JD Group

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JD Sports Fashion Plc
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JD SPORTS FASHION PLC
FINAL RESULTS
FOR THE 52 WEEKS ENDED 1 FEBRUARY 2020

JD Sports Fashion Plc (the 'Group'), a leading retailer of sports, fashion and outdoor brands, today announces its Final Results for the 52 weeks ended 1 February 2020 (2019: 52 weeks ended 2 February 2019).

	Impact of IFRS 16 Transition		**2020**	2019
	Proforma IAS 17	Adjustment	**IFRS 16**	IAS 17
	£m	£m	**£m**	£m
Revenue	6,110.8	-	**6,110.8**	4,717.8
Gross profit %	47.0%	-	**47.0%**	47.5%
EBITDA before exceptional items*	623.6	356.2	**979.8**	488.4
Depreciation / amortisation	(151.8)	(311.1)	**(462.9)**	(126.9)
Operating profit before exceptional items*	471.8	45.1	**516.9**	361.5
Net interest expense	(6.2)	(71.9)	**(78.1)**	(6.3)
Profit before tax and exceptional items*	465.6	(26.8)	**438.8**	355.2
Exceptional items	(90.3)	-	**(90.3)**	(15.3)
Profit before tax	375.3	(26.8)	**348.5**	339.9
Basic earnings per ordinary share	27.44p	(2.15)p	**25.29p**	26.90p
Adjusted earnings per ordinary share*	36.41p	(2.15)p	**34.26p**	28.44p
Total dividend payable per ordinary share	0.28p	-	**0.28p**	1.71p
Net cash at period end (a)	429.9	-	**429.9**	125.2

a) Net cash consists of cash and cash equivalents less interest-bearing loans and borrowings
b) Throughout this release '' indicates the first instance of a term defined and is explained in the Glossary at the end of these preliminary results*

Group Highlights

- Record result to 1 February 2020 with very strong consumer demand for JD's multi-channel proposition:
  a) Revenue increased by 30% to £6,110.8 million (2019: £4,717.8 million) with strong total like for like sales* growth in global Sports Fashion fascias of 12% including highly encouraging growth of more than 10% in the core* UK and Republic of Ireland Sports Fashion fascias
  b) Group EBITDA before exceptional items on a comparable accounting basis* increased by 28% to £623.6 million (2019: £488.4 million) and profit before tax and exceptional items on a comparable accounting basis increased by more than £110 million to £465.6 million (2019: £355.2 million)
  c) Reported profit before tax increased by 3% to £348.5 million (2019: £339.9 million), after net adjustments of £26.8 million following transition to IFRS 16 'Leases' and non-cash exceptional items of £90.3 million

- Further international development of JD in the year with:
  a) Net increase of 52 JD stores across mainland Europe
  b) Net increase of 18 JD stores in the Asia Pacific region
  c) JD store base in the United States increased to 11 stores with the first flagship store in Times Square, New York, anticipated to open later in the summer

- Encouraging performance in the United States with operating profit before exceptional items on a comparable accounting basis of £97.9 million (2019: £26.6 million for the 33 weeks post acquisition) driven by:

a) Like for like sales growth for the proforma 52 week period across the combined Finish Line branded stores and website of 9%
b) Gross margin increased to 42.9% (proforma 52 weeks to 2 February 2019: 42.2%)

- Net cash at the end of the period, being the high point of the working capital cycle, of £429.9 million (2019: £125.2 million)
- Key financial information of the two business segments is tabulated below:

Period to 1 February 2020

	Sports Fashion		Outdoor		Unall[2]	Total	
	IFRS 16	IAS 17	IFRS 16	IAS 17		IFRS 16	IAS 17
	£m	£m	£m	£m	£m	£m	£m
Revenue	5,696.8	5,696.8	414.0	414.0	-	6,110.8	6,110.8
Gross profit %	47.4%	47.4%	41.9%	41.9%	-	47.0%	47.0%
EBITDA before exceptional items	952.4	629.6	27.4	(6.0)	-	979.8	623.6
Depreciation	(413.8)	(132.0)	(39.2)	(9.9)	-	(453.0)	(141.9)
Amortisation[1]	(5.4)	(5.4)	(4.5)	(4.5)	-	(9.9)	(9.9)
Operating profit / (loss) before exceptional items	533.2	492.2	(16.3)	(20.4)	-	516.9	471.8
Net interest expense	(64.7)	-	(7.2)	-	(6.2)	(78.1)	(6.2)
Profit/ (loss) before tax and exceptional items	468.5	492.2	(23.5)	(20.4)	(6.2)	438.8	465.6
Exceptional items	(40.6)	(40.6)	(49.7)	(49.7)	-	(90.3)	(90.3)
Profit/ (loss) before tax	427.9	451.6	(73.2)	(70.1)	(6.2)	348.5	375.3

[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: £5.4 million (2019: £7.5 million)*
- *Outdoor: £4.5 million (2019: £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.*

Period to 2 February 2019

	Sports Fashion IAS 17	Outdoor IAS 17	Unall IAS 17	Total IAS 17
	£m	£m	£m	£m
Revenue	4,296.4	421.4	-	4,717.8
Gross profit %	48.0%	42.5%	-	47.5%
EBITDA before exceptional items	478.4	10.0	-	488.4
Depreciation	(105.1)	(9.8)	-	(114.9)
Amortisation	(7.5)	(4.5)	-	(12.0)
Operating profit / (loss) before exceptional items	365.8	(4.3)	-	361.5
Net interest expense	-	-	(6.3)	(6.3)
Profit/ (loss) before tax and exceptional items	365.8	(4.3)	(6.3)	355.2
Exceptional items	(13.7)	(1.6)	-	(15.3)
Profit/ (loss) before tax	352.1	(5.9)	(6.3)	339.9

Update on COVID-19

- COVID-19 continues to affect our commercial operations and will have a material impact on the Group's results for the period to 30 January 2021:

Period of Store Closures

a) Italy was the first country to experience closures on 11 March 2020, quickly followed by a number of other markets across Western Europe and the United States
b) By 23 March 2020 we had a full closure of our retail portfolio in 14 countries representing more than 98% of the Group's physical store estate
c) Online trading remained open in most territories and has delivered a very resilient performance during the closure period and beyond with consumers clearly still attracted to JD's premium multi-branded proposition
d) Further mitigation provided through public sector support in various territories together with internal 'self-help' initiatives

Period since Re-opening

e) Stores began to re-open in some countries from the end of April with the majority of the Group's stores now trading again
f) Initial footfall has been weaker in malls and shopping centres, particularly in Northern Europe at weekends, as consumers remain nervous about the risks associated with densely occupied enclosed spaces
g) Stores operating in line with local legislation on social distancing and personal protective equipment
h) Reduced footfall partially offset by stronger conversion with consumers currently less inclined to browse

Peter Cowgill, Executive Chairman, said:

"Whilst COVID-19 has constrained our short term progress, it is important that we do not lose sight of the core retail standards and commercial disciplines which have underpinned our longer term growth to date. JD has a market leading multi-channel proposition which maximises its consumer relevance and reach by creating, and then maintaining, a deep emotional connection with its consumers who see JD as an authoritative and trustworthy source of style and fashion inspiration with influences drawn from both sport and music.

"This proposition remains extremely robust and, in that regard, I am pleased to report that it was another year of significant progress for the Group with global revenues increasing by 30% to £6,110.8 million (2019: £4,717.8 million) and the headline profit before tax and exceptional items increasing by a further 24% to £438.8 million (2019: £355.2 million). This represented another record result for the Group.

"We were encouraged by the continued positive trading in the early weeks of the year prior to the emergence of COVID-19 and we firmly believe that we are well placed to regain our previous momentum. Looking longer term, there is inevitably considerable uncertainty as to what the effect of COVID-19 will be on consumer behaviour and footfall with future store investments highly dependent on rental realism and lease flexibility. Ultimately, however, we remain confident that we have a market leading multi-channel proposition which has the necessary flexibility and agility to prosper within a retail environment that may see profound and permanent structural change."

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Executive Chairman's Statement

<u>Group Developments and Progress</u>

Introduction

Whilst COVID-19 has constrained our short term progress, it is important that we do not lose sight of the core retail standards and commercial disciplines which have underpinned our longer term growth to date. JD has a market leading multi-channel proposition which maximises its consumer relevance and reach by creating, and then maintaining, a deep emotional connection with its consumers who see JD as an authoritative and trustworthy source of style and fashion inspiration with influences drawn from both sport and music.

