional items (Proforma IAS 17)	**460.1**	465.6

Segmental Profit Before Tax and Exceptional Items
A reconciliation between profit before tax and profit before tax and exceptional items for each segment is as follows:

Sports Fashion

	2021 £m	2020 £m
Profit before tax	**356.6**	427.9
Exceptional items	**76.9**	40.6
Profit before tax and exceptional items – Sports Fashion	**433.5**	468.5

Outdoor

	2021 £m	2020 £m
Loss before tax	**(26.5)**	(73.2)
Exceptional items	**20.4**	49.7
Loss before tax and exceptional items – Outdoor	**(6.1)**	(23.5)

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Design and production: Navig8
www.navig8.co.uk

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