

40 YEARS OF STYLE



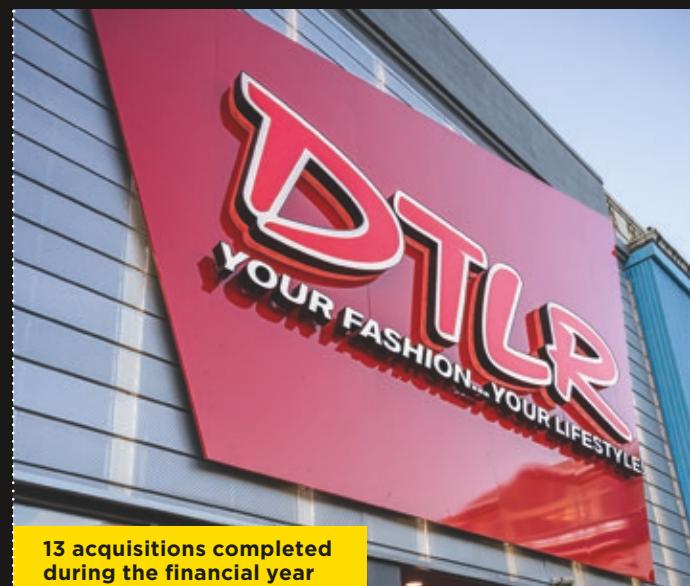
JD Sports Fashion Plc
Annual Report and Accounts 2022



jdsportsfashionplc

OUR PURPOSE

The Group's purpose is to be a leading international multichannel retailer of sports, fashion and outdoor brands with core values of connecting with consumers through continual investment in our store portfolio, nurturing our global branded supplier relationships and improving our sustainability and financial performance.



13 acquisitions completed during the financial year including DTLR in the US

OUR CULTURE AND VALUES



Entrepreneurial – The Group has a strong track record of revenue growth, profit optimisation and international expansion. We maintain ultimate flexibility in our business model which enables us to capitalise on the fast pace of consumer trends.



Competitive – Our brand ethos is all about innovation, creativity and competitiveness. We respect each member of our team and everyone is encouraged to put forward their ideas, regardless of how big or small, as dynamic thinking is what drives the business to be competitive.



Committed – The Group is committed to protecting the long-term interests of its shareholders, whilst balancing and promoting the interests of its other key stakeholders, including its colleagues and suppliers.



Team-oriented – Our people are integral to our success and are the heartbeat of our business. They deliver on a daily basis to enable the Group to meet and exceed expectations. Problems are solved and opportunities seized by people working together from all levels of the organisation.



Ethical – We believe in extending our entrepreneurial and competitive spirit beyond financial performance to making the world around us a better place. We always strive to do the right thing for our colleagues, our customers and our communities.

OUR STRATEGY

The Group's strategy is to continuously set the global standard for retail experience through best-in-class operations, connected consumer experiences and the unique delivery of the world's most authentic brands to the market. We seek to inspire the emerging generation of globally minded consumers through a connection to the universal culture of sport, music and fashion.

Further details of the Group's short and long-term strategy are set out on pages 14 and 15.

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HIGHLIGHTS



* Throughout the Annual Report ** indicates the first instance of a term defined and explained in the Alternative Performance Measures section on page 42 along with a reconciliation to statutory measures. Further detail setting out the background to the Alternative Performance Measures is given in Note 1 to the financial statements.

** Basic and adjusted earnings per ordinary share and dividends per ordinary share have been adjusted to reflect the share sub-division effective 30 November 2021, as if the event had occurred at the beginning of the earliest period presented.

THE GROUP

3,402*

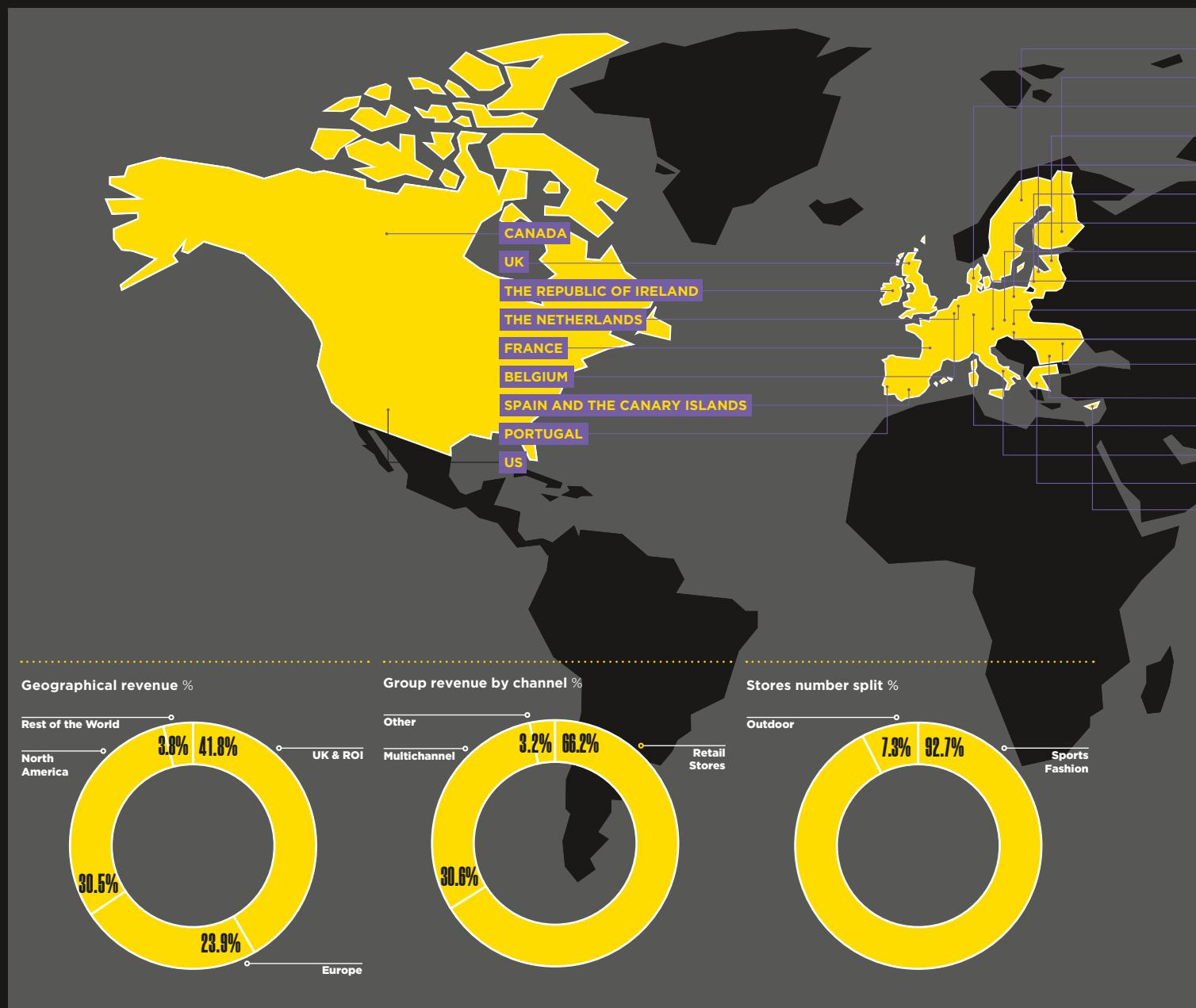
**Building our position
as the showcase
of choice for the
global sports fashion
industry, providing
unrivalled access to
the finest brands.**

67,831*

**average number
of employees**

stores

* As at 29 January 2022.



32*

territories across
the globe

OUR REVENUE CHANNELS



Stores



In-store devices



Apps



Online



Wholesale

Sports Fashion brands



size?

FOOTPATROL*

FINISH LINE



DTLR VILLA

WESSTOLK

Sprinter

SPORT ZONE



COSMOS
SPORT

Sizeer



TESSUTI

scott's

MAINLINE

Outdoor brands



FISHING REPUBLIC



Naylor's



GO
Outdoors

LeisureLakesBikes.com

**WHEEL
BASE**

**Ultimate
Outdoors**



STATEMENT FROM THE BOARD

Governance

Balancing the operational requirements of running and growing a business through a global pandemic with the obligations of elevating governance standards has been complex and not without challenge.

A number of regulatory issues have arisen through this time which have highlighted the need for both greater relevant experience on the Board and more formalisation in governance systems, risk management recording, the documentation and appraisal of internal controls and the mechanisms for reporting relevant matters to the regulatory authorities where appropriate.

As a result, since the year end the Board has engaged external advisors to carry out a number of independent investigations into certain matters including these regulatory issues. Alongside these investigations, as announced in February 2022, the Group has also been undertaking a review of its Governance procedures and policies in light of the process to divide the previous joint role of the Executive Chair and Chief Executive Officer. This process extended into a full review of the Group's Corporate Governance operating model and assessment of its current compliance with the UK Corporate Governance Code.

The Board has now completed the investigations and the governance review and have ratified a plan to rebase the governance, risk and control environment. This will target compliance with our various regulatory requirements whilst also delivering a more formalised approach to governance, risk management recording and the documentation and appraisal of internal controls. These actions are focused in four principal workstreams:

- CMA regulatory compliance.
- FCA regulatory compliance re: limited permission credit broking licence in certain UK businesses.
- Compliance with the UK corporate governance code.
- Risk management and internal control framework.

Each workstream consists of a three-month intensive programme of works to address priority issues complemented by the development of longer term initiatives. It is anticipated that it will take 18 months to deliver and embed these workstreams in full to ensure that we balance rigour in relation to governance and control with maintaining the agility that has been key to our success to date.

Search For a New Group Chief Executive Officer and Non-Executive Chair

At its 2021 AGM on 1 July 2021, the Group announced, with the support of Peter Cowgill, that it intended to divide the role of Executive Chair and Group Chief Executive Officer before the 2022 Annual General Meeting. At that time, it was intended that this would be achieved through the appointment of a new Group Chief Executive Officer with Peter Cowgill then moving into the role of Chair with a progressive handover of executive management responsibilities. In due course, Peter Cowgill would then have been replaced by a Non-Executive Chair.

Working with Spencer Stuart the Group commenced a global search for a new Group Chief Executive Officer. A number of excellent candidates were attracted to this role but a recurring theme was a wish for a much shorter handover period. This search process also coincided with the governance and assurance workstreams referred to above and it is the Board's view that the new Chief Executive Officer should have the opportunity to shape that process. Accordingly, the Board decided to accelerate the separation of the roles of Chair and Chief Executive Officer and Peter Cowgill left the Group on 25 May 2022. Subsequently, Helen Ashton accepted the role of Interim Non-Executive Chair with Kath Smith, Senior Independent Director, appointed as Interim Chief Executive Officer.

* Throughout the Annual Report ** indicates the first instance of a term defined and explained in the Alternative Performance Measures section on page 42.

The Board wish to thank Peter Cowgill for his unwavering commitment, vision and inspirational leadership since he re-joined the Group in 2004. JD is a globally recognised iconic multichannel retailer with a proven strategy, clear momentum and a talented and resilient senior management team who, through his guidance, are recognised within the sports fashion industry as some of the leading figures in their fields. The Board and Senior Management team are united in their determination to build on the historical successes with the same laser focus on the consumer, commercial rigour, attention to service excellence and analytical intensity. We will continue to seek to inspire the emerging generation of aspirationally minded consumers through a connection to the universal culture of sport, music and fashion with the highest standards of consumer experience and execution, both in stores and online. Building on our trusted brand relationships, we will also continue to deliver a product and brand mix which is emotionally engaging, exclusive and continually evolving.

The process to recruit a Chief Executive Officer is ongoing with a number of high calibre candidates at different stages of consideration including some who have only recently made their interest in the role known. A process to recruit a new Non-Executive Chair is also progressing at pace. Meanwhile, the Board is happy with how the interim arrangements are operating and will update the market on the progress of these search processes as appropriate.

Board Composition

Prior to these recent developments, the Board had made significant progress in its process to recruit new Non-Executive Directors who can positively contribute to the continued global development and momentum of the Group. Helen Ashton initially joined the Board on 15 November 2021 as Non-Executive Director and Chair of the Audit & Risk Committee. We were also delighted to welcome during the year Bert Hoyt, who was formerly Head of Europe for Nike; Mahbobe Sabetnia, who has been at the forefront of e-business expansions, leading data-driven consumer insights to unlock value and framing new business propositions in a number of global organisations; and Andy Long, who is an Executive Director at Pentland Group Ltd and was formerly Chief Executive Officer at Pentland Brands Ltd.



STATEMENT FROM THE BOARD CONTINUED

More recently, Suzi Williams joined the Board on 16 May 2022. Suzi brings a significant amount of consumer marketing and management experience to the Group and, in due course, it is intended that she will take up the role of Remuneration Committee Chair.

Prior to her appointment as Interim Chief Executive Officer, Kath Smith was confirmed as the Senior Independent Director and Chair of the Nominations Committee and, whilst it is acknowledged that she cannot currently act as Senior Independent Director, it is the Board's intention that she will revert back to her former role upon the appointment of a permanent Chief Executive Officer. Based on the current progress in this search, the Board expects that Kath Smith will resume her role as Senior Independent Director before the end of the financial year. This means that the Group would be compliant with this aspect of the UK Corporate Governance Code from the start of the next financial year. The Board also considered whether she should continue as Chair of the Nominations Committee but, to ensure compliance with the UK Corporate Governance Code, has concluded that this position should be held by the Interim Chair.

Further, the Board has determined that, given both the temporary nature of her position as Interim Chair and the importance that it places on delivering the plan to rebase the governance, risk and control environment, Helen Ashton should also retain her position as Chair of the Audit & Risk Committee.

Notwithstanding certain areas of non-compliance with the UK Corporate Governance Code during the year, the Group is pleased to advise that it is fully compliant with the initiatives on Board diversity proposed by the Hampton-Alexander Review and the Parker Review.