This proposition remains extremely robust and, in that regard, I am pleased to report that it was another year of significant progress for the Group with global revenues increasing by 30% to £6,110.8 million (2019: £4,717.8 million) and the headline profit before tax and exceptional items increasing by a further 24% to £438.8 million (2019: £355.2 million). This represented another record result for the Group.

This result also reflects the application of IFRS 16 'Leases' for the first time. The Group has adopted the modified retrospective transition approach to this new accounting standard, with the result to 2 February 2019, which reflected the application of IAS 17 'Leases', not requiring restatement. On a

consistent accounting basis, the proforma headline profit before tax and exceptional items to 1 February 2020 under IAS 17 'Leases' would have been £465.6 million being £110.4 million higher than last year and £26.8 million higher than that reported under IFRS 16 'Leases'.

A major driver in the improved result is the inclusion, for the first time, of a full year contribution from the combined Finish Line and JD businesses in the United States. We are pleased with our progress here with these businesses delivering an operating profit of £94.2 million (£97.9 million on a proforma basis under IAS 17 'Leases') (2019: £26.6 million for the 33 week period post acquisition).

JD (UK and Republic of Ireland)
In normal market conditions, consumer demand for the JD proposition in our core markets remained very strong with the total like for like sales growth of more than 10% which we reported for the first half, continuing through the rest of the year. This was a good performance given the well-publicised multiple retail challenges in the UK even before the COVID-19 outbreak and the tough comparatives from our growth over a number of years.

We have always believed that the retail estate for JD in the UK and Republic of Ireland provides positive benefits in terms of brand awareness, the customer's desire to see, handle and try the product, and our ability to provide convenience through multiple delivery points. However, given the clear uncertainty on future levels of footfall, particularly if social distancing remains an ongoing requirement, it is inevitable that maintaining a large nationwide physical retail presence will require greater flexibility in property leases.

JD (International)
The JD fascia made further significant progress in its international markets with a net increase of 76 stores in the year:

- Europe: JD enjoyed another year of double digit growth in like for like sales, both in stores and online, complemented by a net increase of 52 stores with new stores in most of our existing territories together with our first JD store in Austria meaning that JD now has a presence in 11 countries across Europe.

  Our previously stated ambition of opening one store on average per week across Europe reflected a world before the COVID-19 outbreak. With restricted movement and activity across the majority of the territories, the fit-out programme was largely halted for a number of weeks. Footfall has been subdued in many countries in Europe after re-opening and, whilst this has partially been mitigated by improved conversion, we have decided to delay a number of projects that were planned for this year whilst we assess the post re-opening performance. It is also entirely feasible that some projects may not proceed under the current lease terms. Consequently, we expect that the number of openings this year will be significantly reduced. However, it is still our intention to open a flagship style store on the key street of Rue de Rivoli in the centre of Paris later in the summer.

- Asia Pacific: There was a net increase of 18 stores in the period with additional stores in all of our territories. We are particularly encouraged by further positive developments in Australia where, after opening our first JD store in April 2017, we are now firmly established with 24 stores and a full operational infrastructure. The Glue business, which we acquired in 2016, no longer provided any strategic benefit to the ongoing development of JD and was disposed of during the year. Elsewhere, there was another positive performance in Malaysia and we have doubled our presence in both Singapore and Thailand with four stores now trading in each country. In South Korea, we have increased our store base from 16 stores to 19 stores.

- North America: At the end of the year the JD presence in the United States had increased to 11 stores with one new store at Lincolnwood (Chicago) complemented by the conversion of a further five existing Finish Line stores. Two of the conversions, Mall of America (Minnesota) and Deerbrook Mall (Houston) were 'full' conversions with the installation of the full JD retail systems across all product categories. The remaining three stores, Mall of Georgia (Atlanta), Cumberland Mall (Atlanta) and Roosevelt Field (New York) were 'lite' conversions with the installation of fixtures for apparel and changes to the signage with the existing Finish Line footwear systems largely retained. These 'lite' conversions, which require less non-trading time and can be delivered with substantially less capital investment, provide a more flexible framework to develop JD and are appropriate to the current trading environment.

  We have a clear vision to develop JD in the major metropolitan markets with more than 70 additional existing Finish Line stores considered as being suitable for conversion to JD of which six have already been converted in the year to date in the 'lite' style. It is our current intention that the majority of the remainder will be converted over the next two years although the exact timings for these works will need to be flexed according to the specific factors and any ongoing restrictions at each location. At the instruction of the local authorities, and as a consequence of COVID-19, we also had to pause work on the fit out of our flagship store in Times Square, New York. We have now been able to re-commence on site and would currently expect this store to be open by the end of the summer. This store will be an important milestone in our development, significantly enhancing our presence and standing with both consumers and our brand partners in the United States.

  After the period end, we completed the acquisition of Onepointfive Ventures Limited in Canada which consists of four stores trading as Livestock and a website trading as Deadstock. Based in Vancouver, this business and its management team will provide the platform to develop JD in Canada.

Other Fascias
Away from JD, there were positive developments in our other Sports Fashion businesses in the year:

- Sprinter & Sport Zone (Iberia): The process to integrate the Sport Zone businesses in Portugal and the Canary Islands into the Sprinter operational infrastructure, and to trade through the excess and disjointed stock from our acquisition, has now completed. The Sport Zone stores in the Canary Islands have been converted to the Sprinter banner although we will retain the Sport Zone name in Portugal where there is considerable customer goodwill. Whilst Iberia, and particularly Spain, has been one of the regions most impacted by the COVID-19 outbreak, we firmly believe that our combined Sprinter and Sport Zone proposition, which has a greater emphasis on active sport participation and fitness, are emerging in a robust position with their operations already structured appropriately for the future.

- Finish Line (United States): We believe that the Finish Line fascia appeals to a different core demographic to JD and so we will need both banners longer term if we are to have flexibility in our consumer reach and appeal. Finish Line is an important fascia in our Group and we are pleased with the developments in its first full year as a subsidiary and the progress against the key commercial pillars which we identified previously as providing the foundation for a sustained improvement in the performance over the longer term:

  1. Improving sales densities: Prior to our acquisition, sales of apparel represented approximately 5% of total sales. We believe there is an opportunity to increase this both in stores and online, although some investment is needed in additional relevant fixtures and in-store marketing to ensure that the apparel offer is presented with authority. This investment is ongoing with seven stores given a full refurbishment in the year to Finish Line's 'Store of Now' concept and a further 60 stores refurbished in a 'lite' style with the installation of relevant additional

fixtures. Work on further refurbishments was paused as a result of the COVID-19 outbreak although these will recommence in due course. We are encouraged by the early trends on footfall in the United States in the immediate period after re-opening with consumers seemingly more confident to return to malls than in Europe.

2. Improving product margins: We continue to make progress on managing markdown and improving buying disciplines with product margins across the combined stand-alone stores and Macy's concessions increasing by 0.7% compared to the proforma equivalent 52-week period in the prior year.

3. Exiting underperforming stores: In addition to converting five former Finish Line stores to JD, we also exited 17 underperforming Finish Line stores in the year as we continued the process of rightsizing the retail estate. The store portfolio is under constant review with decisions on the future strategy of each store made on a case by case basis taking into account a number of factors including the cost of the property, occupancy rate in the specific mall and trends on both sales and footfall. There was also a further reduction in the number of Macy's branded concessions with a net decrease of 54 branded concessions in the year. This includes a number of locations which were a consequence of the closure of the Macy's host store.

Elsewhere, we continue to be encouraged by the positive developments in our Premium Fashion and Gyms businesses. At the end of the period, we had 30 gyms across the UK with a membership base of approximately 158,000 members.

Footasylum

In April 2019 we acquired the Footasylum business for cash consideration of £86.0 million with the Group also assuming net debt of approximately £7.8 million. At acquisition, Footasylum had 69 stores across the UK complemented by a well-regarded trading website.

