

28 March 2024

JD SPORTS FASHION PLC

FY24 TRADING UPDATE

OUTPERFORMING A CHALLENGING MARKET

JD Sports Fashion Plc (the 'Group'), the leading retailer of sports, fashion and outdoor brands, today announces an update covering both a trading outcome summary for the 53 weeks to 3 February 2024 and guidance for FY25.

Régis Schultz, CEO of JD Sports Fashion Plc, said: "In our FY24 financial year, we outperformed the sportswear market, reflecting the strength of our business. We achieved like-for-like sales growth of over 4%, organic growth of over 8% and our athleisure fascias achieved organic growth of over 10%. We made good strategic progress, opening 215 new JD stores, and focusing our effort on developing JD and enhancing EPS through taking full control of ISRG and MIG. We expect profit before tax for the year to be in line with the guided range given in January.

"Looking ahead, the current trading environment remains challenging due to less product innovation and elevated promotional activity, especially online. We anticipate trading conditions will improve as we move through the year, helped by a busy sporting summer and softer comparatives with last year. We continue to invest in our people and the infrastructure needed to deliver our long-term growth plan. I am excited about the opportunities for the JD Group going forward and our ability to deliver attractive returns to shareholders."

Highlights

- FY24 Profit before Tax and Adjusted Items (PBT) expected to be in line with the £915-935m guided range
- On a constant currency basis
 - Q4 like-for-like (LFL¹) sales were up 0.1% and organic² sales were up 4.4%
 - FY24 LFL sales were up 4.2% and organic sales growth was 8.4%
- Total sales grew 3.6% to £10.5bn while gross margins were 47.3%
- Opened 215 new JD stores
- Initial FY25 PBT guidance, pre-accounting adjustment, of £900-980m
- Trading in the new financial year-to-date is in line with our expectations after seven weeks

¹The percentage change in year-on-year sales after removing the impact of new store openings, closures, acquisitions and disposals in the current or previous financial period, comparing 53 weeks from 29 Jan 2023 to 3 Feb 24 with 53 weeks from 30 Jan 2022 to 4 Feb 2023

²LFL sales growth plus the net growth attributed to new space, comparing 53 weeks from 29 Jan 2023 to 3 Feb 24 with 53 weeks from 30 Jan 2022 to 4 Feb 2023

FY24 Trading Outcome

FY24 sales (constant currency)	LFL		Organic	
	Q4	FY	Q4	FY
Y-o-y change				

UK/ROI	-3.2%	0.8%	-2.5%	1.5%
Europe	0.9%	7.7%	8.9%	15.3%
North America	2.1%	4.1%	7.7%	9.3%
Asia Pacific	8.3%	11.8%	12.3%	17.7%
Group	0.1%	4.2%	4.4%	8.4%

Total sales were £10.5bn, up 3.6% on the previous year, including a -6.2% impact from disposals and a 1.4% benefit from the 53rd week. PBT for the year to January 2024 is expected to be in line with the revised guidance range of £915-935m.

LFL sales in Q4, on a constant currency basis, were marginally ahead of the previous financial year. January was slightly down year-on-year due to elevated promotional activity in the market, particularly online, and against a very strong comparative of c.25% growth. For the full year, LFL sales were up 4.2% with all regions ahead of the previous year with organic sales growth of 8.4%.

We opened 215 new JD stores in the year, while the launch of our new JD Status loyalty programme in the UK has been very encouraging to date with 800k downloads so far.

Gross margin for the Group ended the year at 47.3%, down 50 basis points on the previous year, due mainly to a higher mix of sales from Europe and North America, where margins were impacted by the elevated promotional activity in those markets. On the balance sheet, we are comfortable with our year-end inventory level across the Group and we ended the year with over £1bn of net cash.

UK/ROI

Q4 LFL sales were down 3.2%. There were two drivers of this: firstly, this region has the highest apparel sales mix in the Group and apparel performance was weaker than footwear; and secondly, we chose not to participate fully in the significant, mainly online, promotional activity within the UK in Q4. Organic sales were down 2.5%. For the full year, LFL sales were up 0.8% with organic sales growth of 1.5%.