Government Support

Throughout the COVID-19 pandemic, our priorities have been to ensure the health and wellbeing of our colleagues and customers, protect jobs, preserve financial resources and limit the impact on profitability. It is important to remember that the stores were closed for a number of months at the start of the year in some of our most significant markets across Europe and whilst stores progressively reopened through the Spring, there was no certainty as to whether they would stay open through the rest of the year and, even if they did, whether footfall would be at a level that would make the stores financially viable. Accordingly, the Group accepted government support where it was offered, including that connected with property occupation, using it only for the purposes intended. In particular, payments from the Coronavirus Job Retention Scheme in the UK helped provide the thousands of people that we employed with short-term financial support and reassurance regarding the sustainability of their long-term employment prospects.

We are cognisant that the retention of sales in the period when the stores were closed across Europe in the early months of the year, combined with the positive trading in the immediate period after reopening, did help to offset the negative financial impacts associated with the period of temporary closures. Further, whilst there were some subsequent periods of store closures, particularly in Asia, later in the year, our most significant markets all remained open through the peak trading period and have traded positively.

Therefore, in line with our previous statements on this matter and having considered all the relevant facts, the Board decided that it would repay all of the support that its businesses received from the Coronavirus Job Retention Scheme in the UK during the year. This repayment, which totalled £24.4 million, has already been made.

DELIVERING EXCELLENT RESULTS



HELEN ASHTON
INTERIM NON-EXECUTIVE
CHAIR

A handwritten signature in black ink that reads "Helen Ashton".

22 June 2022

This result demonstrates our capacity for growth in both existing and new markets, and the strength of our global proposition and consumer engagement in-store and online”

INTERIM NON-EXECUTIVE CHAIR'S STATEMENT CONTINUED

BUSINESS DEVELOPMENTS

Introduction

This was another period of outstanding progress with the Group delivering a record headline profit before tax and exceptional items of £947.2 million (2021: £421.3 million), more than double the previous record of £438.8 million set in the period to 1 February 2020, which was the last completed financial year prior to the COVID-19 pandemic. It includes £125.6 million of profit from the combination of acquisitions in the year and the annualisation period of businesses bought in the 52 weeks to 30 January 2021. The profit before tax for the period was £654.7 million (2021: £324.0 million). This result was achieved in the face of a series of unprecedented challenges including sustained periods of temporary store closures in many markets, constraints in the supply of certain products due to factory closures within the global supply chains of the international brands, widespread turbulence in international logistics and the ongoing administrative and cost consequences resulting from the loss of tariff-free, frictionless trade with the European Union.

This result demonstrates our capacity for growth in both existing and new markets, and the strength of our global proposition and consumer engagement in-store and online. We are, as always, indebted to our talented and committed colleagues across our Group and send our thanks for the amazing work they do every day. This is crucial in our increasingly global development and I would like to thank everyone in our businesses for their significant contribution and dedication.

Whilst the Group does not have any facilities or employees in either Russia or Ukraine, we are aware that many of our colleagues have relatives and friends in these countries. The Group is deeply concerned by the continuing conflict in Ukraine and has ceased all trading in Russia across both its brand websites and wholesale channels.

We are very reassured by the positive performance of the Group's sports fashion retail fascias in the UK and Republic of Ireland which delivered a combined record profit before tax and exceptional items of £471.2 million (2021: £262.7 million; 2020: £288.5 million). Given that the stores were again closed for a number of weeks in the year, this performance reflects very positively both the enhanced agility of the Group's operational infrastructure in these countries and the depth of the connection and trust that JD has built with its consumers who are clearly very comfortable engaging with JD through both physical and digital channels.

We are also particularly encouraged by the strong performance from the Group's banners in the North America which have delivered a combined profit before tax and exceptional items of £343.0 million (2021: £171.9 million; 2020: £94.2 million). This includes a full year contribution of £57.3 million from Shoe Palace (2021: £13.9 million for Shoe Palace in the six week period after acquisition) and a part-year contribution of £50.6 million from DTLR in respect of the period since the acquisition was completed. This result was heavily influenced by the fiscal stimulus which was made available by the Federal Government in the United States in the first half of the year with revenues between mid-March and mid-July more than 40% ahead of pre-COVID levels. Encouragingly, our businesses in the United States also traded positively in the second half of the year when there was no stimulus support, as compared to pre-COVID levels.

It is increasingly evident that the Group's progress in North America, and the United States in particular, is having a long-term positive impact both on the Group's overall performance and its relationships with the international brands. We continue to be encouraged by the progress that JD is making in the United States with 87 stores trading as JD at the end of the year and it is our intention to further expand the JD fascia in this financial year through both new stores and the conversion of existing Finish Line stores. We also opened the first Group fascia stores in Canada in the year with a first JD store in both Toronto and Vancouver and a Size? store, also in Toronto.

Whilst there is a global shortfall in the supply of certain key footwear styles at this time, the Group continues to have excellent availability both in stores and online with the Group benefitting both from its status as a premier global strategic partner and the overall width of its category offer. We would also expect that the supply from the impacted brands will improve progressively through the remainder of the year.

.....
Group revenue

£8,563.0m

.....
Group profit before tax

£654.7m

.....
Basic earnings per ordinary share

7.17p



SIGNIFICANT M&A TRANSACTIONS

The Group has completed a number of acquisitions and other investments in the period, which look to either expand the geographical reach of its premium sports fashion operations or widen the category offer to include other products which are relevant to a style-conscious consumer.

DTLR Villa LLC ('DTLR')

The acquisition of 100% of DTLR completed on 17 March 2021 for cash consideration of \$423.6 million with third party indebtedness of \$86.5 million also refinanced at this time. At completion, DTLR, which is based in Baltimore, Maryland, had 247 stores selling athletic footwear and apparel streetwear across 19 states, principally in neighbourhood urban areas across the North and East of the United States. Subsequent to completion, DTLR was transferred to the same sub-group as Finish Line, JD US and Shoe Palace.

Five new stores have opened subsequently although these have been offset by the closure of eight smaller under-performing stores. We would anticipate further evolution of the property portfolio in the forthcoming year with DTLR having the support of the international brands to expand its network of stores in its markets.

Marketing Investment Group S.A. ('MIG')

The acquisition of MIG completed on 30 April 2021 with a 60% holding acquired for total consideration of 348.9 million Polish Zloty ('PLN') of which 12.7 million PLN has been deferred subject to customary closing conditions and is expected to be paid in 2022. At completion, MIG, which is based in Krakow, Poland, had 410 stores trading principally as either Sizeer, which is a premium multi-branded fascia not too dissimilar to JD, or 50 Style, which is a multi-branded volume retail concept with lower price points. Whilst the majority of these stores are located in Poland, the Company has also expanded its reach beyond Poland in recent years with a presence, at completion, in a total of nine countries across Central and Eastern Europe.

More recently, the MIG team has acquired the trade and assets of a further 22 stores which traded as The Athlete's Foot across Slovenia, Croatia, Serbia and Bosnia & Herzegovina which are all new territories for the MIG business. These stores are currently being converted to Sizeer.

The MIG team has also been instrumental in the opening of the first JD stores in Eastern Europe with stores at Poznan, Poland, and Constanta, Romania. Since the period end, the Group has opened four further JD stores in Poland, one additional store in Romania and a first store in Hungary, at the Árkád Shopping Centre in Budapest. We would anticipate further openings for the JD fascia across Eastern Europe in the new financial year although events in Ukraine do drive some caution.

Deporvillage S.L. ('Deporvillage')

On 3 August 2021, Iberian Sports Retail Group SL ('ISRG'), the Group's existing intermediate holding company in Spain, completed the acquisition of an initial 80% holding in Deporvillage which is based in Manresa, Catalonia. Consideration of €100.0 million was paid at completion with further consideration up to a maximum of €40.4 million deferred, to be paid contingent on achieving certain performance criteria.

ISRG is a leading operator in the sporting goods market across Iberia through its Sprinter and Sport Zone fascias with the acquisition of Deporvillage providing additional expertise in both the development of an international digital infrastructure and insights of the key performance-related categories of cycling, running and outdoor.

Number of acquisitions in the year

13

Consideration paid for acquisitions, net of cash acquired

£616.5m

INTERIM NON-EXECUTIVE CHAIR'S STATEMENT CONTINUED

Wheelbase Lakeland Limited ('Wheelbase') and XLR8 Limited t/a Leisure Lakes ('Leisure Lakes')

The Group has enhanced its presence in the UK premium cycling market in the year through the acquisitions of Wheelbase and Leisure Lakes.

On 30 September 2021, the Group acquired 77.5% of Wheelbase for £22.2 million. Based near Kendal, Cumbria, on acquisition Wheelbase had three stores in cycling hotspots, including the renowned store at Staveley which, at 16,000 sqft, is one of the largest cycle stores in the UK. Wheelbase is firmly established as one of the premier cycling retailers in the UK selling key brands such as Cube, Cannondale, Trek and Specialized. Working with the Wheelbase team, the Group will open specialist cycling concessions in selected Go Outdoors stores with the first two concessions, in Coventry and Stockton, now open.

On 19 November 2021, the Group also acquired 100% of Leisure Lakes for initial cash consideration of £25.6 million with additional consideration up to a maximum of £15.0 million payable if certain performance criteria are achieved. Based near Preston, Leisure Lakes had ten stores in urban locations at completion and, like Wheelbase, is also considered to be one of the leading omnichannel retailers of bicycles and associated accessories in the UK and is a key partner for most of the major cycling brands.

Cosmos Sport S.A. ('Cosmos')

On 21 October 2021, the Group acquired 80% of Cosmos for cash consideration of €73.0 million. Based in Crete, Cosmos had 58 stores in Greece at acquisition with a further three stores in Cyprus. Cosmos mainly trades under two fascias, being Cosmos Sport and Sneaker 10. Cosmos Sport is the core fascia trading through an elevated sporting goods and lifestyle proposition with Sneaker 10 focusing on trainers and premium releases and is more similar to the Group's Size? fascia.

Two new stores, one in Greece and one in Cyprus, have opened since completion although these have been offset by the closure of two of the adidas monobrand stores. We would anticipate further evolution of the property portfolio in the forthcoming year with Cosmos having the support of the international brands to expand its network of stores in its markets. Further, this acquisition also provides the Group with an infrastructure and management team for the development of JD in Greece and Cyprus, with the first store in Greece currently expected to open in the second half of this year.

GymNation Limited ('GymNation')

On 24 December 2021, the Group's existing subsidiary JD Sports Gyms Limited ('JD Gyms') acquired 100% of GymNation Limited and its 100% owned subsidiary GymNation LLC (together 'GymNation') for cash consideration of \$42.2 million and contingent consideration of \$6.1 million. Contingent consideration is cash-settled and is linked to GymNation's future performance. It is initially measured at fair value and is subsequently remeasured to fair value at each reporting date until the contingency is settled. The fair value of contingent consideration recognised at 29 January 2022 is \$6.6 million. The maximum amount of the future payment is £75 million. GymNation had seven gyms at acquisition with five in Dubai, one in Abu Dhabi and one in Ras Al Khaimah. The GymNation approach is very similar to JD Gyms with a focus on providing well-equipped gyms to a style-conscious participant with extensive use of social media in a digitally-led marketing approach and memberships that are both affordable and flexible.

UPDATE ON FOOTASYLUM LIMITED ('FOOTASYLUM')

The Competition and Markets Authority ('CMA') announced in its Provisional Report on 2 September 2021 that it was again minded to prohibit the Group's acquisition of Footasylum. This decision was confirmed in the CMA's Final Report dated 5 November 2021.

We were very disappointed by this decision as we firmly believed that we had provided overwhelming evidence to the CMA in its re-examination of the transaction of how the COVID-19 pandemic has materially changed the market for the retailing of international sports brands. In particular, the Group demonstrated very clearly to the CMA how, by causing a structural shift in favour of online shopping, COVID-19 has empowered and accelerated the Direct to Consumer strategies of the international brands. The evidence of this is clear in the recent public statements of not just the brands but also some of their longest standing wholesale customers. We continue to believe that JD, with its recognised status as a premier global strategic partner, would have positively influenced Footasylum's brand relationships and its access to product over the longer term.

The Group has agreed Final Undertakings with the CMA which require the divestment of Footasylum to an 'Approved Purchaser'. This divestment process is ongoing with a number of parties expressing interest in the business.

PEOPLE

We are, of course, indebted to all of our teams in our different territories for their resolute attitude in dealing with the challenges posed by COVID-19 during the year. Whilst the Group's stores are now trading without restrictions, we are conscious that there is still a high prevalence of the virus in many countries and that new variants could emerge in the future and result in new challenges. However, the Board reaffirms that the safety and wellbeing of our colleagues and our consumers has been and will always be our number one priority.

The Board is particularly aware of the need to support our colleagues mental health needs with wellbeing integrated into our culture. We have launched our Wellbeing Network which provides colleagues with a host of resources, including access to health care professionals and specialist support and we intend to enhance the size and scope of this programme with additional resources including podcasts and interactive group sessions.

KICKSTART

The Group is working closely with the UK Government and The Prince's Trust as a national partner on its Kickstart scheme which aims to provide employment opportunities for young people who were previously on Universal Credit and who faced significant barriers to employment as a result of the pandemic. Over 1,000 people have progressed through the programme to date with 90% of those young people subsequently offered permanent roles within the Group. The Group were pleased to welcome His Royal Highness The Prince of Wales and the Chancellor of the Exchequer, The Rt Hon Rishi Sunak MP, to our store on Walworth Road in South London on 11 May 2022 where they met with a number of Kickstart recruits to get an appreciation of their experience of the Kickstart scheme. The Group recognises the prevalence of social inequality in the UK and feels passionately about reducing barriers to entry to employment for young people who are socially and economically disadvantaged. JD is proud of its participation in the Kickstart scheme which was delivered in partnership with The Prince's Trust.

ESG

As a FTSE 100 company, we recognise and embrace that our scale enables us to make positive, lasting changes. Our Environmental, Social and Governance Committee (founded in 2020) governs our global, Group-wide approach to sustainability, including such critical topics as our people strategy, climate change, sustainable sourcing and governance.