This transaction was reviewed by the Competition and Markets Authority ('CMA') which announced in its Final Report on 6 May 2020 that it had decided to prohibit the merger and that, consequently, the Group would be required to fully divest its investment. The Group fundamentally disagrees with the conclusion reached by the CMA, as it fails to take proper account of the dynamic and rapidly evolving competitive landscape in which the Group operates, which has changed materially in the period since the acquisition was completed.

We are currently in negotiations with the CMA as to how the divestment process will be conducted and monitored. Further, having considered the CMA's decision carefully we firmly believe that we are justified in making an application for Judicial Review to the Competition Appeal Tribunal. This procedure will run in parallel with the CMA's divestment process. In the meantime, we continue to observe the CMA's ongoing enforcement order which obliges us to operate the Footasylum business separately.

Outdoor

This has been a challenging period for our Outdoor businesses overall, with an improved result in the Blacks and Tiso businesses overshadowed by a significant loss in the larger Go Outdoors business. This business underwent significant change in the period with the transition of store fulfilment to a central warehouse model in the first half of the year and then the closure, later in the year, of its principal office in Sheffield. Both of these actions were more disruptive to the operations of the business in the year than anticipated.

We believed that we had substantially resolved these operational issues by the end of the financial year and that Go Outdoors was then more appropriately structured operationally. However, the onset of COVID-19 has added a new material challenge to trading as the business is more sensitive to reductions in footfall compared to other Outdoor fascias in the Group, with a disproportionate reliance on physical store sales which, historically, have represented more than 90% of total revenues. Unfortunately, as has been widely reported, reduced consumer confidence and the requirement to maintain social distancing in stores have resulted in levels of footfall not returning to pre-lockdown levels.

The current trading risk then brings into sharper focus the operating costs of the business, in particular the inflexible terms of the property leases in Go Outdoors. The stores have an average remaining period to lease expiry of approximately 10 years with upwards only rent reviews, many of which are fixed at rates above inflation regardless of the market rent in the location, combined with onerous requirements to correct historic property dilapidations.

Given the potential for Go Outdoors to remain loss making for the foreseeable future, the Group considered a number of alternative strategic options which included engaging advisers in May 2020 to market the business to a number of parties. In the absence of a suitable offer, the Board decided that it was not in the best interests of the wider Group, and its shareholders, to provide continued financial support to Go Outdoors in its existing form and so Go Outdoors entered into administration on 23 June 2020.

The Group then reacquired the trade and assets for a cash consideration of £56.5 million which returns to the Group as partial repayment against its historic indebtedness, a transaction approved in advance by the independent Pre Pack Pool, and now occupies the stores under licence from the Administrator. The Group continues to determine an appropriate store base for the longer term and has already commenced negotiations with landlords for new leases with terms which are structured more appropriately. The Group believes that the approach it has taken has delivered the best result for creditors, with the Group committing to honouring liabilities with regards to branded stock suppliers, employees, HMRC taxation liabilities, customer returns and historic gift card sales. Further, all pre-existing Go Outdoors employees transferred across to the new business with their previous terms and conditions of employment preserved.

We believe that the restructuring of Go Outdoors will correct fundamental historic structural weaknesses in the business and, whilst we regret that there will inevitably be some limited store closures in future months, we are pleased that it will protect the maximum number of jobs possible. A greater future integration of the Outdoor businesses, with Blacks and Go Outdoors having access to common merchandising systems and shared commercial resources will provide a robust, effective and cost efficient platform for longer term developments.

Supply Chain Developments

The 352,000 sqft extension to our Kingsway facility in Rochdale was commissioned in Autumn 2019. We initially only picked a limited quantity of product from the new automation equipment through the autumn and winter peak season to allow the new system and processes to stabilise. The intention then was for the volumes picked through this new extension to accelerate from the New Year, thereby reducing the pressure on our legacy automation equipment where picking capacity has consistently been constrained at lower levels than was originally expected.

With the onset of COVID-19, and the requirement for social distancing, we have had to reduce the maximum number of people that we can have on site at Kingsway at any one time. While these restrictions have started to be relaxed, we need to mitigate the risk of these measures being

tightened again which could constrain our operation through the peak trading period later in the year. Accordingly, there is an ongoing programme of modifications to ensure that we can continue to operate safely and effectively in this situation. These include making a number of structural improvements to remove bottlenecks in the operation, including the provision of additional communal welfare facilities. We are also introducing additional shift patterns to reduce the number of people entering / exiting the site at any time.

Elsewhere, we have also now opened an 80,000 sqft warehouse in Belgium which, with mezzanines, has an internal footprint of approximately 280,000 sqft. This site, which has now started to receive stocks and is fulfilling product to some European stores, will provide us with a number of learnings which we can use to shape our longer term European supply chain strategy. In addition, it will also help us mitigate some of the potential additional duty costs which may arise from January 2021 if we exit the current transition period with the EU without an appropriate trade agreement.

Sports Fashion

Whilst our global Sports Fashion businesses are inevitably suffering currently from the adverse impacts of the COVID-19 outbreak, we should recognise that fundamentally they have robust propositions and strong foundations from which to recover. We firmly believe that the relevance of our Sports Fashion fascias to consumers will not be diminished by the current situation, although it will inevitably slow our momentum this year.

The fundamental strength and foundations of our Sports Fashion businesses are reflected in their performance last year, with profit before tax and exceptional items increasing by a further 28% to £468.5 million (2019: £365.8 million). On a consistent accounting basis, the proforma headline profit before tax and exceptional items to 1 February 2020 under IAS 17 'Leases' would have been £492.2 million, being £23.7 million higher than that reported under IFRS 16 'Leases'.

Like for like store sales across our global Sports Fashion fascias (excluding Finish Line) increased by 8% with total like for like sales, including online, growing by 12%. All regions for the JD fascia delivered like for like growth in the year although we are particularly encouraged by the performance in our core UK and Republic of Ireland and Europe markets where total like for like sales (including online) grew by more than 10%.

The combined Finish Line and JD business in the United States contributed an operating profit of £94.2 million (£97.9 million on a proforma basis under IAS 17 'Leases') in its first full year as part of the Group (2019: £26.6 million for the 33 week period post acquisition). On a proforma basis, compared to the same 52 week period in the prior year, total like for like sales for the combined Finish Line stores and website (excluding Macy's concessions) grew by 9%. We remain satisfied with the progression on gross margin in the Finish Line business which increased over the period to 42.9% (proforma 52 weeks to 2 February 2019: 42.2%).

Elsewhere, having completed the transfer of the Sport Zone operations into the Sprinter infrastructure in the first half of the year, we are encouraged by the positive developments in our businesses in Iberia. Over the full year, our combined businesses contributed a profit of £20.7 million (£23.3 million on a proforma basis under IAS 17 'Leases') (2019: £1.4 million). Having already restructured the operations, these businesses have a solid platform for future recovery as the operational restrictions are lifted.

The overall gross margin in Sports Fashion reduced to 47.4% (2019: 48.0%) largely due to the inclusion of the lower margin Finish Line business for the full period. It is inevitable that there will be some gross margin sacrifice in the new year with additional promotional activity required to clear seasonally non-relevant apparel stocks in stores as they are re-opened combined with a delayed launch calendar as the international brands realign stocks and production schedules. We aim to end the current financial year with stock normalised thereby allowing for a return to our core commercial disciplines of maximising sellthrough and limiting markdown.

After recognising exceptional items in the period of £40.6 million (2019: £13.7 million) relating to the movement in the fair value of put and call options and the costs associated with transferring the stocks and operations of Sport Zone into the Sprinter infrastructure, the profit before tax in Sports Fashion was £427.9 million (£451.6 million on a proforma basis under IAS 17 'Lease') (2019: £352.1 million).

Outdoor

It has been a year of transition and challenges in Outdoor with the Go Outdoors business, in particular, experiencing a number of integration issues in the project to transition store replenishment to being fulfilled entirely from a central warehouse.

The overall loss before tax and exceptional items increased to £23.5 million (£20.4 million on a proforma basis under IAS 17 'Leases') (2019: £4.3 million). The impact from the challenges in Go Outdoors are clearly reflected in the fact that the loss before tax and exceptional items in this specific business increased significantly to £23.8 million (loss of £20.0 million on a proforma basis under IAS 17 'Leases') (2019: loss of £2.2 million).