Europe

Q4 LFL sales were up 0.9%. Within the JD brand, stronger trading in Southern Europe, driven by Portugal and Italy, was offset partially by weaker trading in Northern Europe. This in part was due to a higher apparel mix in the north. The impact of new store openings across Europe helped deliver Q4 organic growth of 8.9%. For the full year, LFL sales were up 7.7% with organic sales growth of 15.3%.

North America

Q4 LFL sales were up 2.1% against a previous year comparative of over 30% growth, in what was a highly promotional market. New store openings drove organic sales growth to 7.7%. For the full year, LFL sales were up 4.1% with organic sales growth of 9.3%.

Asia Pacific

Q4 LFL sales were up 8.3% with contributions from all main markets and particularly strong growth in New Zealand and Thailand. New store openings delivered Q4 organic growth of 12.3%. For the full year, LFL sales were up 11.8% with organic sales growth of 17.7%.

Accounting Policy Changes

In line with the majority of large, UK-listed retail companies, we will exclude the non-cash amortisation of acquired intangibles from our PBT before adjusted items. This change will be implemented from FY25 and will increase PBT by c. £55m per year. For the avoidance of doubt, we have set out below our PBT guidance for FY25 on both a pre- and post-accounting change basis.

FY25 Guidance

Trading since the start of the new financial year has been in line with our expectations. The market remains challenging due to less product innovation and elevated promotional activity in key markets, particularly online. We anticipate trading conditions will improve as we move through the year, helped by a busy sporting summer, softer comparatives with last year from Q2 and an improving product pipeline towards the end of the year. Given this, Q1 is likely to be the softest LFL period of the year and H2 is likely to be stronger than H1. In addition, cost inflation remains elevated, particularly labour, and we will continue to invest in our infrastructure in FY25 to deliver our long-term growth plan.

Guidance can be seen in the table below, split into both the old P&L format, pre-accounting changes, and the new P&L format, post-accounting changes.

FY25 guidance	Pre-accounting change basis	Post-accounting change basis
LFL sales growth	1-4%	1-4%
Organic sales growth	6-9%	6-9%
Amortisation of acquired intangibles	c.£55m	
PBT	£900-980m	£955-1035m

Key assumptions

1. Low- to mid-single digit market growth
2. Group to outperform market due to new store openings and the annualisation of previous store openings
3. No material impact from exchange rates
4. A c.2% impact on total sales from disposals
5. PBT impacted by a net c.£30m due to no 53rd week, the non-trading of Sprinter/MIG stores as they convert to the JD brand and incremental investment in cyber security and IT opex, partially offset by the benefit from no longer incurring losses at SUR

New Segmentation and Reporting Cycle from FY25

We will introduce new segmentation from FY25, which will be used for reporting initially at our Q2 trading update in August and then at our interim results in September. As well as the FY24 preliminary results, which will be released towards the end of May 2024, we will include a reconciliation to the new segmentation for FY23 and FY24.

We are also introducing a more regular reporting cycle from FY25, as highlighted in the financial calendar below. For FY25, we will report Q125 at our full year results which, due to the increased level of review following the arrival of a new Group CFO and a new auditor, are forecast to be announced at the end of May. We will introduce a Q225 trading update in August, Q325 will be in November and Q425 will around the end of our financial year in early 2025.

Analyst and Investor Call Details

Régis Schultz, CEO and Dominic Platt, CFO will host a live audio webcast and Q&A for investors and analysts at 0900 GMT on 28 March 2024. This can be accessed via https://brmedia.news/JD_Q4. This will be available for playback after the event.

Enquiries:

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FY25 financial calendar

End May 2024: FY24 results/Q125 trading update

End June 2024: AGM

August 2024: Q225 trading update

26 September 2024: H125 results

November 2024: Q325 trading update

January 2025: Q425 trading update

About JD Sports Fashion Plc

Founded in 1981, the JD Group ('JD') is a leading global omnichannel retailer of Sports Fashion brands. JD provides customers with the latest exclusive products from its strategic partnerships with the most-loved premium brands - including Nike, Adidas and The North Face. The vision of JD is to inspire the emerging generation of consumers through a connection

to the universal culture of sport, music and fashion. JD focuses on four strategic pillars: global expansion focused on the JD brand first; leveraging complementary concepts; moving beyond physical retail by creating a lifestyle ecosystem of relevant products and services; and doing the best for its people, partners and communities. JD is a constituent of the FTSE 100 index and had 3,313 stores worldwide at 2 March 2024.

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