For further details about the responsibilities of the Environmental, Social and Governance Committee and the Group's achievements in the year, please see page 53.

CURRENT TRADING AND OUTLOOK

The Group is reassured with the trading to date with total sales in the Group's like-for-like businesses after four months 5% ahead of the same period in the prior year. This performance is a further positive reflection of both the strength and breadth of the Group's brand relationships and category offer. It has also been achieved against a backdrop of a global shortfall in the supply of certain key footwear styles with this supply expected to improve progressively through the remainder of the year.

Whilst we are encouraged by the resilient nature of the consumer demand in the current year to date, we remain conscious of the headwinds that prevail at this time including the general global macro-economic and geopolitical situation. Against this backdrop, the Board believes that the headline profit before tax and exceptional items for the year end 28 January 2023 will be in line with the record performance for the year ended 29 January 2022.

Our next scheduled update will take place upon the announcement of our Interim Results. We will confirm a date for these results in due course.

Helen Ashton
Interim Non-Executive Chair

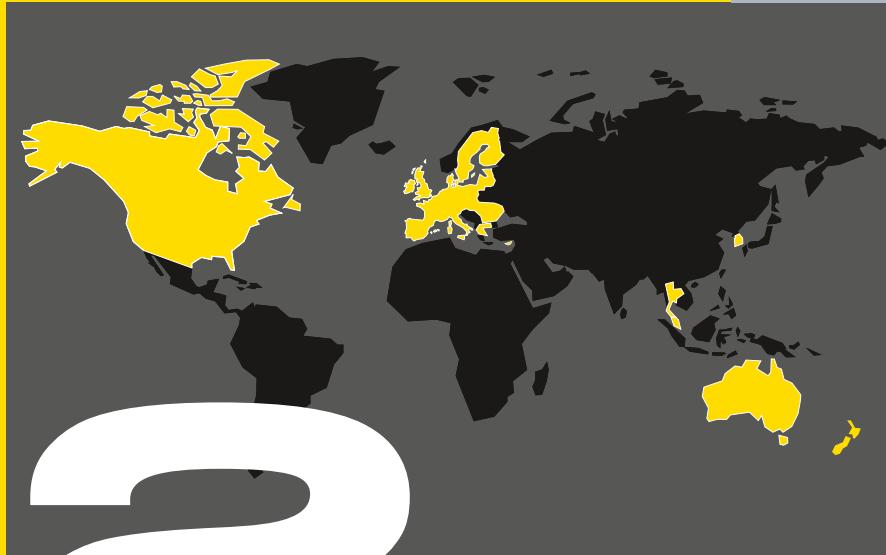
22 June 2022

REASONS TO INVEST

1

UNRIVALLED BRAND ACCESS

JD is a premier global strategic partner to the international brands, uniquely delivering the world's most iconic and emerging products to the market.



GLOBAL PRESENCE

The Group is globally recognised with over 3,400 stores in 32 territories following a history of international expansion and further acquisitions capability in the future.

OMNICHANNEL APPROACH

JD is the leading omnichannel retailer of sports fashion and outdoor brands, demonstrating strong retail execution across all platforms with a flexible and agile approach.

3



4



PROVEN TRACK RECORD

JD operates from a stable financial base with a history of strong revenue and profit growth over a sustained period (see page 236 for our five year history).

5

FOCUSED ON ESG

As a FTSE 100 company, we recognise and embrace that our scale enables us to make positive, lasting changes by extending our entrepreneurial and competitive spirit beyond financial performance to making the world around us a better place. Read our latest Environment, Social and Governance Report on page 51.



OUR PEOPLE

At the heart of JD are highly-motivated, loyal and experienced teams who have a razor sharp focus on the consumer and continuously set the global standard for retail experience through best-in-class operations.

6

OUR BUSINESS MODEL AND STRATEGY

The Group's principal JD banner is widely recognised as the leading omnichannel retailer of branded and private label Sports Fashion apparel and footwear in the UK and Ireland. Increasingly, the fascia is attracting a similar reputation internationally.

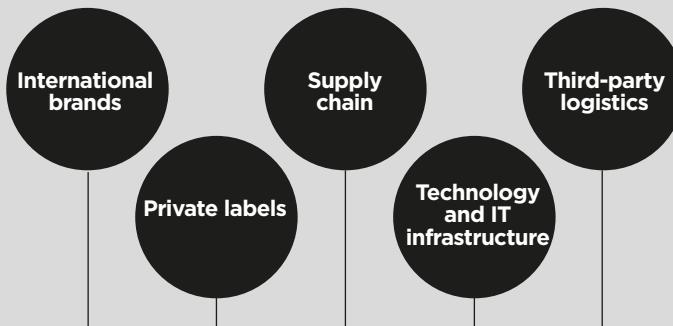
The other banners within the Group offer category width, international reach, flexibility and ability to broaden its appeal to a wider consumer base.

Our strategy is underpinned by the following pillars:

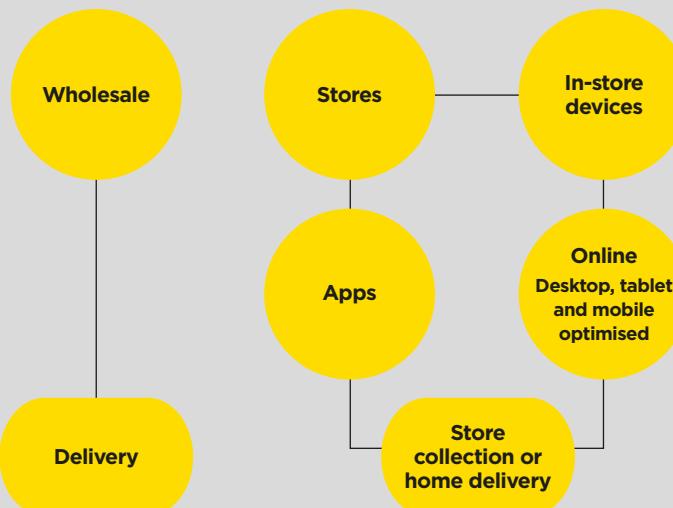
- Strong consumer connection
- Excellence in physical retail & the international expansion of the JD brand
- Omnichannel capability & technology
- Environment, social & governance
- Brand & category width

OUR BUSINESS MODEL

KEY INPUTS



CHANNELS



STRATEGIC PRIORITY



STRONG CONSUMER CONNECTION

JD seeks to inspire the emerging generation of globally minded consumers through a connection to the universal culture of sport, music and fashion. JD has a detailed understanding of its fashion focused consumer and cultivates its product range to appeal to this audience.



EXCELLENCE IN PHYSICAL RETAIL & INTERNATIONAL EXPANSION

The Group continuously sets the global standard for retail experience through best-in-class operations, connected consumer experiences and the unique delivery of the world's most authentic brands to the market. The Group is committed to showcasing brands in a premium environment and stores remain a core part of our strategy.



OMNICHANNEL CAPABILITY & TECHNOLOGY

We utilise our digital platforms to maximise our reach and impact on a local level, with consumers able to shop seamlessly across all channels. We want our consumers to be able to shop frictionlessly, however and whenever they choose.



ENVIRONMENT, SOCIAL & GOVERNANCE (ESG)

Improving ESG performance is an integral part of our Group strategy. As a FTSE 100 company, we recognise and embrace that our scale enables us to make positive, lasting changes.



BRAND & CATEGORY WIDTH

Across the wider Group, there are multiple businesses which expand our branded reach, support our ability to develop and wholesale branded clothing or facilitate the Group's entry into fashion and sport-related categories. This helps us to maintain ultimate flexibility in our business model, widen our customer appeal and capitalise on the fast pace of consumer trends.

WHAT WE ACHIEVED IN 2021/22

- Our product offering is underpinned by substantial communication of the JD brand and its associations through social media, influencers and outdoor marketing campaigns.
- The Group successfully worked with a number of sport, music and fashion partners during the year, including ITV's Love Island and Manchester's Parklife festival.
- The Christmas campaign made JD the destination for Christmas shopping as the number one TV advert on YouTube with over 20 million views and in excess of 44 million TikTok views.

- Total number of stores across the Group increased by 766 to 3,402 stores at the year end.
- Expansion into new territories through a combination of organic growth and selective acquisitions, with Group fascias present in 32 territories worldwide at the financial year end.
- Larger format stores opened in the UK, demonstrating our continued focus on visual merchandising, retail theatre and digital integration.
- 13 global acquisitions completed this year (see Note 11) for details).

- The continuing global growth in physical store space is complemented by ongoing investment in our international online capability through a significant multicurrency and multilanguage website estate.
- High levels of sales retention in the periods of temporary store closures due to COVID-19 restrictions. Consumers have readily switched to online channels, reflecting the benefits of the agile omnichannel approach that the Group has developed over a number of years.

- We are proud of our achievements to date, from improving conditions for workers in our supply chain to increasing our efforts (and those of our suppliers) to reduce the impact of climate change.
- Examples of the Group's achievements in the year include: Retaining the Group's A- Climate Change grade from the Carbon Disclosure Project, working with the UK Government as a national partner and employing over 700 people through the Kickstart Scheme plus the Group has increased the gender and ethnic diversity of its Board.
- Further details of all of the Group's achievements in this area are included in our ESG section on page 51.

- The Group completed several acquisitions in the year that expand our brand and category width both in the UK and internationally.
- A number of strategic investments were made in the year in associates and joint venture companies such as Applied Nutrition and Gym King (see Note 15 for details).
- Further development of our Outdoor portfolio with the inclusion of fishing and equestrian concessions within our Go Outdoors stores.

FUTURE VALUE GENERATION

- We will continue to focus on our core demographic whilst also targeting relevant brand or product adjacencies.
- We will continue to work with the most influential names in youth culture across all social media channels and as appointed brand ambassadors.

- Further development of the Group's presence in the US, the largest sportswear market in the world.
- We will continue with our major programme to enhance the logistics network across the UK and Western Europe.
- We will work with our acquisitions and joint venture partners to expand further into new territories in Central and Eastern Europe and further afield.
- For further details, see our Property and Stores review on page 44.

- We are investing in additional warehousing capacity that can be solely dedicated to the fulfilment of online orders in the UK.
- Further investment in our website estate to coordinate the growth in physical retail with our digital platforms.

- We understand that there is still so much more that we can do. Our ESG Committee governs our approach to sustainability, including such critical topics as Climate Change, Sustainable Sourcing, and the Circular Economy. Our ESG section on page 51 provides further details of our future ESG strategy.

- We will continue to make selective acquisitions where appropriate to expand our brand and category width whilst still focusing on enhanced profitability in the medium term.

40 YEARS OF DEFINING AN ICON



J + D John Wardle
and David Makin



1981
First store in Bury, Manchester

In the beginning...

JD began its journey in 1981 with its first store in Bury, Greater Manchester and has since grown to become one of the leading global omnichannel retailer of sports, fashion and outdoor brands.



2020
Paris flagship store

New Territories

The JD fascia expanded internationally with its first store in France in 2010 and now has flagship-style stores in many of the Group's European territories. Next stop was the Asia Pacific region in 2016, with the US following in 2018 after the acquisition of Finish Line.



NYC flagship store 2020

New Markets

The Group expanded into the Outdoor market via its acquisition of Blacks and Millets in 2012, with the acquisition of Go Outdoors following in 2016.



2016
Acquisition of GO

2016

2016 also saw the opening of the Group's first gym through the JD Gyms affordable yet stylish gym concept. In 2021, the Group completed the acquisition of GymNation, a chain of gyms based in the United Arab Emirates.

1981

Started in Bury,
Greater Manchester



2015 Oxford Street, London



2021 Westfield, Stratford



New Zealand 2021



2021 GymNation, UAE

THE SHOWCASE OF CHOICE

From the North West of England to the West Coast of America, Australia and beyond, the Group strives to provide its customers with the latest exclusive products from the very best brands.



THE JD DUFFLE

The Group's iconic plastic bag (the JD 'duffle') represents a fantastic example of how a design-led plastic product can generate continued re-use from customers. The JD flexi-loop bags are now made with 70% recycled content.



Where next?

The Group plans to continue its expansion into new territories in Central and Eastern Europe. We are also working with our joint venture partners further afield, with the first JD store in Jakarta, Indonesia opening in the first few weeks of 2022/23, followed more recently by the opening of the two stores in Israel.

What's next?

We plan to further develop our Group fascias in both existing and new territories and will continue to make selective acquisitions where appropriate to expand our brand and category width.

For further details see Our Business Model and Strategy on page 14.

STRATEGY IN ACTION

40 YEARS OF BRILLIANT BRANDS





THE KING OF TRAINERS

The Group is at the pinnacle of the global sports fashion industry with consumers instinctively knowing that our retail propositions focus on their fashion desires and aspirations in both footwear and apparel.

EXCLUSIVE PRODUCT

We seek opportunities to work in partnership with the third-party brands on the design of bespoke product which is then exclusive to the Group's fascias.

International brands regularly call out JD as a premier global strategic partner.



40 YEARS OF THE EMPLOY



67,831

average number of
employees in 2021/22

JOSEYS



KICK START

We are proud to be working with the UK Government as a national partner on its Kickstart scheme which aims to provide employment opportunities for young people who were previously on Universal Credit and who faced significant barriers to employment as a result of the pandemic. Further details can be found on page 78.

The Group continues to strive to create an environment where people feel welcome and safe, where they are treated with dignity and respect and where the talent and skills of all colleagues are valued.

THE HEARTBEAT OF OUR BUSINESS

The talented individuals working across the Group are integral to our continued success, delivering exceptional results year after year.

We want to attract, retain and develop the very best talent at all levels throughout the Group and believe that an engaged workforce is an essential ingredient towards our continued success.



40 YEARS OF GLOBAL GROWTH



JD has a powerful combination of international reach, a strong consumer connection and a consistently premium proposition.