In recognition of the fact that, even before the COVID-19 outbreak, the recovery in Go Outdoors to normal levels of profitability was likely to go beyond this financial year, we recognised an exceptional charge of £42.5 million (2019: £nil) in relation to the impairment of the goodwill arising in previous years on the acquisition of the Go Outdoors business. A partial impairment of £20.7 million (2019: £nil) was recognised in the first half of the year at which point the Group believed that the disruption consequent to the integration issues associated with the transition of fulfilment to the new warehouse were resolved. After further disruption in the business from the closure of the principal office in Sheffield, an additional charge of £21.8 million (2019: £nil) was recognised in the second half. We also recognised an exceptional charge of £7.2 million (2019: £1.6 million) for costs arising on the integration and consolidation of the principal IT systems, warehousing and other infrastructure.

Outdoor continues to have relevance as it provides the Group with additional third party brand touch points which we may subsequently be able to leverage elsewhere in the Group. However, given the inherently lower sales densities and lower gross margins in Outdoor on the sale of third party brands, this requires a proposition that is relevant all year round delivered from a store base with an efficient cost structure complemented by a strong online presence. Our confidence and belief in our approach comes from the fact that the Blacks and Millets business, which is more advanced on its journey to deliver an all year round proposition and has an online participation in excess of 30%, has reversed its loss of the previous year with a profit of £1.3 million (£0.3 million on a proforma basis under IAS 17 'Leases') (2019: loss of £1.3 million).

The overall gross margin in Outdoor reduced slightly to 41.9% (2019: 42.5%) largely driven by additional promotional activity in Go Outdoors in the first half of the year when the impact of the integration issues was greatest. Encouragingly though, the gross margin in the Blacks and Millets business improved by 1% to 43.6% (2019: 42.6%).

After recognising the exceptional items of £49.7 million (2019: £1.6 million), the loss before tax in Outdoor was £73.2 million (loss of £70.1 million on a proforma basis under IAS 17 'Lease') (2019: loss of £5.9 million).

Financial Summary

Revenue, Gross Margin and Overheads

Total revenue increased by nearly 30% in the year to £6,110.8 million (2019: £4,717.8 million). This includes £1,601.5 million of revenue from Finish Line and JD in the United States (2019: £956.6 million for the 33 week period post acquisition) and £215.9 million (2019: £nil) from Footasylum in the 39 week period after it was acquired. Like for like store sales for the 52 week period across all Group fascias which were a member of the Group for the full year in both years increased by 6% with the total like for like growth including online for the same businesses increasing by 10%.

As expected, total gross margin in the year of 47.0% was slightly behind the prior year (2019: 47.5%) from the inclusion of a full year of the lower margin Finish Line business in the United States.

Profit Before Tax

Profit before tax and exceptional items increased by 24% to £438.8 million (2019: £355.2 million). On a consistent accounting basis, the proforma headline profit before tax and exceptional items to 1 February 2020 under IAS 17 'Leases' would have been £465.6 million.

The profit before tax and exceptional items includes a profit of £94.2 million (£97.9 million on a proforma basis under IAS 17 'Leases') in relation to the combined Finish Line and JD business in the United States in its first full half year as part of the Group (2019: £26.6 million for the 33 week period post acquisition).

There were exceptional items in the year of £90.3 million (2019: £15.3 million) primarily from the non-cash impairment of intangible assets arising on the acquisition of Go Outdoors and the movement in the fair value of put and call options. These exceptional items comprised:

	2020 £m	2019 £m
Impairment of goodwill and fascia names (1)	43.1	8.1
Movement in fair value of put and call options (2)	31.4	5.6
Integration of Outdoor systems and warehousing (3)	7.2	1.6
Integration of Sport Zone into Sprinter infrastructure (4)	8.6	-
Total exceptional charge	**90.3**	**15.3**

1. The impairment in the current 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. Costs arising from the integration and consolidation of the principal IT systems, warehousing and other infrastructure in Go Outdoors.
4. Costs associated with transferring the stocks and other operations of Sport Zone into the Sprinter infrastructure.

Group profit before tax ultimately increased by 3% to £348.5 million (2019: £339.9 million). On a consistent accounting basis, the Group profit before tax under IAS 17 'Leases' would have been £375.3 million.

Cash and Working Capital

We have significantly increased our net cash position at the end of the period to £429.9 million (2019: £125.2 million) illustrating, yet again, the forceful combination of our capacity to generate cash in our retail operations and a continual focus on robust stock management disciplines.

During the year, the Group also further extended its principal syndicated bank facility. This facility now has a total commitment of £700 million, expiring on 6 November 2024. This facility was undrawn at the period end (2019: £30 million drawn down). 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 $300 million and expires on 18 June 2023. This facility was also not drawn down at the period end (2019: $50 million drawn down).

During the year, the primary focus of our capital expenditure continued to be our retail fascias with the investment in the year on property fit outs broadly consistent with the prior year levels at £99.6 million (2019: £106.9 million). Within this, the investment on the international businesses increased significantly to £84.1 million (2019: £59.2 million) reflecting the increasingly international focus of our developments. The international investment included £20.4 million (2019: £12.0 million) in the United States. Elsewhere, the programme of works to fit out the 352,000 sqft extension to our Kingsway warehouse facility is now nearing completion with total investment in the year at the site of £12.2 million (2019: £36.1 million).

Net stocks at the end of the year were £811.8 million (2019: £ 763.8 million) with the increase principally as a result of stocks in Footasylum of £34.2 million following the acquisition of the business during the year. We maintain a robust approach to stock management with continuous intense monitoring of very detailed metrics across all our businesses. We are particularly encouraged by the improved stock management and disciplines in Finish Line as, notwithstanding the fact that additional stocks are required for both the development of JD and to expand our textiles offer, net stocks across our combined businesses in the United States have reduced to £201.6 million (2019: £210.7 million).

Store Portfolio

During the period, store numbers have moved as follows:

Sports Fashion Fascias

(Store Nos.)	JD UK & ROI	JD Europe	JD AsiaPac	JD US	Size	**JD & Size**	Fash'n UK	Other Europe (i)	Other AsiaPac (ii)	Fin.Line (own)	Fin.Line (Macy's) (iii)	**Total**
Period start	390	252	46	5	41	**734**	84	438	33	529	349	**2,167**
New stores	14	49	18	1	-	**82**	5	11	-	1	1	**100**

Transfers	-	7	2	5	(2)	**12**	2	(7)	(2)	(5)	-	**-**
Acquired	-	-	-	-	-	**-**	73	-	-	-	-	**73**
Closures	(2)	(4)	(2)	-	(2)	**(10)**	(11)	(15)	(29)	(17)	(55)	**(137)**
Period end	402	304	64	11	37	**818**	153	427	2	508	295	**2,203**

(i) Chausport (France), Sprinter (Spain), Sport Zone (Portugal, Spain & Canary Islands) and Perry Sport / Aktiesport (Netherlands)
(ii) Hot-T (South Korea) and Glue (Australia) - disposal of Glue business completed 9 August 2019
(iii) Being Finish Line branded concessions within Macy's department stores only

In addition, there were 30 JD branded Gyms at the period end after seven openings in the year.

Outdoor Fascias

(Store Nos.)	Blacks	Millets	Ultimate Outdoors	Tiso	Go Outdoors	Go Outdoors Fishing	**Total**
Period start	56	99	6	14	64	14	**253**
New stores	1	3	-	-	2	2	**8**
Transfers	-	(1)	-	-	1	-	**-**
Closures	-	(4)	-	(1)	-	(11)	**(16)**
Period end	57	97	6	13	67	5	**245**

Dividends and Earnings per Share

As previously announced, given the current highly unusual circumstances, the Board believes that it is in the best interests of shareholders if the Group maintains its cash reserves and so, accordingly, it does not believe that it is appropriate to pay a final dividend (2019: 1.44p). It is the Board's current intention that we would look to resume dividend payments when conditions allow, although it is important that we maintain flexibility around the timing and quantum of this commitment. Regardless, we continue to believe that it is in the longer term interests of all shareholders to keep future dividend growth restrained so as to maximise the available funding for our ongoing development opportunities.

The adjusted earnings per ordinary share before exceptional items increased by 20% to 34.26p (2019: 28.44p). On a consistent accounting basis, the adjusted earnings per ordinary share were 36.41p.