32

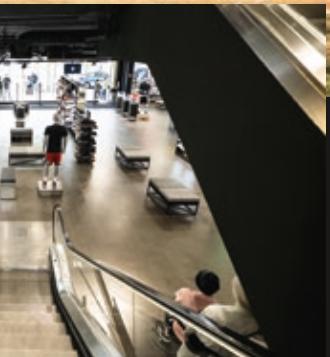
territories
across
the globe



THE BIG APPLE

JD's profile in the United States was enhanced by the opening of our 16,000 sqft flagship store in Times Square, New York in October 2020.

At the 2022 financial year end, there were 87 stores trading as JD in the United States.

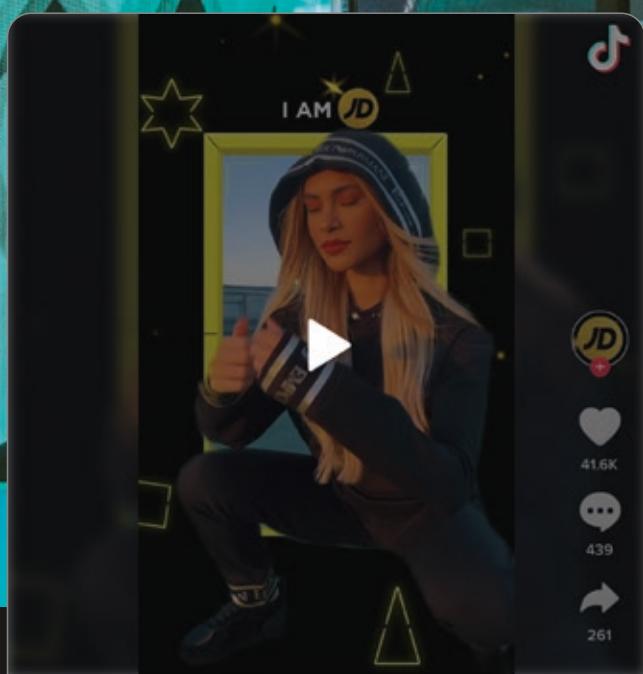


A MULTICHANNEL PLATFORM FOR FUTURE GROWTH

The Group has over 3,400 stores across 32 territories at the financial year end and this continuing global growth in physical store space is complemented by a significant multicurrency, multilanguage website estate.



40 YEARS OF LEADING RETAIL



Billions of videos and counting - only on TikTok

Watch now

@jdofficial

Wanna WIN £2000 & an exclusive JD prize?! Show us ya skills and #JDSTREET for a chance!

J Deserve The Finest (JD Sports Presents) - Shaybo



DIGITAL FUTURE

We utilise our digital platforms to maximise our reach and impact on a local level with consumers able to shop seamlessly across all channels. We want our consumers to be able to shop on the channel and at the time of their choice.



3,402
stores



We will continue to invest in property with a focus on the international expansion of the JD fascia. For more details see our Property and Stores review on page 44.

CREATING RETAIL THEATRE

JD is a world class retail fascia where a constantly evolving sports and fashion premium brand offer is presented in a vibrant retail theatre with innovative digital technology.

The Group continuously sets the global standard for retail experience through best-in-class operations, connected consumer experiences and the unique delivery of the world's most authentic brands to the market.

THE STORES

The stores give a platform to showcase product, allow consumers to physically see and try the product immediately, and provide the operational flexibility and agility to offer an enhanced speed of service for online orders.



OUR FRAMEWORK AND PROCESS

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board, in conjunction with the Audit & Risk Committee, has full responsibility for monitoring the effectiveness of the Group's system of risk management and the supporting system of internal controls. Executive Directors and Senior Management are tasked with managing risk on a day-to-day basis and are supported by functional risk management in areas of focus such as Environmental, Social and Governance ('ESG'), Cyber and Health & Safety. Additionally, the Board operates the following features of risk management and internal controls:

- A well-defined organisational structure.
- Identification and monitoring of the business risks facing the Group, with major risks identified and reported to the Audit & Risk Committee and the Board as necessary and an annual risk report preparation and review process. As per page 108 of the Audit & Risk Committee report, the Group is looking to enhance its framework in this area with Phase 1 of designing an Enterprise Risk Management process starting with immediate effect.
- Detailed appraisal and authorisation procedures for capital investment, which are documented in the Matters Reserved for the Board and the Group's Contract Authorisation Policy.
- Prompt preparation of comprehensive monthly management accounts providing relevant, reliable and up-to-date information. These allow for comparison with budget and previous year's results. Significant variances from approved budgets are investigated as appropriate.
- Preparation of comprehensive annual profit and cash flow budgets allowing management to monitor business activities and major risks and the progress towards financial objectives in the short and medium term.
- Monitoring of store procedures and the reporting and investigation of suspected fraudulent activities.
- Reconciliation and checking of all cash and stock balances and investigation of any material differences.

The Board continues to review opportunities to develop, strengthen and optimise the effectiveness of these systems, particularly in light of the recent growth of the business following the material acquisitions in the US and continued growth in Europe and Asia Pacific. The Group has therefore created an internal controls function with a

primary focus on implementing a Group-wide controls framework (see page 110 for further details). Further, the Board sees the value in a connected and embedded process where risks and opportunities are considered when making decisions to meet strategic objectives. To further this, the Board has established an internal working group to build and execute a roadmap of risk management improvements in 2022 and beyond. The 2023 Annual Report will provide details on new features of the risk management framework.

ASSESSMENT OF PRINCIPAL AND EMERGING RISKS AND UNCERTAINTIES

The Directors confirm that, during the financial year, there has been a continuous assessment of the principal risks and uncertainties facing the Group, including any emerging risks, and those that would threaten its business model, future performance, solvency or liquidity.

The principal risk areas remain largely the same as reported last year and as a prelude to the principal risks table, the Board has provided commentary below on the areas of change and topical risks impacting the Group.

Brexit

The terms of the UK's trading agreement with the European Union mean that we no longer enjoy tariff-free frictionless trading with our former European partners. As a consequence, we are now incurring some duties on the transfer of goods from the UK into EU countries plus a significantly enhanced administrative burden.

Our detailed planning meant that we were well prepared for Brexit. Our operational systems have been configured to sort stocks as required by the Customs Authorities and produce the necessary documentation in the right format, although there is still some disruption from Customs checks on the transfer of goods from the UK into the EU. Further, we have a clear plan to expand our European supply chain operations, which will mitigate against the disruption and duties on transferring goods into the EU.

Now that the impact of Brexit has been integrated into our day-to-day operations and strategy, we have removed this from our principal risks table. Further detail in respect of our European supply chain strategy can be found on pages 15 and 50.

COVID-19

Colleague safety and wellbeing has been, and continues to be, our number one priority. Social distancing and safety measures have been implemented according to the government guidelines in the countries in which we operate.

Further, COVID-19 has impacted our supply chain strategy and expedited our requirement for additional long-term warehousing capacity in the UK that can be dedicated to the fulfilment of online orders. Further detail on our supply chain strategy can be found in our Property and Stores Review on page 50.

Across all of our markets, COVID-19 remains a pressing issue, with each country taking a different approach to managing the situation. In the UK, for example, some of our COVID-19 measures have been adjusted to mirror the trend towards 'living with COVID'. The personal, operational and economic implications in all of our territories will remain under constant review in 2022.

Topical Risks

ESG Risks

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

The Group uses globally recognised independent benchmarks to assess our ESG performance and to help identify ESG-related risks. Robust governance, transparency and accountability principles underpin our approach across all areas of the business. Understanding and assessing ESG risks supports our efforts to mitigate and manage accordingly, benefitting both the Group, and the local environments in which we operate.

The Group recognises the Task Force on Climate-Related Financial Disclosures ('TCFD') recommendation to quantify financial impact of strategic climate-related risks. Considerable time has been invested in our attempts to fulfil this requirement. However, our research into quantifying climate risks identified that (owing to the current lack of standard calculation method) there are large variances in the interpretations and estimates from the leading brands that have provided estimates. We anticipate that more accurate, verifiable climate-related financial planning risks can be provided within one to two years. The Group continues to discuss climate-related risks within our regular financial planning activities, primarily via the Group ESG Committee, chaired by our Chief Financial Officer.

Finally, our approach to ESG risks will benefit from the roadmap of risk management improvements detailed on page 110.

Cost of Living Crisis

Many of the countries where the Group operates have experienced a cost of living increase since late 2021 with high inflation outstripping wage increases for many consumers.

As with other retailers and distributors into retail businesses, the demand for the Group's products is influenced by a number of economic factors, notably: interest rates, the availability of consumer credit, employment levels and ultimately, disposable income. Therefore, the emerging risk associated with the cost of living crisis will remain under review by the Group.



PRINCIPAL RISKS CONTINUED

The following table outlines the Group's principal risks, the change in risk exposure in 2021/22, the mitigation activities and links to our strategy. The table only includes those risks that the Group has identified as principal risks.

KEY



Consumer connection



Omnichannel capability & technology



Increased risk exposure



No change in risk exposure



Reduced risk exposure



Physical retail & international expansion



ESG

STRATEGIC RISK

Change in Risk Exposure 2021/22 before Mitigating Activities



Link to Our Strategy



Risk and Impact

Acquisition Risks

JD's status as a premier global strategic partner with key international brands is an important factor in the success of the Group. Acquisitions and expansion into new territories should align with the Group's overall corporate strategy and further develop these brand relationships.

A core element of the Group's growth and diversification strategy is through selective acquisitions to expand the Group's stable of private labels.

Acquired businesses may fail to realise expected synergies, growth targets and performance, impacting Group profitability and cash flows.

Mitigating Activities

The Group has detailed targeted appraisal procedures in place, including appropriate due diligence and a dedicated Mergers & Acquisitions function.

We have robust Board approval procedures to ensure the thorough and detailed review of acquisition proposals.

Integration plans are finalised prior to acquisitions completing to ensure newly acquired businesses are integrated efficiently and swiftly.

SUPPLY CHAIN

Change in Risk Exposure 2021/22 before Mitigating Activities



Link to Our Strategy



Risk and Impact

Key Suppliers & Brands

The retail fascias are heavily dependent on third-party brands and these brands themselves being desirable to the consumer if the revenue streams are to grow.

The Group is also subject to the distribution policies operated by some third-party brands. Further, supply chain issues or a reduction in the allocation of stock from key suppliers could negatively impact the results of the Group.

Mitigating Activities

The Group regularly engages with its key suppliers with the aim of continuing to receive the exclusive, differentiated footwear and apparel which our consumer desires. We seek opportunities to work in partnership with the third-party brands on the design of bespoke product which is then exclusive to the Group's fascias.

The Group aims to add new brands to its offer and provide a stable of evolving private labels to expand the width of its brand and category offer.

Excess Inventories

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

The Group seeks to manage the risk of excess inventories by monitoring the stock levels and managing the peaks in demand constantly with regular sales re-forecasting.

Business Interruption

Significant amounts of stock are held in any one of the Group's warehouses. As a result there is an increased risk to store replenishment and multichannel fulfilment from both equipment and system failure, together with the inherent risk of holding large amounts of stock in any one location.

A conceptual business continuity plan is in place for our warehouse operations.

A full support contract with our automation equipment providers is in place which includes a 24/7 presence from qualified engineers thereby enabling immediate attention to any equipment issues.

The Group also pays for enhanced 'hypercare' support over the seasonal peak period from Black Friday in November to Christmas.

INTELLECTUAL PROPERTY

**Change in Risk Exposure 2021/22
before Mitigating Activities**



Link to Our Strategy



Risk and Impact

Intellectual Property

The Group's trademarks and other intellectual property rights are critical in maintaining the value of the Group's private labels. Ensuring that the Group's businesses can use these brands exclusively is critical in providing a point of differentiation to our customers and without this exclusivity we believe that footfall into the stores, visits to our websites and ultimately conversion of these visits into revenues would all be reduced.

Mitigating Activities

The Group works with third-party organisations to ensure that the Group's intellectual property is registered in all relevant territories.

The Group also has a well-established Profit Protection team which actively works to prevent counterfeit product being passed off as legitimate.

ENVIRONMENTAL

**Change in Risk Exposure 2021/22
before Mitigating Activities**



Link to Our Strategy



Risk and Impact

Climate Reporting

Failure to achieve climate-related targets, meet reporting requirements and 'green-washing' in our supply chain and marketing processes could result in public criticism and fines.

Mitigating Activities

The Group has adopted the TCFD framework in order to keep the transitional risks, physical risks and opportunities under review.

The Group's ESG Committee is responsible for determining ESG-related strategy, corporate risk assessment and monitoring ESG performance across the Group's respective fascias and territories.

For further details of our ESG-related risks, our environment-related investment plans and the communication of our ESG strategy to colleagues, customers and investors see page 54 and our ESG report at www.jdplc.com.

SOCIAL – HUMAN RIGHTS, LABOUR STANDARDS AND RESPONSIBILITY

**Change in Risk Exposure 2021/22
before Mitigating Activities**



Link to Our Strategy



Risk and Impact

Human Rights & Labour Standards

Failure to uphold the rights of people working in our distribution centres and warehouses, including those in the supply chain of our private labels could result in criticism by the media and other bodies. Adverse reports may influence consumer decision making.

Mitigating Activities

The Group's Supply Chain Ethics team has an ongoing programme to audit our private label supply chain (including agents, factories, mills, dye houses and print houses).

Suppliers within our private label supply chain are required to adhere to the Group's 'Ethical Code of Practice' which provides assurance that workers producing our products are safe and in fair conditions.

Reliance on Non-UK Manufacturers

The majority of both third-party branded product and the Group's private label product is sourced outside of the UK. The Group is therefore exposed to the risks of human rights violations from having parts of its supply chain operating in regions with inadequate labour laws and working practices.

Compliance in our private label supply chain is monitored by the Group's Head of Quality and Ethics who has extensive experience in this area. The Group has established a cross functional approach to compliance ensuring that the sourcing and design teams work collaboratively to ensure compliance is built into the design process.

For our largest third-party brand partners, the Group collates disclosures and statements (such as supply chain risk and ESG-related issues) on material matters including, but not limited to modern slavery, codes of practice, carbon emissions and water security. A consolidated view of risks and opportunities identified is periodically provided to our ESG Committee for review and appropriate action.