The basic earnings per ordinary share decreased slightly by 6% to 25.29p (2019: 26.90p). On a consistent accounting basis, the basic earnings per ordinary increased by 2% to 27.44p.

Brexit

The UK has now left the EU and is in a transition period to 31 December 2020. At this stage, the exact nature of the UK's future relationship with the EU beyond the end of this transition period is uncertain and so we remain cognisant of the potential adverse consequences on supply chains, tariffs, exchange rates and consumer demand.

The new warehouse in Belgium, which has now started to receive stocks and is fulfilling deliveries to some European stores, will help us mitigate some of the potential additional duty costs which may arise from January 2021 if the UK exits the current transition period with the EU without an appropriate trade agreement. It will also provide us with a number of learnings which we can use to shape our longer term European supply chain strategy.

People

The commitment of colleagues at all levels has been crucial in our increasingly global development and I would like to thank everyone in our businesses for their contribution in delivering another set of excellent results. Our colleagues have had to face a unique, and potentially life changing, challenge through the new financial year and their response to this has been inspirational. I can assure them that their safety, and that of our consumers, has been and will always be our number one priority. I look forward to the point when the situation normalises and we are able to resume our progression giving our colleagues the opportunities to develop their individual careers and achieve their personal ambitions.

On behalf of the Board, I would also like to thank the Senior Management team in the Group who have joined us in accepting ongoing voluntary salary reductions of at least 25%. The payment of bonuses and other contractual incentive payments, due or arising in respect of individual and Group performance in the year ended 1 February 2020, have also been deferred. It is the intention of the Board and Remuneration Committee that these will be paid at some point with the timing of these payments reflecting the evidence of our actual post re-opening performance and the projected cashflows of the Group.

The Group is absolutely committed to promoting policies which ensure that colleagues and customers are treated equally regardless of ethnic or social origin, race, gender, sexual orientation, disability or age. The tragic death of George Floyd has affected us all and we strongly agree that #blacklivesmatter. We acknowledge the urgent need for change to eradicate not just racism but all forms of discrimination in society and we recognise that, as a global business, we have a responsibility to play a full part in this process. We will collaborate with our teams around the world to achieve this objective.

Impact of COVID-19

We suffered our first full country closure on 11 March 2020 when we closed all of our stores in Italy. Over the subsequent two weeks we then closed all of our stores in a further 13 countries including the United States where all our stores were closed by 20 March 2020 and the UK, where all our stores were closed by 23 March 2020. Across these 14 countries, this represented a closure of approximately 98% of the Group's total physical store estate.

Our trading websites continued to accept and fulfil orders in most of these territories in the closure period which was important, as not only did it enable us to continue to turn stock and generate cash, but it also ensured that we retained engagement and relevance with consumers. Not surprisingly, we saw a very strong performance online in the store closure period and, while these levels of growth may reduce with time, it is perhaps inevitable that there will be some level of permanent transfer from physical retail to online as a consequence of COVID-19. To accommodate this possibility, we have now invested further in our principal warehouse at Kingsway, Rochdale, giving us the flexibility in our operational infrastructure to deal with the additional volumes online effectively and efficiently.

Whilst the majority of stores have now re-opened, it is very clear that footfall in stores will remain uncertain for the foreseeable future. Social distancing measures have a disproportionate effect in smaller space, particularly for fascias like JD which attract high levels of footfall over concentrated periods of time such as weekends and school holidays. This concentration of footfall has historically been most evident in major malls and city centres and it is these locations which are likely to see the biggest impact relative to historical levels if social distancing measures continue to operate in some form, particularly through the peak period later in the year. However, in terms of our core UK market, a significant nationwide presence in both High Streets and Out of Town Retail Parks does provide consumers with an alternative location if they wish to avoid enclosed spaces. Recognising that rents effectively buy footfall, we will continue to push for greater correlation between levels of footfall and rents payable across our physical retail estate.

Current Trading and Outlook

Only a relatively short period of time has elapsed since the re-opening of stores in our core market. This, combined with the continued uncertainty around the recovery of footfall and the application of social distancing measures across many of our territories, means that it is too early to extrapolate this performance and give meaningful guidance for profits in the current year. However, we were encouraged by the continued positive trading in the early weeks of the year prior to the emergence of COVID-19 and we firmly believe that we are well placed to regain our previous momentum.

We are confident that JD's premium multi-brand proposition retains its consumer appeal. We continually challenge ourselves to advance this proposition and transform all aspects of the customer journey through innovation in consumer awareness, engagement and retail theatre; an evolving and often exclusive premium brand selection which is underpinned by authenticity; and investment in new technologies in stores, online and within our operational infrastructure. By maintaining these standards and principles, we are confident that we will have the right foundations for future positive developments.

Looking longer term, there is inevitably considerable uncertainty as to what the effect of COVID-19 will be on consumer behaviour and footfall with future store investments highly dependent on rental realism and lease flexibility. Ultimately, however, we remain confident that we have a market leading multi-channel proposition which has the necessary flexibility and agility to prosper within a retail environment that may see profound and permanent structural change.

Our next scheduled update will take place upon the announcement of our Interim Results which are scheduled for 8 September 2020.

Peter Cowgill
Executive Chairman
7 July 2020

Consolidated Income Statement
For the 52 weeks ended 1 February 2020

	Note	**52 weeks to 1 February 2020 £m**	52 weeks to 2 February 2019 £m
Revenue		**6,110.8**	4,717.8
Cost of sales		**(3,236.0)**	(2,474.5)
Gross profit		**2,874.8**	2,243.3
Selling and distribution expenses - normal		**(2,020.2)**	(1,632.9)
Administrative expenses - normal		**(348.6)**	(253.6)
Administrative expenses - exceptional		**(90.3)**	(15.3)
Other operating income		**10.9**	4.7
Operating profit		**426.6**	346.2
Before exceptional items		**516.9**	361.5
Exceptional items	3	**(90.3)**	(15.3)
Operating profit		**426.6**	346.2
Financial income		**1.7**	1.2
Financial expenses		**(79.8)**	(7.5)
Profit before tax		**348.5**	339.9
Income tax expense		**(97.8)**	(75.7)
Profit for the period		**250.7**	264.2

	Note		
Attributable to equity holders of the parent		**246.1**	261.8
Attributable to non-controlling interest		**4.6**	2.4
Basic earnings per ordinary share	4	**25.29p**	26.90p
Diluted earnings per ordinary share	4	**25.29p**	26.90p

Consolidated Statement of Comprehensive Income
For the 52 weeks ended 1 February 2020

	52 weeks to 1 February 2020 £m	52 weeks to 2 February 2019 £m
Profit for the period	**250.7**	264.2
Other comprehensive income:		
Items that may be classified subsequently to the Consolidated Income Statement:		
Exchange differences on translation of foreign operations	**(21.5)**	(0.8)
Total other comprehensive income for the period	**(21.5)**	(0.8)
Total comprehensive income and expense for the period (net of income tax)	**229.2**	263.4
Attributable to equity holders of the parent	**227.2**	260.0
Attributable to non-controlling interest	**2.0**	3.4

Consolidated Statement of Financial Position
As at 1 February 2020

	As at 1 February 2020 £m	As at 2 February 2019 £m
Assets		
Intangible assets	**413.7**	394.3
Property, plant and equipment	**2,420.1**	539.8
Other assets	**47.9**	79.1
Investment in associate	**2.6**	0.1
Total non-current assets	**2,884.3**	1,013.3
Inventories	**811.8**	763.8
Trade and other receivables	**183.9**	177.2
Cash and cash equivalents	**465.9**	251.2
Total current assets	**1,461.6**	1,192.2
Total assets	**4,345.9**	2,205.5
Liabilities		
Interest-bearing loans and borrowings	**(20.4)**	(63.8)
Lease Liabilities	**(285.0)**	-
Trade and other payables	**(900.7)**	(808.1)
Provisions	-	(1.3)
Income tax liabilities	**(34.3)**	(27.3)
Total current liabilities	**(1,240.4)**	(900.5)
Interest-bearing loans and borrowings	**(15.6)**	(62.2)
Lease Liabilities	**(1,707.7)**	-
Other payables	**(80.5)**	(153.8)
Provisions	-	(1.2)
Deferred tax liabilities	**(12.5)**	(11.0)
Total non-current liabilities	**(1,816.3)**	(228.2)
Total liabilities	**(3,056.7)**	(1,128.7)
Total assets less total liabilities	**1,289.2**	1,076.8