The Group uses third-party accredited auditors to continuously audit the factories it uses for its private label business. The Group's factories are also screened and verified prior to being included within our sourcing strategy.

PRINCIPAL RISKS CONTINUED

HEALTH AND SAFETY

Change in Risk Exposure 2021/22 before Mitigating Activities



Risk and Impact

Health & Safety

Failure to establish and maintain safe environments could result in personal injuries, distress and fatalities to our employees and customers.

Link to Our Strategy



Mitigating Activities

Health and safety incidents are recorded and profiled. Actions are taken to address adverse trends.

The Group Health & Safety Committee meets on a quarterly basis. The Committee is chaired by the Group Health & Safety Manager with attendees including the Chief Financial Officer, Company Secretary and Group Property Director.

Targets are set by the Board to enable measurement of performance. Performance against targets, incidents, and legal claims that arise are reported to the Board by the Group Health & Safety Manager.

There is a comprehensive induction and training programme for all staff covering health & safety issues.

COVID-19

Failure to follow government guidelines could result in significant health and safety challenges to our employees and customers.

The Group has COVID-19 working practices that remain under review and are adjusted to reflect the latest government and scientific guidelines for the markets we operate in.

GOVERNANCE – ANTI-CORRUPTION, RISK MANAGEMENT, REGULATORY AND COMPLIANCE

Change in Risk Exposure 2021/22 before Mitigating Activities



Risk and Impact

Anti-corruption and Anti-bribery

The Group's practices and colleague behaviours could result in breaches in regulations and fines.

Link to Our Strategy



Mitigating Activities

There is an Employee Handbook which outlines the standards expected of employees and the Group has an anti-corruption and bribery policy that is available to all staff. The Group Profit Protection team monitors and investigates any convictions and issues.

Tax Risk

Tax risk arises due to the global scale of the Group's operations and the governing tax legislation that is applicable in each associated jurisdiction.

The Group aims to ensure that it pays the right amount of tax in each country in which it operates and does not engage in arrangements which are artificial or contrived. The Group actively identifies, evaluates, manages and monitors tax risks on an ongoing basis using tax risk registers and strives to remain low-risk. Where there is uncertainty or complexity in relation to how the tax legislation is to be applied, advice is sought from external advisors and discussed where appropriate with the relevant tax authority.

Data Protection Compliance

With our increased reliance on our multichannel digital and marketing activities, the Group could inadvertently process customer or employee data in a manner deemed unethical or unlawful resulting in significant financial penalties, remedial costs and reputational damage.

The Group has a Data Protection Officer who is supported by the Group's Legal team, Information Security team, HR and Profit Protection team to advise the business and to provide training where applicable.

Regulatory & Compliance

The Group operates in a fast-paced retail environment which is subject to various legislation, codes of practice, guidance and standards including, but not limited to, the listing rules, consumer protection and trading standards legislation, advertising regulations, product safety and quality standards, carbon emission reporting, bribery and corruption requirements, market abuse regulation, FCA regulations in respect of the provision of consumer credit, competition law and health & safety legislation.

The Group recognises that failure to comply with these legal frameworks may result in financial or reputational damage to the business.

Further, as a result of Brexit, laws and regulations could diverge between the UK and EU leading to increased operational complexity and a greater risk of non-compliance.

The Group expects all suppliers to comply with its Conditions of Supply which clearly sets out its expectations of its suppliers and includes an Ethical Code of Practice which all suppliers must adhere to.

The Group has a legal team which advises the business on day-to-day legal matters and aims to ensure compliance with all applicable legal and regulatory frameworks with the support of external specialist advisors.

The legal team provide updates to the Executive Directors on significant matters relating to legal and regulatory compliance. In addition, the Board are engaged in a process to enhance the Group's overall regulatory compliance (for example, in recognition of the Group's Principle 11 obligations under the FCA framework).

CMA Action

The Competition and Markets Authority ('CMA') acts as the competition regulator in the United Kingdom. The CMA has a wide-ranging remit covering mergers and acquisitions, unfair trading practices and anti-competitive behaviour. As the Group continues to grow and as the Group's activities continue to expand, the CMA will have increased involvement in considering the Group's activities and proposed mergers and acquisitions. Failure to comply with competition regulators in the UK and beyond can result in public criticism, significant financial penalties, reputational damage and remediation costs.

The Group invests heavily in external specialist competition law advice from well-respected competition law advisors. The Group continues to invest in additional policies, procedures, and training programmes to ensure that colleagues in the business are aware of the rules in this area and can make appropriate decisions on a day-to-day basis.

RETAIL PROPERTY FACTORS

Change in Risk Exposure 2021/22 before Mitigating Activities

Risk and Impact

Retail Property

The Group can be financially exposed where it has committed itself to a long lease in a location which, as a result of external factors, now has high vacancy rates. Higher vacancy rates make a location less attractive to the customer resulting in further reductions in footfall and potentially lower sales volumes in the future.

Additionally, there could be a further shift of revenue from bricks and mortar stores to e-commerce as consumer preferences continue to change over time.



Link to Our Strategy



Mitigating Activities

New property lease agreements are actively managed by Senior Management, with caps on the length of leases, break options, capped rent reviews and rents based on store revenue.

When the Group determines that the current store performance is unsatisfactory then an assessment is made as to whether the Group wants to continue trading in that location and engages accordingly with the landlord.

If it is considered that the best solution is to exit the store completely then the landlord is approached with a view to a complete surrender of the lease. If this is not possible then the Group would alternatively seek to assign the lease or sub-let to another retailer.

Assigning the lease or finding a sub-tenant is not without risk because if the incoming retailer fails then the liability to pay the rent usually reverts to the head lessee. The Group monitors the financial condition of the assignees closely for evidence that the possibility of a store returning is more than remote. The Board reviews the list of assigned leases regularly to assess the probable risk of the store returning to the Group under privity of contract.

The Group continues to invest in store refurbishment, visual merchandising, retail theatre, customer service and digital integration to enhance the consumers' in-store retail experience.

IT SYSTEMS

Change in Risk Exposure 2021/22 before Mitigating Activities

Risk and Impact

IT Systems

The Group relies heavily on its IT systems and networks and those of its partners to service its customers throughout the year across all channels.

Any long-term interruption in the availability of core enterprise systems would have a significant impact on the retail businesses.



Link to Our Strategy



Mitigating Activities

The Group manages this risk by combining the best available premise solutions with active cloud provisioning to form a robust architecture.

The principal IT services are hosted in enterprise grade data centres with high availability and reliability at the core of their design. In addition, there are robust backup and disaster recovery capabilities in place which are tested periodically throughout the year.

CYBER SECURITY

Change in Risk Exposure 2021/22 before Mitigating Activities

Risk and Impact

Cyber Security

Cyber-crime is becoming more sophisticated with the risk increasing across all markets. Any cyber-attack or breach of data may result in the short-term loss of revenue and diverted resources, while there is also the risk of a longer-term negative impact on customer confidence and the Group's reputation.

The continued growth of the Group via acquisition leads to a more complex network of IT systems. The Group recognises the importance of maintaining a robust set of cyber security policies, procedures and technical controls across all business areas.



Link to Our Strategy



Mitigating Activities

The Group continues to invest in protecting our sites, systems, and customer data from exposure to cyber-attacks. There has also been a strong focus on increasing the level of cyber security education and awareness across all Group staff, with a particular focus on the increased risk when working remotely.

The Group has developed strong processes to review and manage the security risks within our IT systems in order to quickly detect and respond to any threats that occur.

Regular independent assessments of the Group's security posture are undertaken to ensure that the correct people, processes and technology are in place to mitigate against the ever-changing threat landscape.

PRINCIPAL RISKS CONTINUED

PERSONNEL

Change in Risk Exposure 2021/22 before Mitigating Activities



Link to Our Strategy



Risk and Impact

Key Management Personnel

The success of the Group is dependent upon the continued service of its key management personnel and upon its ability to attract, motivate and retain suitably qualified employees.

Mitigating Activities

To help achieve this continued service, the Group has competitive reward packages for all staff.

More specifically for the retail businesses, the Group also has a long established and substantial training function which seeks to develop training for all levels of retail employees and thereby increase morale and improve staff retention. This ensures that knowledge of the Group's differentiated product offering is not lost, thereby enhancing customer service.

The Nominations Committee is currently actively engaged in the recruitment of a Group Chief Executive Officer and Independent Non-Executive Chair. This process is being conducted with the assistance of a market leading executive search company. For further details please refer to the Nominations Committee Report on page 106.

TREASURY AND FINANCIAL

Change in Risk Exposure 2021/22 before Mitigating Activities



Link to Our Strategy



Risk and Impact

Economic Factors

As with other retailers and distributors into retail businesses, the demand for the Group's products is influenced by a number of economic factors, notably interest rates, the availability of consumer credit, employment levels and, ultimately, disposable income. These economic factors are impacted by events outside of the Group's control, in particular the COVID-19 pandemic.

Foreign Exchange

As a result of the Group's global footprint, we are increasingly exposed to foreign exchange risk and profits may be adversely affected by unforeseen fluctuations in foreign exchange rates.

Branded product for the JD fascia throughout Europe is purchased mainly by JD Sports Fashion Plc which is the main UK trading business. This business then sells to the international businesses in their local currencies. Given the current geographical location of the Group's stores this results in a significant Sterling/Euro exposure in the UK trading business for the Euros which are remitted back for stock purchases.

There is also exposure in relation to Sterling/US Dollar consequent to the sourcing of private label merchandise, where suppliers are located principally in the Far East or Indian sub-continent. Strengthening of the US Dollar relative to Sterling makes product sourced in this currency more expensive thus reducing profitability.

Mitigating Activities

The Group seeks to manage this risk by offering a highly desirable and competitively priced product range, which is highly differentiated from that of the Group's competitors.

The Group operates a centralised treasury function which is responsible for managing liquidity, interest rates and foreign currency risks. It operates under a Board approved Treasury Policy.

Our European supply chain strategy has reduced the exposure in 2021/22 and will continue to reduce the Sterling/Euro exposure going forward as the European Distribution Centres increasingly source the goods in Euros and create a natural hedge.

Surplus Euros are also used to fund the international store developments across Europe thus alleviating the need for local third-party financing.

The resulting Euros that will continue to flow back to the UK are converted back to Sterling with hedging now put in place for approximately 75% of the anticipated surplus for the year to 28 January 2023. This leaves some Euros available should the Group need to move quickly to take advantage of acquisitions or other investment opportunities.

The Group sets a buying rate for the purchase of private label goods in US Dollars at the start of the buying season (typically six to nine months before the product actually starts to appear in the stores) and then enters into a number of local currency/US Dollar contracts, using a variety of instruments, whereby the minimum exchange rate on the purchase of Dollars is guaranteed. Hedging has now been put in place for approximately 75% of the anticipated requirement for the year to 28 January 2023.

Assessment of the Group's Prospects

The Board regularly reviews the current financial position and performance and assesses the future prospects of the Group. As part of this assessment the Board reviews the Group's income and expenditure projections, cash flows and other key financial ratios along with the potential impact of, and challenges presented by, the principal risks outlined on page 26 to 33.

The Group's strategy along with the factors likely to affect the development, performance and position of the businesses are detailed throughout the Strategic Report on pages 4 to 91.

Viability Reporting

In accordance with the requirements of the UK Corporate Governance Code, the Board has assessed the viability of the Group for a period of three years to 1 February 2025.

A period of three years has been selected as the Board considered this to be an appropriate period to assess performance and the potential impact of key risks in a fast-paced retail environment. The three year period also strikes a balance between the time horizons across the different aspects of the Group, such as short-term detailed financial budgets and forecasts, medium-term financing considerations and retail space planning.

Whilst all of the risks identified in our Principal Risks section could have an impact on the Group's performance, the specific risks that have been focused on for the purposes of Viability Reporting are those that pose the greatest risk to the Group's financial position, being a potential reduction in sales volumes due to:

- 1) A material and unexpected reduction in demand due to future events such as a pandemic or economic downturn; or
- 2) Supply chain issues, a reduction in the allocation of stock or business interruption impacting the availability of stock from one of our key Sports Fashion suppliers.

The Board has evaluated the impact of these risks actually occurring based on severe but plausible scenarios, for example by reducing sales across the impacted Sports Fashion retail fascias by 10% in 2022/23 and a further 10% in 2023/24 and assuming any mitigating actions within the Group's control (such as reductions in operating and capital expenditure) were not taken. The evaluation included performing sensitivity analysis by flexing the reduction in sales further, for example to 20% of sales across the impacted Sports Fashion retail fascias in 2022/23 and 2023/24.

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

channel. For the purposes of both Viability and Going Concern Reporting, the Directors have prepared severe but plausible downside scenarios which cover the same period as the base case, including specific consideration of a range of impacts that could arise from geopolitical tensions and the actual and potential impact on supply chains, inflationary cost pressures and business interruption impacting the availability of stock from the Group's key Sports Fashion suppliers, as well as the ongoing impact of the COVID-19 pandemic. These scenarios included a two month store closure in Winter 2023/24 and a 20% reduction in sales. As part of this analysis, mitigating actions within the Group's control, should these severe but plausible scenarios occur, have also been considered.

Viability Statement

All of the forecast scenarios indicate that there remains sufficient headroom for the Group to operate within the committed facilities and to comply with all relevant banking covenants during the forecast period. The Board therefore has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period of the assessment.

Going Concern

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

At 29 January 2022, the Group had net cash balances of £1,185.9 million (2021: £795.4 million) including loans of £128.1 million (2021: £169.0 million) with available committed UK borrowing facilities of £700 million (2021: £700 million) of which £nil (2021: £nil) has been drawn down (see Note 20) and US facilities of approximately \$300 million of which \$nil was drawn down (2021: \$nil). These facilities are subject to certain covenants (see Note 20). With a UK facility of £700 million available up to 6 November 2026 and a US facility of approximately \$300 million available up until 24 September 2026, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Group had net cash balances of £946.1 million as at 30 May 2022.