Capital and reserves		
Issued ordinary share capital	**2.4**	2.4
Share premium	**11.7**	11.7
Retained earnings	**1,245.7**	1,016.3
Other reserves	**(40.6)**	(21.6)
Total equity attributable to equity holders of the parent	**1,219.2**	1,008.8
Non-controlling interest	**70.0**	68.0
Total equity	**1,289.2**	1,076.8

Consolidated Statement of Changes in Equity
For the 52 weeks ended 1 February 2020

	Ordinary Share Capital £m	**Share Premium £m**	**Retained Earnings £m**	**Other Equity £m**	**Foreign Currency Translation Reserve £m**	**Total Equity Attributable to Equity Holders of The Parent £m**
Balance at 3 February 2018	2.4	11.7	773.6	(33.8)	16.5	770.4
Profit for the period	-	-	261.8	-	-	261.8
Other comprehensive income:						
Exchange differences on translation of foreign operations	-	-	-	-	(1.8)	(1.8)
Total other comprehensive income	-	-	-	-	(1.8)	(1.8)
Total comprehensive income for the period	-	-	261.8	-	(1.8)	260.0
Dividends to equity holders	-	-	(15.9)	-	-	(15.9)
Put options held by non-controlling interest	-	-	-	(2.5)	-	(2.5)
Acquisition of non-controlling interest	-	-	(4.1)	-	-	(4.1)
Divestment of non-controlling interest	-	-	0.9	-	-	0.9
Non-controlling interest arising on acquisition	-	-	-	-	-	-
Shared Capital Issued	-	-	-	-	-	-
Balance at 2 February 2019	2.4	11.7	1,016.3	(36.3)	14.7	1,008.8
Profit for the period	-	-	246.1	-	-	246.1
Other comprehensive income:						
Exchange differences on translation of foreign operations	-	-	-	-	(18.9)	(18.9)
Total other comprehensive income	-	-	-	-	(18.9)	(18.9)
Total comprehensive income for the period	-	-	246.1	-	(18.9)	227.2
Dividends to equity holders	-	-	(16.7)	-	-	(16.7)
Put options held by non-controlling interest	-	-	-	(0.1)	-	(0.1)
Acquisition of non-controlling interest	-	-	-	-	-	-
Divestment of non-controlling interest	-	-	-	-	-	-
Non-controlling interest arising on acquisition	-	-	-	-	-	-
Share capital issued	-	-	-	-	-	-
Balance at 1 February 2020	2.4	11.7	1,245.7	(36.4)	(4.2)	1,219.2

Consolidated Statement of Changes in Equity (continued)
For the 52 weeks ended 1 February 2020

	Total Equity Attributable to Equity	**Non-**

	Holders of The Parent £m	Controlling Interest £m	Total Equity £m
Balance at 3 February 2018	770.4	63.9	**834.3**
Profit for the period	261.8	2.4	**264.2**
Other comprehensive income:			
Exchange differences on translation of foreign operations	(1.8)	1.0	**(0.8)**
Total other comprehensive income	(1.8)	1.0	**(0.8)**
Total comprehensive income for the period	260.0	3.4	**263.4**
Dividends to equity holders	(15.9)	(0.7)	**(16.6)**
Put options held by non-controlling interest	(2.5)	-	**(2.5)**
Acquisition of non-controlling interest	(4.1)	(5.2)	**(9.3)**
Divestment of non-controlling interest	0.9	0.4	**1.3**
Non-controlling interest arising on acquisition	-	(0.2)	**(0.2)**
Share capital issued	-	6.4	**6.4**
Balance at 2 February 2019	**1,008.8**	**68.0**	**1,076.8**
Profit for the period	246.1	4.6	**250.7**
Other comprehensive income:			
Exchange differences on translation of foreign operations	(18.9)	(2.6)	**(21.5)**
Total other comprehensive income	(18.9)	(2.6)	**(21.5)**
Total comprehensive income for the period	227.2	2.0	**229.2**
Dividends to equity holders	(16.7)	(1.3)	**(18.0)**
Put options held by non-controlling interest	(0.1)	-	**(0.1)**
Acquisition of non-controlling interest	-	-	**-**
Divestment of non-controlling interest	-	-	**-**
Non-controlling interest arising on acquisition	-	1.3	**1.3**
Share capital issued	-	-	**-**
Balance at 1 February 2020	1,219.2	70.0	**1,289.2**

Consolidated Statement of Cash Flows
For the 52 weeks ended 1 February 2020

	52 weeks to 1 February 2020 £m	52 weeks to 2 February 2019 £m
Cash flows from operating activities		
Profit for the period	**250.7**	264.2
Income tax expense	**97.8**	75.7
Financial expenses	**79.8**	7.5
Financial income	**(1.7)**	(1.2)
Depreciation and amortisation of non-current assets	**450.0**	115.0
Forex losses on monetary assets and liabilities	**9.9**	2.5
Impairment of other intangibles and non-current assets	**12.9**	11.9
Loss on disposal of non-current assets	**6.3**	2.0
Other exceptional items	**47.2**	7.2
Impairment of goodwill and fascia names	**43.1**	8.1
Increase in inventories	**(9.5)**	(26.2)
Increase in trade and other receivables	**(13.0)**	(22.5)
Increase in trade and other payables	**58.1**	21.2
Interest paid	**(7.9)**	(7.5)
Lease interest	**(71.9)**	-
Income taxes paid	**(97.8)**	(80.3)
Net cash from operating activities	**854.0**	377.6
Cash flows from investing activities		
Interest received	**1.7**	1.2
Proceeds from sale of non-current assets	**3.1**	1.0
Investment in software development	**(23.2)**	(12.3)
Acquisition of property, plant and equipment	**(147.2)**	(173.6)
Acquisition of non-current other assets	**(6.8)**	(5.1)
Acquisition of subsidiaries, net of cash acquired	**(89.3)**	(362.0)

	2020	2019
Net cash used in investing activities	**(261.7)**	(550.8)
Cash flows from financing activities		
Draw down / (repayment) of interest-bearing loans and borrowings	**(88.6)**	82.1
Repayment of lease liabilities	**(264.8)**	-
Repayment of finance lease liabilities	**-**	(1.5)
Draw down of finance lease liabilities	**-**	5.8
Subsidiary shares issued in the period	**-**	6.4
Equity dividends paid	**(16.7)**	(15.9)
Dividends paid to non-controlling interest in subsidiaries	**(1.3)**	(0.7)
Net cash (used in) / from financing activities	**(371.4)**	76.2
Net increase / (decrease) in cash and cash equivalents	**220.9**	(97.0)
Cash and cash equivalents at the beginning of the period	**237.7**	334.6
Foreign exchange gains on cash and cash equivalents	**1.7**	0.1
Cash and cash equivalents at the end of the period	**460.3**	237.7

Analysis of Net Cash
As at 1 February 2020

	At 2 February 2019 £m	On acquisition of subsidiaries £m	Cash flow £m	Non-cash movements £m	**At 1 February 2020 £m**
Cash at bank and in hand	251.2	7.8	205.2	1.7	**465.9**
Overdrafts	(13.5)	-	7.9	-	**(5.6)**
Cash and cash equivalents	**237.7**	**7.8**	**213.1**	**1.7**	**460.3**
Interest-bearing loans and borrowings:					
Bank loans	(74.4)	(15.7)	59.3	1.1	**(29.7)**
Syndicated bank facility	(30.0)	-	30.0	-	**-**
Finance lease liabilities	(8.1)	-	-	8.1	**-**
Other loans	-	-	(0.7)	-	**(0.7)**
Net cash / (financial debt)	**125.2**	**(7.9)**	**301.7**	**10.9**	**429.9**
Lease liabilities	-	-	264.8	(2,257.5)	(1,992.7)
Net debt	**125.2**	**(7.9)**	**566.5**	**(2,246.6)**	**(1,562.8)**

1. Basis of Preparation

Adoption of New and Revised Standards
The Group continues to monitor the potential impact of other new standards and interpretations which have been or may be endorsed and require adoption by the Group in future reporting periods.

IFRS 16
IFRS 16 'Leases' is effective for all accounting periods beginning on or after 1 January 2019. The adoption of IFRS 16 means that lease agreements will give rise to both a right-of-use asset and a lease liability for future lease payables. The right-of-use asset will be depreciated on a straight-line basis over the life of the lease. Interest will be recognised on the lease liability, resulting in a higher interest expense in the earlier years of the lease term. The total expense recognised in the Income Statement over the life of the lease will be unaffected by the new standard. However, IFRS 16 results in the timing of lease expense recognition being accelerated for leases which would be currently accounted for as operating leases.

On a cash flow basis, the impact of transition to IFRS 16 is £nil and adoption of the standard will have no impact on the commercial operations of the business.

<u>Transition:</u>

As previously disclosed, the Group has adopted the modified retrospective transition approach, where the initial asset values will be equal to the present value of the future lease payments as at the date of transition.

The Group has also applied the following practical expedients:

- To grandfather the definition of a lease on transition
- To rely on a previous assessment of whether leases are onerous in accordance with IAS 37 immediately before the date of initial application as an alternative to performing an impairment review
- To apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has also applied the recognition exemption for short term leases and leases of low-value items.

Impact on the financial statements:

On transition the opening balances for the Consolidated Statement of Financial Position has been adjusted for the right-of use asset of approximately £2.0 billion, with corresponding lease liabilities of approximately £2.0 billion. As a result of applying IFRS 16 for the 52 weeks to 1 February 2020, in relation to the leases initially classified as operating leases, the Group has recognised £1.8 billion of right-of-use asset and £2.0 billion of lease liabilities.

The most significant lease liabilities relate to property.

The impact on the Consolidated Income Statement reflects an increase to operating profit of approximately £45.1 million as the pre-IFRS 16 rental charge is replaced by a lower depreciation charge. Profit before tax decreased by £26.8 million as a result of an increase in the interest charge of £71.9 million.

There is no impact on cash flows, although the presentation of the Cash Flow Statement has changed significantly, with an increase in net cash inflows from operating activities being offset by an increase in net cash outflows from financing activities (interest paid).

Other
The Group does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

Alternative performance measures
The Directors measure the performance of the Group based on a range of financial measures, including measures not recognised by EU-adopted IFRS. These alternative performance measures may not be directly comparable with other companies' alternative performance measures and the Directors do not intend these to be a substitute for, or superior to, IFRS measures. The Directors believe that these alternative performance measures assist in providing additional useful information on the underlying performance of the Group. Alternative performance measures are also used to enhance the comparability of information between reporting periods, by adjusting for exceptional items, which could distort the understanding of the performance for the year. Further information can be found in the Glossary at the end of these results. Terms are listed in alphabetical order.

Use of 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 a material adjustment to the carrying amount of assets and liabilities.

The transaction to acquire Footasylum Plc was reviewed by the Competition and Markets Authority ('CMA') who announced in its Final Report on 6th May 2020 that they were prohibiting the merger and that, consequently, they required the Group to fully divest its investment. The Group are currently in negotiations with the CMA as to how the disposal process will be conducted and monitored and have also made a claim for Judicial Review to the Competition Appeal Tribunal. Consequently, at the date of this announcement, the exact nature and timing of the disposal process is unknown and the Group may not recover the carrying value as part of this disposal.

The Group holds Put Options over part of the remaining Minority Interest in Iberian Sport Retail Group, 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 substantially better trading performance.

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.

2. Segmental analysis

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

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

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

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

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

The Board consider that certain items are cross divisional in nature and cannot be allocated between the segments on a meaningful basis. Net funding costs and taxation are treated as unallocated reflecting the nature of the Group's syndicated borrowing facilities and its tax group. A deferred tax liability of £12.5 million (2019: £11.0 million) and an income tax liability of £34.3 million (2019: £27.3 million) are included within the unallocated segment. During the year, there has been a draw down on the syndicated bank facility of £nil(2019: £30.0 million). This has been treated as unallocated.

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

Business segments
Information regarding the Group's reportable operating segments for the 52 weeks to 1 February 2020 is shown below:

Income statement

	Sports Fashion £m	Outdoor £m	Unallocated £m	**Total £m**
Gross revenue	5,696.8	414.0	-	**6,110.8**
Intersegment revenue	-	-	-	**-**
Revenue	**5,696.8**	**414.0**	-	**6,110.8**
Operating profit / (loss) 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 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	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**

The comparative segmental results for the 52 weeks to 2 February 2019 are as follows:

Income statement

	Sports Fashion £m	Outdoor £m	Unallocated £m	**Total £m**

Gross revenue	4,296.4	421.4	-	**4,717.8**
Operating profit before exceptional items	365.8	(4.3)	-	**361.5**
Exceptional items	(13.7)	(1.6)	-	**(15.3)**
Operating profit	352.1	(5.9)	-	**346.2**
Financial income	-	-	1.2	**1.2**
Financial expenses	-	-	(7.5)	**(7.5)**
Profit before tax	352.1	(5.9)	(6.3)	**339.9**
Income tax expense				**(75.7)**
Profit for the period				**264.2**

Total assets and liabilities

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

Other segment information

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

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:

	2020 £m	2019 £m
UK	**2,599.2**	2,137.9
Europe	**1,619.2**	1,368.6
United States	**1,611.0**	967.3
Rest of world	**281.4**	244.0
	6,110.8	4,717.8

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:

	2020 £m	2019 £m
UK	**1,296.2**	391.6
Europe	**979.2**	323.3

United States	**497.4**	258.2
Rest of world	**111.5**	40.2
	2,884.3	1,013.3

3. Exceptional items

	52 weeks to 1 February 2020 £m	52 weeks to 2 February 2019 £m
Impairment of goodwill and fascia names (1)	**43.1**	8.1
Movement in fair value of put and call options (2)	**31.4**	5.6
Integration of Outdoor systems and warehousing (3)	**7.2**	1.6
Integration of Sport Zone into Sprinter infrastructure (4)	**8.6**	-
Administrative expenses - exceptional	**90.3**	15.3
Total exceptional items	**90.3**	15.3

(1) The impairment in the current 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) Costs arising from the integration and consolidation of the principal IT systems, warehousing and other infrastructure in Go Outdoors Limited.
(4) 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 not considered to be reflective of the underlying trading performance of the Group. Item (3) and (4) are presented as an exceptional item as these costs relate to one off projects.

4. Earnings per ordinary share

Basic and diluted earnings per ordinary share
The calculation of basic and diluted earnings per ordinary share at 1 February 2020 is based on the profit for the period attributable to equity holders of the parent of £246.1 million (2019: £261.8 million) and a weighted average number of ordinary shares outstanding during the 52 week period ended 1 February 2020 of 973,233,160 (2019: 973,233,160).

	52 weeks to 1 February 2020	52 weeks to 2 February 2019
Issued ordinary shares at beginning and end of period	**973,233,160**	973,233,160

Adjusted basic and diluted earnings per ordinary share
Adjusted basic and diluted earnings per ordinary share have been based on the profit for the period attributable to equity holders of the parent for each financial period but excluding the post-tax effect of certain exceptional items. The Directors consider that this gives a more useful measure of the underlying performance of the Group.

	Note	**52 weeks to 1 February 2020 £m**	52 weeks to 2 February 2019 £m
Profit for the period attributable to equity holders of the parent		**246.1**	261.8
Exceptional items excluding loss on disposal of non-current assets	3	**90.3**	15.3
Tax relating to exceptional items		**(3.0)**	(0.3)
Profit for the period attributable to equity holders of the parent excluding exceptional items		**333.4**	276.8
Basic and diluted earnings per ordinary share		**25.29p**	26.90p
Adjusted basic and diluted earnings per ordinary share		**34.26p**	28.44p

5. Acquisitions

Current 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 80.5m shares (in addition to the 19.5m already owned). The formal process to acquire the remaining Footasylum shares (incl. the dissenting shareholders) was completed on 4 June 2019. Footasylum was delisted on 16 May 2019 and 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 multi-channel model which combines a store estate of 69 stores in a variety of high street, mall and retail park locations in cities and towns throughout Great Britain, with a strong online platform and a recently launched wholesale arm for distributing its own brand ranges via a network of partners.