The Directors have prepared cash flow forecasts for the Group covering a period of at least 12 months from the date of approval of the financial statements, which indicate that the Group will be able to operate within the level of its agreed facilities and covenant compliance. The Directors have considered all of the factors noted above, including the inherent uncertainty in forecasting the impact of the current geopolitical tensions and COVID-19 pandemic, and are confident that the Group has adequate resources to continue to meet all liabilities as and when they fall due for a period of at least 12 months from the date of approval of these financial statements.

Neil Greenhalgh
Chief Financial Officer

22 June 2022

SPORTS FASHION

PREMIUM SPORTS FASHION

UK & Republic of Ireland

There was robust consumer demand in our UK and Republic of Ireland market throughout the period. During the Spring closure period the business retained approximately 90% of the comparative combined store and online revenues from 2019, being the last time we traded free from restrictions, through solely digital channels. This represented an improvement on the initial period of store closures in Spring 2020 when the sales retention relative to pre-COVID-19 levels through the initial period of store closures was approximately 70%. This is a reflection of the enhanced flexibility that we have built into our operational infrastructure since the start of the pandemic.

There was some pent-up demand when the stores reopened in April 2021 with exceptional growth in revenues in like-for-like stores through April and May, of around 30% when measured on a two year basis against 2019. Growth in revenues in like-for-like stores relative to 2019 through the rest of the year then normalised at around 10%.

We continue to take opportunities to invest in our retail estate where it will further enhance our consumer proposition in key locations with a net increase of 13 stores in the period. This included a new flagship store at Westfield Stratford which is the most technologically advanced store in our portfolio with a number of new consumer focused innovations including self-service checkout kiosks.

The growth in revenues in stores has been complemented by significant progression online. Since reopening, revenues through digital channels have remained at elevated levels as compared to the period prior to the pandemic with sales in the trading websites now representing approximately 30% of total sales. Prior to the pandemic, sales through digital channels represented approximately 22% of total sales and there is no reason to expect that they will drop back to those historic levels.

Europe

The COVID-19 pandemic and the loss of tariff-free, frictionless trade with the European Union have combined to create a difficult operational environment. The first half of the year was particularly challenging, with all stores temporarily closed for a number of weeks in France, Belgium, Portugal, the Netherlands and Germany where the stores did not fully reopen until June. Other markets, including Spain and Italy, had a more regionalised approach with some stores able to remain open, albeit with restrictions on customer capacity and trading hours. In those markets which suffered full closures, the average retention of sales, compared to pre-pandemic levels, solely through digital channels in the closure period was around 80% (2021: 60%).

The performance in stores after reopening was mixed with some markets, including France and Italy, having robust levels of footfall initially. Combined with a higher level of conversion, this resulted in a short period where revenues in the like-for-like stores grew by around 20% compared to pre-COVID levels. However, consumers in other markets, particularly Germany and Portugal, were initially a lot more cautious about returning to stores and whilst conversion was significantly higher, revenues in stores in these countries remained below pre-pandemic levels.



* Throughout the Annual Report ** indicates the first instance of a term defined and explained in the Alternative Performance Measures section on page 42.

Most markets remained open throughout the second half although there were further short closure periods in both the Netherlands and Austria. Footfall normalised at around 80% of pre-pandemic levels although Germany was slightly lower, typically averaging around 70%. However, there was significantly higher conversion in all markets and so, across Europe overall, the revenues in the like-for-like stores in the second half were around 10% ahead of 2019.

Restrictions on construction in a number of markets constrained store developments at times although we did ultimately open a net 32 stores across the year. A further four stores were relocated to better space including a bigger store at the premium Maquinista Mall in Barcelona. The openings in the year included the first JD stores in Eastern Europe with a first store in both Poland and Romania.

We believe that the operational challenges which we have faced in Europe over the last two years in particular are very much temporary in nature and we retain our belief in the long-term opportunity across the continent. Accordingly, we remain committed to expanding our physical retail presence in Europe at pace with a headline target of opening one store per week on average. Subsequent to the year end, JD opened its first store in Hungary which means that JD now has a presence in 14 markets across Europe.

The JD team in Europe are also managing the joint venture in Israel with two stores now trading and further openings anticipated later in the year.

Online now represents approximately 20% of total sales for JD across Europe which represents a small increase from the 18% participation prior to the pandemic. The Group is currently actively engaged in a number of projects which will improve its service proposition for online orders in Europe in the short term ahead of fulfilment from the Group's 620,000 sqft facility in Heerlen, South East Netherlands commencing in the first half of 2024.

Asia Pacific

COVID-19 related trading restrictions have had a significant impact in all of our markets in the Asia Pacific region at some stage of the period with lengthy periods of store closures in Australia and Malaysia in particular. All stores traded through the final quarter of the year, although footfall was below pre-pandemic levels in all markets. Australia was the market where footfall was closest to normal levels and, combined, with strong conversion resulted in an encouraging growth in revenues in like-for-like stores in the final quarter relative to 2019 of approximately 20%. Notwithstanding the short-term challenges that we experienced in the year, we regard Australia as a very important market with 40 stores trading at the end of the year (2021: 30).

Elsewhere, the Group opened two additional new stores in Thailand and also opened its first store in New Zealand at Sylvia Park in Auckland. Subsequent to the year end, working with its joint venture partner, PT Erajaya Swasembada Tb, the Group opened its first two stores in Indonesia which is JD's sixth market in the Asia Pacific region.

North America

The stores in the United States have largely traded free from any restrictions in the year with all of our businesses benefitting significantly in the first half of the year, in particular from a temporary boost to trading which arose as a direct result of the second round of stimulus introduced by the Federal Government. The positive impact was most felt in the period from mid-March to mid-July with revenues in the like-for-like stores in this period growing by more than 40% compared to pre-COVID levels. As with the first round of stimulus in the prior year, this economic support was given directly to individuals, focusing on lower earning members of the population.

We are encouraged that even after this period of exceptional demand there was positive trading through the second half of the year although activity slowed after the peak Holiday season as our businesses, which have a higher participation of Nike and Jordan branded footwear in the overall mix, began to see the anticipated shortfall in the supply of certain key footwear styles. Supply of these styles will remain limited through the first half of this financial year but our expectation is still that the overall supply position should progressively improve through the year.

This strong demand through the year has also resulted in sector-wide lower inventory levels and, consequently, there was significantly less promotional activity than previous years with a notable increase in gross margins.

The Group now has a significant presence in North America with more than 930 stand-alone stores (excluding the Macy's concessions) across the United States and Canada. It is our current intention to maintain JD/Finish Line, Shoe Palace and DTLR as separate fascias as there is little crossover in locations and they all have their own unique DNA which comes from their retail style and having a rich connection with the local consumer base in the individual neighbourhoods where they operate. However, we believe that there are opportunities to enhance both our collective operational effectiveness and the consumer experience in the United States by operating collaboratively in certain areas, such as Logistics and IT with a number of projects ongoing that are connected with this objective.

BUSINESS & FINANCIAL REVIEW CONTINUED

Elsewhere, the businesses also continue to make significant progress on their individual development opportunities:

- JD/Finish Line (US): There were 87 stores trading as JD at the end of the period with 12 new stores complementing the conversion of a further 26 former Finish Line stores. We are encouraged by the sales uplift that we have seen to date in these converted stores which is a fair reflection of consumers positive reaction to JD's development in the United States and we will look to maintain this momentum with at least 50 new locations for JD, either as new stores or conversions of existing Finish Line stores, planned for the current financial year. Further, we recognise the role that the flagship store in Times Square has had in enhancing both JD's profile and reputation with consumers and brand partners and it is our expectation that we will open our second JD flagship store in the United States in Chicago later this year. We also remain confident in the potential for JD to build a meaningful apparel business in the United States with the run-rate on apparel participation through the second half of the year at 17% (H2 2021: 14%).
- Shoe Palace (US): Shoe Palace has the support of the international brands to open additional stores focusing on the Spanish speaking communities on the West Coast and in the Southern states. During the year, one new store was open in its heartland state of California with two smaller stores closing. Shoe Palace continues to grow its apparel business which now represents more than 10% of total revenues (pre-acquisition: 6%). The business also continues to make significant investments in its operational infrastructure to ensure that it has the right platform from which to develop in the future with the fitting out of a new 511,000 sqft warehouse in Morgan Hill, California, which has photovoltaic power generation capabilities, now substantially complete. We believe that these investments will assist in the longer-term development of the online business which currently only represents 4% of total revenues.
- DTLR (US): DTLR also has the support of the international brands to open additional stores in future years focusing on its core markets in the neighbourhood districts of the major cities in the North and East of the United States. Five stores were opened after completion of the acquisition with eight smaller stores closed. DTLR has a higher mix of apparel in its revenues than our pre-existing Finish Line and Shoe Palace businesses in the United States, in the current year representing more than 30% of total sales (pre-acquisition: 25%). As with Shoe Palace, we believe that there is also an opportunity to develop a more meaningful online business in DTLR with online sales currently representing only 3% of total revenues.

- JD/Size (Canada): During the year, the Group, through its local management in the country, opened its first Group fascia stores in Canada with a first JD store in both Toronto and Vancouver and a Size? store, also in Toronto. These stores complement the existing four premium Livestock stores in the country. The momentum on new store openings has continued into this year with the first JD store also now open in Edmonton.

OTHER FASCIAS

UK & Republic of Ireland

As with the JD fascia, there was a high level of sales retention in the period in the premium fashion businesses whilst the stores were temporarily closed. Measured against 2019, around 85% of sales were retained in this period through digital channels, which was approximately 20% higher than the first closure period in Spring 2020.

Since reopening, the trends have been broadly similar to those in JD with significant initial pent-up demand helping to contribute to total revenue growth in stores through April and May of more than 15% compared to 2019. Similar to JD, footfall has slowed subsequently although continued higher conversion has helped ensure that the Tessuti and Scotts stores have continued to trade positively overall through the rest of the year.

We believe that these businesses are an important part of our Group, further elevating our overall proposition and we will continue to invest in our store estate to enhance the experience for both consumers and our brand partners. In this regard, the Group are currently fitting out a new 20,000 sqft flagship Tessuti store in Liverpool with this store scheduled to open later in the summer.

Digital development is also a critical component for these premium fashion businesses with total revenues in the highly regarded Mainline Menswear business growing by more than 75% compared to pre-pandemic levels. This complements the performance in the Tessuti and Scotts multichannel businesses where the growth in store revenues has been accompanied by significant progression online with sales in the trading websites now representing approximately 45% of total sales compared to approximately 30% pre-pandemic.

Europe

Whilst there were some regionalised restrictions with regards to trading hours or customer capacity in the early weeks of the year, the Sprinter stores in Spain largely remained open throughout the period. The business delivered a robust performance with like-for-like revenues increasing by approximately 20% relative to pre-pandemic levels, reflecting a strong performance in key active sports categories with COVID-19 proving to be a catalyst for many consumers to increase their participation in sports and fitness. Our business's expertise in these categories has been enhanced through the acquisitions of Deporvillage and Bodytone.

The Sport Zone stores in Portugal were closed throughout the first quarter and reopened in May. Once the stores were able to reopen, there was a robust performance through the rest of the year with like-for-like revenues in Portugal also increasing by approximately 20% relative to pre-pandemic levels.

The management team in Iberia has also now taken over the operational responsibility for the Aktiesport and Perry Sport fascias in the Netherlands. A trial has now commenced in the Netherlands with the conversion of a former Perry Sport in Rotterdam to the Sprinter fascia with an enhanced focus on key active sports categories such as running and cycling. The initial results of this trial have been encouraging and it is our intention to extend this trial into other stores in this financial year.

Elsewhere, the conversion of the Chausport stores to JD in France is ongoing with one store converted by 29 January 2022 and a further 17 stores converted to date in the first four months of this financial year.

North America

Macy's has now notified us of its intention to extend the contract by five years to January 2028. It is our intention to retain the Finish Line name in these concession stores with a product offer which is more focused on families. The revised terms pertaining to the extension allow us to close a number of concessions over the term, although the improved performance of these concessions and, consequently, our enhanced confidence in this part of the business is reflected by the fact that only one concession was actually closed in the year.

GYMS

The lockdowns over the last two years have brought into sharper focus the physical and mental health benefits of regular exercise. We are confident that our market-leading, premium low-cost gyms proposition provides an environment and motivating atmosphere in which all participants can achieve their fitness goals.

After opening a further six gyms in the period, the Group had 74 sites in the UK at the end of the year with 63 sites trading as JD, including 28 which formerly operated under the Xercise4less ('X4L') banner. A further 11 sites were still bannered as X4L at the period end. It is our expectation that the majority of these sites will be converted to JD and retained longer-term. The conversions from X4L, which see significant investment in the fabric of the gym and the installation of new equipment, have received a very positive reaction with average membership numbers across the 28 converted sites to date increasing by more than 20%.

Consequent to the acquisition of GymNation in December 2021, the Group also now has an initial presence in the Middle East with seven gyms in the United Arab Emirates. Working with local management, we are targeting to open approximately four additional gyms in the new financial year.





OUTDOOR

Our Outdoor businesses had a much improved year with an elevated demand for holidays in the UK and a general recognition of the physical and mental health benefits of spending time outdoors combining to drive a strong demand for outdoor living and cycling categories in particular. Whilst we are encouraged by our performance in the year, we recognise that international holidays are once again more widely available as the UK emerges out of the COVID-19 pandemic. However, we are confident that people will look to maintain a more active lifestyle and that the welcoming and engaging atmosphere in all of our stores will continue to inspire people to spend time outdoors. Further, we recognise that our businesses did not achieve their full potential in the year, with supply chain delays negatively impacting the performance of certain seasonal categories combined with insufficient global production capacity to meet current strong demand for bikes and cycling related accessories.