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

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

Given that this transaction was reviewed by the Competition and Markets Authority ('CMA'), the directors of the company have had to assess whether or not the Group had control over Footasylum. In making their judgement, the Board considered the Group's ability to direct the relevant activities of Footasylum during the investigation period. Ultimately, after careful consideration, the Board concluded that the Group had control and, accordingly, Footasylum should be consolidated from the date of acquisition. The CMA subsequently announced in its Final Report on 6th May 2020 that they were prohibiting the merger and that, consequently, they required the Group to fully divest its investment. The Group are currently in negotiations with the CMA as to how the disposal process will be conducted and monitored and have also made a claim for Judicial Review to the Competition Appeal Tribunal. Consequently, at the date of this announcement, the exact nature and timing of the disposal process is unknown and the Group may not recover the carrying value as part of this disposal.

Included in 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.

Included in 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.

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

synergies.

Included in 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 £3.0m. The acquisition included put and call options over the remaining stores exercisable after 3 years.

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

Included in 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 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.

Prior period acquisitions

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

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

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

	Book value £m	Measurement adjustments £m	**Fair value at 1 February 2020 £m**
Acquiree's net assets at acquisition date:			
Intangible assets	16.9	70.6	**87.5**
Property, plant & equipment	76.5	4.9	**81.4**
Inventories	261.6	(5.8)	**255.8**
Cash and cash equivalents	50.9	-	**50.9**
Trade and other receivables	38.6	-	**38.6**
Income tax liabilities	(1.5)	-	**(1.5)**
Deferred tax assets / (liabilities)	7.0	(11.5)	**(4.5)**
Trade and other payables - current	(135.9)	(16.8)	**(152.7)**
Trade and other payables - non-current	(40.2)	(13.3)	**(53.5)**
Net identifiable assets	273.9	28.1	**302.0**
Goodwill on acquisition			**98.5**
Consideration paid - satisfied in cash			**400.5**

No measurement adjustments have been made to the fair value during the 52 week period ended 1 February 2020 and the period in which measurement adjustments could be made has now closed on this acquisition.

Choice Limited
On 13 August 2018, the Group acquired, via its subsidiary Tessuti Limited, 100% of the issued share capital of Choice Limited for cash consideration of £4.0 million and 8.8% of the issued share capital of Tessuti Limited with a fair value of £1.3 million. Choice Limited operates as a retailer of premium fashion apparel and footwear with six stores and a trading website at acquisition. Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £1.5 million, representing the Choice fascia name. The Board believed that the excess of consideration paid over the net identifiable assets on acquisition of £3.0 million was 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 1 February 2020 and the period in which measurement adjustments could be made has now closed on this acquisition.

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

6. Subsequent Events

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

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

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

Footasylum Limited
The Competition and Markets Authority ('CMA') announced in its Final Report on 6th May 2020 that they were prohibiting the merger with Footasylum Limited and that, consequently, they required the Group to fully divest its investment. The Group are currently in negotiations with the CMA as to how the disposal process will be conducted and monitored and have also made a claim for Judicial Review to the Competition Appeal Tribunal. At the date of this announcement, the exact nature and timing of the disposal process is unknown and the Group may not recover the carrying value as part of this disposal.

COVID-19
COVID-19 is a non-adjusting post balance sheet event for the Group. The Group has considered the impact of COVID-19 as at the date of signing these financial statements. As noted below, the key area of impact is in regards to Go Outdoors Limited.

Go Outdoors Limited
The onset of COVID-19 in March 2020, and the subsequent requirement to close all stores on 23 March 2020, presented Go Outdoors Limited with a new significant trading challenge with the Board ultimately deciding that it was not in the best interests of the wider Group, and its shareholders, to provide continued financial support to the company in its existing form. Administrators were subsequently appointed to Go Outdoors Limited on 23 June 2020.

Prior to making this decision, the Board considered a number of strategic options for Go Outdoors Limited 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 has ultimately determined that, if fundamentally restructured, Go would have a future in the Group. Consequently, the Group, via its newly incorporated subsidiary JD Newco 1 Limited, subsequently re-acquired the business and substantially all of the assets of Go Outdoors Limited from its Administrators for consideration of £56.5 million of which £55.2 million returns to the Group as partial repayment against an intergroup receivable of £82.8 million. This proposal was reviewed and cleared in advance by the independent Pre Pack Pool.

At the point of administration, Go Outdoors Limited operated 67 standalone stores and a trading website. The Group has taken an initial 12 month licence with the Administrator at the previously agreed rental payments (cancellable by store on a 2 week notice period) such that it will continue to occupy all of the Go Outdoors stores and, subject to agreeing new leases, it is the Group's intention to retain the majority of the retail estate. It is also the Group's intention to honour the principal historic liabilities of the Go business including branded stock suppliers, HMRC liabilities on taxation, customer returns, and gift cards. Further, all pre-existing Go Outdoors employees have transferred across to the new business with their previous terms and conditions of employment preserved.

Included within the Group's Statement of Financial Position at 1 February 2020 were Goodwill of £1.9 million, Intangible assets (Brand and Fascia name) of £50.2 million, Property, Plant and Equipment of £32.3 million, Right of use assets of £153.8 million, Right of use liabilities of £167.6 million, current assets of £69.7 million and current liabilities of £62.2 million. The net impact of the transaction is that the Group will de-recognise the Right of use assets and associated liabilities and record a net gain or loss.

Due to the proximity of the date of the transaction and the signing of the financial statements, the directors have yet to quantify all of the impairment and effects resulting from the transaction. This will be presented in the announcement of the Interim Results for the period to 1 August 2020.

7. IFRS 16 Leases

On transition to IFRS 16, the Group recognised a right-of-use asset, including investment property, and lease liabilities, recognising any differences in retained earnings. The impact on transition is summarised below (not including the adjustment for deferred income, initial direct costs and onerous leases).

	Balance at 3 February 2019 £m
Right-of-use asset presented in property, plant and equipment	2,007.8
Lease liabilities	2,007.8
Retained earnings impact	-

Impacts for the period

	Balance at 1 February 2020 £m	Balance at 3 February 2019 £m
Property	**1,849.7**	1,891.3
Vehicles	**4.4**	3.8
Total right-of-use asset	**1,854.1**	1,895.1

The indicative impact of the adoption of IFRS 16 disclosed in the pre-transition financial statements was a right-of-use asset of approximately £1.8 billion, with corresponding lease liability of £1.9 billion (after adjustments for deferred income). As a result of the finalisation of the accounting judgement relating to the estimated lease term on expired leases, an additional £0.1 billion has been calculated and added to both the right-of-use asset and the corresponding lease liability.

	Balance at 1 February 2020 £m
Current	**285.0**
Non-current	**1,707.7**
Total lease liabilities	**1,992.7**

8. Accounts

The financial information set out above does not constitute the Group's statutory accounts for the 52 weeks ended 1 February 2020 or 52 weeks ended 2 February 2019 but is derived from those accounts. Statutory accounts for the 52 weeks ended 2 February 2019 have been delivered to the Registrar of Companies, and those for the 52 weeks to 1 February 2020 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

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

Glossary (terms listed in alphabetical order)

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

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

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

	2020	2019
Basic earnings per share	**25.29p**	26.90p
Exceptional items excluding loss on disposal of non-current assets	**9.27p**	1.57p
Tax relating to exceptional items	**(0.30p)**	(0.03p)
Adjusted earnings per ordinary share	**34.26p**	28.44p

Comparable accounting basis
Restating the performance for the period to 1 February 2020 using the accounting standards which were applicable for the period to 2 February 2019; specifically, the re-calculation of property lease costs under IAS 17 'Leases'.

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

EBITDA before exceptional items
Earnings before interest, tax, depreciation and amortisation.

	2020 **£m**	2019 £m
Profit for the period	**250.7**	264.2
Addback:		
Financial expenses	**79.8**	7.5
Income tax expense	**97.8**	75.7
Depreciation, amortisation and impairment of non-current assets	**462.9**	126.9
Exceptional items	**90.3**	15.3
Deduct:		
Financial income	**(1.7)**	(1.2)
EBITDA before exceptional items	**979.8**	488.4

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:

	2020 **£m**	2019 £m
Profit before tax	**348.5**	339.9
Exceptional items	**90.3**	15.3
Profit before tax and exceptional items	**438.8**	355.2

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