We continue to invest in all of our fascias with one new Go Outdoors store in Bangor in the year and the relocation of the stores in Stoke and Colchester. Furthermore, we are enhancing the consumer experience by having dedicated concessions delivering expertise in key categories such as fishing, equestrian and cycling. To date, we have opened 30 Fishing Republic concessions and four Naylor's equestrian concessions. More recently, we also opened our first two Wheelbase cycling concessions. The Go Outdoors stores in Coventry and Stockton, which have been refurbished in the new premium style, contain all three of these concessions. Elsewhere, our commitment to cycling in Scotland is reflected in the fact that we have relocated our specialist Alpine Bikes store in Edinburgh with a new store in Aberdeen also scheduled to open later in the year.

FINANCIAL PERFORMANCE

SPORTS FASHION

The fundamental strength of our businesses is reflected in the fact that, despite the challenges of further temporary store closures in many markets, we are able to report a record result in Sports Fashion for the year with a profit before tax and exceptional items* of £928.3 million (2021: £433.5 million).

This result was heavily influenced by very positive performances from the retail fascias in both the UK and Republic of Ireland and North America. The UK and Republic of Ireland was the most profitable territory with a record profit before tax and exceptional items across the combined retail fascias of £471.2 million (2021: £262.7 million). The retail fascias in North America, which benefitted very significantly from the strong demand in the United States from the Federal fiscal stimulus, also delivered a record result with a combined profit before tax and exceptional items of £343.0 million (2021: £171.9 million).

Overall gross margins increased within Sports Fashion by 1.1% to 49.5% (2021: 48.4%). This is largely due to a stronger margin in the United States with the strong demand resulting in lower levels of promotional activity in the overall market compared to previous years.

After recognising exceptional items in the period of £292.5 million (2021: £76.9 million) principally relating to a net increase in the fair value of the liabilities in respect of the Group's various future put options combined with costs associated with a restructuring of the Chausport business in France, the profit before tax in Sports Fashion was £635.8 million (2021: £356.6 million).

OUTDOOR

The positive progress in the Outdoor businesses is reflected in the fact that, even though the majority of stores were closed through the first quarter, there were record revenues in Outdoor in the year with total sales of £513.4 million (2021: £359.3 million). Further, our businesses are also now benefitting from the previous work to enhance the operational integration of the businesses through common merchandising systems and shared commercial resources with overall gross margins increasing by 1.7% to 43.9% (2021: 42.2%).

The combination of revenue and margin progression meant that Outdoor returned to profitability in the period delivering a profit before exceptional items of £25.9 million (2021: loss of £6.1 million). There were no exceptional items in the period (2021: charge of £20.4 million) which means that the profit before tax in Outdoor was also £25.9 million (2021: loss of £26.5 million).

REVENUE & GROSS MARGIN

Whilst there were further periods of temporary store closures in many markets, the financial impact of COVID-19 was less severe than the prior year with stores in some markets, including the United States, largely trading free from restrictions throughout the year. Ultimately, total revenue for the Group for the year increased by 38.8% to £8,563.0 million (2021: £6,167.3 million) with this increase significantly influenced by the impact of the recent acquisitions:

- Shoe Palace (completed 14 December 2020): Revenues of £389.8 million for the full year (2021: £56.1 million for the six week period post-acquisition).
- DTLR (completed 17 March 2021): Revenues of £382.8 million for the 46 weeks post-acquisition.
- MIG (completed 30 April 2021): Revenues of £175.0 million for the 39 weeks post-acquisition.
- Deporvillage (completed 3 August 2021): Revenues of £67.8 million for the 26 weeks post-acquisition.
- Cosmos (completed 21 October 2021): Revenues of £26.0 million for the 14 weeks post-acquisition.

Elsewhere, the impact of the fiscal stimulus in the United States is reflected in the fact that revenues in the Group's pre-existing Finish Line business increased by £99.9 million to £1,804.2 million (2021: £1,704.3 million). There was also a very robust performance from the JD business in the UK and Republic of Ireland where revenues increased by £508.0 million to £2,318.1 million (2021: £1,810.1 million). Given the temporary closure periods in both this year and the prior year, it would not be meaningful to present sales on a like-for-like basis.

Total gross margin for the year increased strongly to 49.1% (2021: 48.0%) largely due to a stronger margin in the United States where gross margins increased significantly to 49.8%

(2021: 46.7%) with strong demand consequent to the Federal fiscal stimulus driving lower levels of promotional activity in the overall market compared to previous years.

PROFIT BEFORE TAX

There was a record result for the year with profit before tax and exceptional items increasing to £947.2 million (2021: £421.3 million). The recent acquisitions in North America made a significant contribution to this result:

- Shoe Palace (completed 14 December 2020): Profit before tax and exceptional items of £57.3 million for the full year (2021: £13.9 million for the six week period post-acquisition).
- DTLR (completed 17 March 2021): Profit before tax and exceptional items of £50.6 million for the 46 weeks post-acquisition.

Elsewhere in North America, Finish Line (including the Macy's concessions) increased its profit before tax and exceptional items for the year by more than 51% to £236.0 million (2021: £156.6 million). Further, the premium sports JD business in the UK and Republic of Ireland delivered a record result for the year with a profit before tax and exceptional items of £437.3 million (2021: £249.6 million).

Total operating costs in the year before exceptional items of £292.5 million (2021: £97.3 million) were £3,221.5 million which represented 37.6% of net revenues (2021: £2,507.6 million being 40.7% of net revenues).

There were exceptional items in the period of £292.5 million (2021: £97.3 million) principally from the movement in the fair value of the liabilities in respect of future put options:

Group profit before tax ultimately increased to £654.7 million (2021: £324.0 million).

	52 weeks to 29 January 2022 £m	52 weeks to 30 January 2021 £m
Movement in fair value of put options ⁽¹⁾	292.7	20.7
Insurance settlement for DTLR ⁽²⁾	(16.6)	-
Restructuring of Spodis SA ⁽³⁾	16.4	-
Impairment of goodwill and fascia names ⁽⁴⁾	-	56.2
Restructuring of Go Outdoors ⁽⁵⁾	-	20.4
Administrative expenses – exceptional	292.5	97.3

(1) Movement in the fair value of the liabilities in respect of the put options as re-measured at each reporting date (see Note 22) (Genesis Topco Inc: charge of £258.7 million, Iberian Sports Retail Group: charge of £31.6 million, Marketing Investment Group S.A: charge of £1.7 million, Other: charge of £0.7 million). The increase in the fair value of the put options attributable to Genesis Topco Inc. includes £71.0 million consequent to the transfer of DTLR into the Genesis sub-group. The movement in the fair value of the put option liabilities is presented as exceptional as it is a significant item that is outside of the normal course of business.

(2) Insurance settlement proceeds related to a pre-acquisition claim for business interruption by DTLR Villa LLC. As the claim was a contingent asset at the date of acquisition, this was not recognised in the assets acquired in the fair value table in Note 11. These insurance proceeds are presented as exceptional as they are unusual in nature and are outside of the normal course of business.

(3) The impact consequent to the restructuring of Spodis SA in the period including a charge of £5.5 million in relation to the impairment of tangible assets and business restructuring costs of £10.9 million. This item is presented as exceptional as it related to a non-recurring restructuring project.

(4) The impairment in the prior period primarily relates to the impairment of goodwill and fascia name arising in prior years on the acquisition of Footasylum (£55.6 million). The impairment is presented as exceptional as it is a significant item that is outside of the normal course of business.

(5) The net impact consequent to the restructuring of Go Outdoors in the prior period including a charge of £33.3 million in relation to the impairment of intangible assets, a charge of £4.9 million in relation to the impairment of leasehold improvements and a credit of £17.8 million in relation to the extinguishment of lease commitments. This item is presented as exceptional as it related to a non-recurring restructuring project.

BUSINESS & FINANCIAL REVIEW CONTINUED

BALANCE SHEET

The net cash balance at the end of the period was £1,185.9 million (2021: £795.4 million). This net cash position reflects both the very strong cash generation in the United States and the UK consequent to the strong trading in these countries through the first half and the net proceeds, after costs, of £455.9 million from the placing of 58,393,989 new ordinary shares on 3 February 2021. These shares were issued prior to the 5:1 split of the ordinary shares on 30 November 2021. The Group continues to use its very strong cash resources to fund its development opportunities with cash consideration paid on completed acquisitions in the year (net of cash acquired) of £616.5 million (2021: £206.3 million).

Net inventories at the end of the period were £989.4 million (2021: £813.7 million) which includes £206.9 million of inventories in businesses which have been acquired since 30 January 2021. Period end inventories in the combined Finish Line and JD business in the United States of \$149.1 million were approximately 11% lower than the previous year (2021: \$167.7 million) reflecting both the strong demand in the period and the gradual tightening of supply consequent to the well-publicised production issues that some brands experienced at their factories in Asia in the second half of the year.

Gross capital expenditure* (excluding disposal costs) increased to £247.9 million (2021: £128.2 million) with fewer restrictions on construction activity, including the fitting out of stores. The primary focus of our capital expenditure remains our physical retail fascias with a spend in the period of £124.0 million (2021: £73.5 million) which includes £48.7 million (2021: £21.0 million) across our combined retail fascias in North America. Given the increased global footprint of the Group and the relaxation of COVID-19 related operating restrictions in many countries, the Group expects to significantly increase its investment in physical retail in the new financial year. In addition, there will also be significant spend on the new warehouses at Derby and Heerlen and so, consequently, we would currently anticipate that the capital expenditure for the year to 28 January 2023 will be in the range of £325 million to £375 million.

Intangible assets increased by £653.9 million to £1,473.6 million (2021: £819.7 million) consequent to the recognition of intangible assets arising from the acquisitions made in the year (see Note 11).

FOREIGN EXCHANGE

The Group has two principal foreign exchange exposures:

1. The sourcing of private label merchandise from either the Far East or Indian sub-continent which usually has to be paid for in US Dollars. A buying rate is set at the start of the buying season (typically six to nine months before product is delivered to stores). At this point, the Group aims to protect the anticipated US Dollar requirement at rates at, or above, the buying rate through appropriate foreign exchange instruments. The Group's forecast requirement for US Dollars in the period to January 2023 is now \$320 million. Cover is in place for \$243.5 million meaning that the Group is currently exposed on exchange rate movements for \$76.5 million of the current year's estimated requirement.
2. The Group is also exposed to the movement in the rate of the Euro from the sale of its UK sourced stocks to its subsidiaries in Europe. Our European supply chain strategy has reduced the exposure in 2021/22 and will continue to reduce the Sterling/Euro exposure going forward as the European Distribution Centres increasingly source the goods in Euros and create a natural hedge. Surplus Euros are also used to fund the international store developments across Europe thus alleviating the need for local third-party financing. The anticipated surplus over and above the planned investment levels in the period to January 2023, pre any potential acquisition activity to be funded in Euros, is €400 million. Hedging contracts are in place to sell €331.0 million meaning that the Group is currently exposed on exchange rate movements for €69.0 million of the current year's estimated surplus.

TAXATION

The Group takes a responsible approach to the management of taxes and aims to work transparently and collaboratively with all stakeholders.

The Group is committed to paying the right amount of tax, in the right place, at the right time. It recognises the importance of respecting the spirit and letter of the law including allocating value by reference to where it is created, managing it within the normal course of commercial activity and paying the associated tax.

When structuring commercial activities, consideration is given, along with other factors, to the prevailing tax laws in the relevant jurisdiction.

Intra-group transactions are conducted on an arm's length basis and comply with the obligations of the transfer pricing rules in the jurisdictions where it operates and under global transfer pricing principles.

Where there is uncertainty or complexity in relation to how the tax legislation is to be applied, advice will be sought from external advisors and discussed with the relevant tax authority, where appropriate.

The tax the Group pays reflects the underlying commercial transactions across its global business.

The UK mainstream corporation tax rate for the financial year was 19%, however the effective rate of tax on profit from continuing operations for the Group is 29.8% which is higher than the previous period (2021: 29.1%). The increase above the UK mainstream rate is mainly due to a further non-deductible put option charge in the current year of 8.5% (2021: 1.2%) and the proportion of Group profits that have arisen in jurisdictions that have a higher rate of corporation tax than that of the UK, in particular the US.

Excluding both exceptional items (being the put options) and prior year adjustments, the adjusted effective tax rate* from continuing activities in the financial year has decreased from 28.2% to 23.1%. This adjusted effective rate continues to be above the UK mainstream rate primarily due to the impact of higher overseas corporation tax rates (4.4%).

The increase in the UK mainstream corporation tax rate to 25% in April 2023 is expected to have a c.3% impact of the Group's effective tax rate. Due to the current status of the 'Build Back Better Act', the US Federal rate of tax is expected to remain at 21% and therefore will have no further impact on the Group's effective rate in the short term.

DIVIDENDS AND EARNINGS PER SHARE

The Board is cognisant that the Group has delivered an excellent result for the year and that the Group's international operations, particularly those in the United States, have made a very significant contribution to this profitability. Further, the Board recognise that most countries where the Group operates have eased their trading restrictions and have also begun to reopen their borders to allow international tourism to recommence. After careful consideration, the Board has decided that it is appropriate to pay a dividend and that, whilst the payment should be modest with funding retained for our ongoing development opportunities, it should reflect the performance over the full year. Accordingly, the Board proposes paying a final dividend of 0.35p (2021: 0.29p restated) per ordinary share. Subject to shareholder approval at our AGM, the proposed final dividend will be paid on 5 August 2022 to all shareholders on the register at 8 July 2022.

The basic earnings per ordinary share increased by 55.5% to 7.17p (2021: 4.61p restated).

Neil Greenhalgh
Chief Financial Officer

22 June 2022

ALTERNATIVE PERFORMANCE MEASURES

(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 International Accounting Standards ('IAS') in conformity with the requirements of the Companies Act 2006 and in accordance with UK-adopted International Accounting Standards. 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 trading 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 when they are considered unusual in nature and not reflective of the trading performance and profitability of the Group. The separate reporting of exceptional items, which are presented as exceptional within the relevant category in the Consolidated Income Statement, helps provide an indication of the Group's trading performance. An explanation as to why items have been classified as exceptional is given in Note 4.

ADJUSTED EARNINGS PER ORDINARY SHARE BEFORE EXCEPTIONALS

The calculation of basic earnings per share is detailed in Note 10. Adjusted basic earnings per ordinary share has been based on the profit for the period attributable to equity holders of the parent for each financial period but excluding the post-tax effect of certain exceptional items. A reconciliation between basic earnings per share and adjusted earnings per share is shown below:

	2022	2021 (restated)
Basic earnings per share	7.17p	4.61p
Exceptional items	5.66p	2.00p
Tax relating to exceptional items	0.01p	(0.17p)
Adjusted earnings per ordinary share	12.84p	6.44p

ADJUSTED EFFECTIVE RATE OF TAXATION

As a UK-based Group with subsidiaries in 32 territories worldwide as at 29 January 2022, we have presented a reconciliation between the UK main rate of corporation tax and the effective rate (excluding exceptional items and prior year adjustments). This is to provide further clarity for the users as the information is not easily identifiable from the financial statements:

	2022 %	2021 %
UK main rate of corporation tax	19.0	19.0
Depreciation and impairment of non-qualifying non-current assets	0.5	1.1
Effect of tax rates in foreign jurisdictions	1.6	2.0
Expenses not deductible and income not taxable	0.6	1.7
Recognition of previously unrecognised tax losses/movement in deferred tax assets	(0.9)	1.8
Other	2.3	2.6
Adjusted effective rate of taxation	23.1	28.2

GROSS CAPITAL EXPENDITURE

Gross capital expenditure is used to provide a total of all spend of a capital nature in the financial year.

	2022 £m	2021 £m
Investment in software (Note 12)	14.9	19.1
Acquisition of property, plant and equipment (Note 13)	227.3	105.2
Acquisition of non-current other assets (Note 16)	5.7	3.9
Total gross capital expenditure	247.9	128.2

LFL (LIKE-FOR-LIKE) SALES

The percentage change in the year-on-year sales, removing the impact of new store openings and closures in the current or previous financial year. This metric enables the performance of the retail stores to be measured on a consistent year-on-year basis and is a common term used in the retail industry.

NET CASH / (DEBT)

Net cash/(debt) consists of cash and cash equivalents together with interest-bearing loans and borrowings. This measure is a good indication of the strength of the Group's Balance Sheet position and is widely used by credit rating agencies. A reconciliation of net cash / (debt) is provided in Note 30.

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

Profit before tax and exceptional items is used as a measure of in-year performance associated with bonus financial metrics. Further details are provided in the Directors' Remuneration Report on pages 114 to 130. A reconciliation between profit before tax and profit before tax and exceptional items is as follows:

	2022 £m	2021 £m
Profit before tax	654.7	324.0
Exceptional items	292.5	97.3
Profit before tax and exceptional items	947.2	421.3

PROFORMA IAS 17

Pre-IFRS 16 profit is consistent with the financial information used to inform business decisions and investment appraisals. Certain management incentives are also linked to the results on this basis (see Directors Remuneration Report on page 122). A reconciliation from the IFRS 16 headline profit before tax and exceptional items to the proforma IAS 17 headline profit before tax and exceptional items is as follows:

	2022 £m	2021 £m
Profit before tax and exceptional items (IFRS 16)	947.2	421.3
Add back:		
Depreciation and impairment of the right-of-use asset under IFRS 16 (Note 14)	361.3	324.8
Lease interest expense (Note 14)	59.5	54.9
Deduct:		
Lease costs expensed to the income statement under IAS 17	(410.1)	(340.9)
Headline profit before tax and exceptional items (Proforma IAS 17)	957.9	460.1

SEGMENTAL PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS

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

	2022 £m	2021 £m
Sports Fashion		
Profit before tax	635.8	356.6
Exceptional items	292.5	76.9
Profit before tax and exceptional items - Sports Fashion	928.3	433.5
Outdoor		
Profit/(loss) before tax	25.9	(26.5)
Exceptional items	-	20.4
Profit/(loss) before tax and exceptional items - Outdoor	25.9	(6.1)

OVERVIEW

The retail landscape has seen significant changes in recent years with a high volume of retail units becoming vacant consequent to a number of insolvencies. Additionally, there could be a further shift of revenue from bricks and mortar stores to e-commerce as consumer preferences change over time.

The COVID-19 pandemic may have accelerated this shift in consumer preferences. Whilst the stores have been closed during periods of lockdown, consumers have readily switched to online channels reflecting the benefits of the agile omnichannel approach that the Group has developed over a number of years. Whilst it is inevitable that some consumers have permanently changed their behaviour and shopping preferences as a result of COVID-19, we do not believe that bricks and mortar stores have lost their relevance to the majority of customers who like the flexibility that comes from operating stores in tandem with a strong online offer. Stores give a platform to showcase product, allow consumers to physically see and try the product immediately, and provide the operational flexibility and agility to offer an enhanced speed of service for online orders. It should also be recognised that stores provide people with an opportunity to interact socially with friends and families in a way that has not been possible for large parts of the last two years.

We will continue to invest in property with a focus on the international expansion of the JD fascia. We are confident that the powerful combination of increasing international reach, consistency of premium proposition across our territories and strengths in consumer connection remain attractive to the major international landlords and property agents.

KEY HIGHLIGHTS DURING THE FINANCIAL YEAR:

- Number of stores increased to 3,402 at the financial year end (2021: 2,636 stores) across 32 territories (2021: 20 territories).
- Increased presence in the US, the largest sportswear market in the world, through both the continued development of the JD fascia and via the acquisition of DTLR, which enhances the Group's exposure to key consumer demographics in the highly important East Coast market in the United States.
- JD expansion into four new territories (Canada, Poland, Romania and New Zealand).
- Commenced a major programme to enhance the logistics network across the UK and Western Europe.

SPORTS FASHION

JD UK and ROI

Stores:	000 Sq Ft:	
414	+14 1,773	+104

JD Europe

Stores:	000 Sq Ft:	
369	+34 1,117	+170

JD Asia Pacific

Stores:	000 Sq Ft:	
79	+10 316	+25

JD US

Stores:	000 Sq Ft:	
87	+38 354	+150

JD Canada

Stores:	000 Sq Ft:	
2	+2 7	+7

Size?

Stores:	000 Sq Ft:	
31	-2 46	-2

Sub total - JD and Size?

Stores:	000 Sq Ft:	
982	3,613	
+96	+454	

Other UK

Stores:	000 Sq Ft:	
151	-3 503	-1

Other Europe (i)

Stores:	000 Sq Ft:	
889	+458 3,648	+787

Finish Line (own)

Stores:	000 Sq Ft:	
427	-37 1,394	-170

Finish Line (Macy's)

Stores:	000 Sq Ft:	
289	-1 273	-8

Livestock

Stores:	000 Sq Ft:	
4	- 8	-

Shoe Palace (ii)

Stores:	000 Sq Ft:	
166	-1 489	-2

DTLR Villa

Stores:	000 Sq Ft:	
244	+244 904	+904

Other Asia Pacific

Stores:	000 Sq Ft:	
2	+2 1	+1

Total - Sports Fashion

Stores:	000 Sq Ft:	
3,154	10,833	
+758	+1,965	

OUTDOOR

Blacks

Stores:	000 Sq Ft:	
55	-2 198	-6

Millets

Stores:	000 Sq Ft:	
93	- 195	-

Ultimate Outdoors

Stores:	000 Sq Ft:	
3	-2 33	-80

Tiso

Stores:	000 Sq Ft:	
13	- 100	+7

Go Outdoors

Stores:	000 Sq Ft:	
65	-1 1,812	-68

Go Fishing

Stores:	000 Sq Ft:	
3	- 23	8

Naylor's

Stores:	000 Sq Ft:	
3	- 25	-

Leisure Lakes

Stores:	000 Sq Ft:	
10	+10 45	+45

Wheelbase

Stores:	000 Sq Ft:	
3	+3 14	+14

Total - Outdoors

Stores:	000 Sq Ft:	
248	2,445	
+8	-80	

(i) Chausport (France), Sprinter (Spain & the Canary Islands), Sport Zone (Portugal), Perry Sport/Aktiesport (the Netherlands), MIG (Central & Eastern Europe) and Cosmos (Greece & Cyprus).

(ii) Includes four stores trading as Nice Kicks.

(iii) The +/- figures show the movement in the financial year ended 29 January 2022.



SPORTS FASHION



JD

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

UK & ROI

During the year, there was a net increase of 14 JD stores across the UK and ROI. Ensuring that we remain in positions with the highest footfall and have sufficient space to present our full footwear and apparel offer in major markets remains a key strategy.

Several larger format stores opened during the financial year including Westfield (Stratford) and Castle Place (Belfast) with these stores setting new standards in visual merchandising, retail theatre and digital integration to enhance the consumers' in-store retail experience.

International expansion - existing territories

We have continued to focus on the international growth of the JD fascia with a net 84 stores opening in our existing international territories during the financial year. The pace at which we have opened new stores has been slower than in previous years due to the impact of ongoing restrictions on construction and fit out works in certain markets as a result of the COVID-19 pandemic. The key highlights to note are:

- 40 new JD stores opened across existing territories in Western Europe.
- 12 new JD stores in the Asia Pacific region with two new stores in Thailand and 10 new stores in Australia as we strengthen our presence in the key cities of Sydney, Melbourne, Adelaide, Brisbane and Perth.
- 87 stores now trading as JD in the United States.

The United States is becoming an increasingly important territory for the Group with progression and evolution in this country having a major impact both on the Group's overall performance and, importantly, its standing with the international brands. We are encouraged by the sales and margin uplift that we have seen to date on the conversions from Finish Line to JD and we currently plan to convert approximately 50 further stores in 2022/23.

International expansion - new territories

Our recent acquisitions and joint venture partnerships have provided the platform to develop the JD fascia and expand into four new territories during the financial year with our first stores opening in Canada, Poland, Romania and New Zealand. We will continue to leverage the expertise and experience of the existing management teams and infrastructure to facilitate the future global expansion of JD.

In 2022/23, we plan to open additional stores in these four territories and expand further into new territories in Central and Eastern Europe. We are also working with our joint venture partners further afield, with the first JD store in Jakarta, Indonesia opening in the first few weeks of 2022/23. This was followed more recently by the opening of the first stores in Israel at Ben Gurion Airport and Rishon LeZion.

OTHER SPORTS FASHION FASCIAS UK & ROI

Our other Sports Fashion fascias further elevate our overall offer with the principal fascias being:

- Tessuti, Scotts, Choice and Giulio. These businesses work together to deliver a consistent proposition in the premium apparel and footwear sector.
- Base Childrenswear and Kids Cavern targeting the premium childrenswear market.
- HIP Store, Oi Polloi and Wellgosh continue to bring together an eclectic mix of domestic and international labels including emerging talent and globally-established brands.

Across these fascias operating in the UK and ROI (excluding Footasylum), there were 86 stores in total at the end of the year (2021: 86 stores). The overall footprint of these stores marginally increased from 260,000 sqft to 262,000 sqft as we continued to exit smaller stores in secondary markets and focus our activity on larger space stores in premium centres where we can showcase the full range of the premium fashion offer.

TESSUTI

Tessuti is a leading retailer of premium, branded fashion for men, women and juniors, combining an elevated in-store concept and a seamless online experience. Tessuti has established itself as a unique consumer destination with ever-growing appeal across the UK.



INTERNATIONAL EXPANSION

ACQUISITIONS

The Group has continued to expand its property and fascia portfolio during the financial year with several significant international acquisitions:



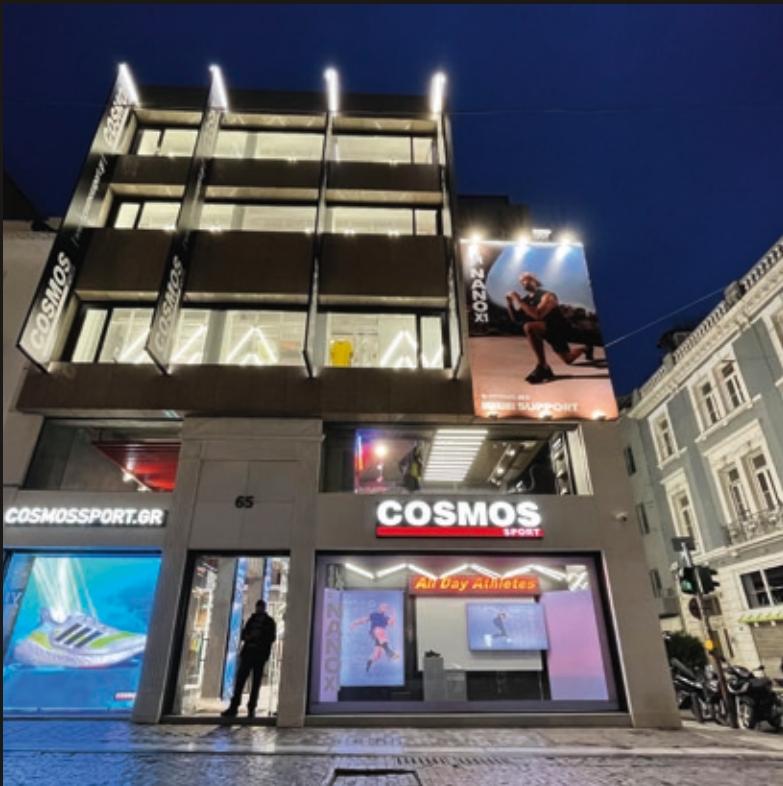
MIG

CENTRAL AND
EASTERN EUROPE

Based in Krakow, Poland, MIG had 410 stores at acquisition trading principally as either Sizeer, which is a premium multi-branded fascia not too dissimilar to JD, or 50 Style, which is a multi-branded volume retail concept with lower price points. Whilst the majority of the stores are located in Poland, the Company has also been expanding its reach beyond Poland in recent years and, at acquisition, had stores in a total of nine countries across Central and Eastern Europe. Since completion, Sizeer has further expanded its store base with additional new stores in Bulgaria and Romania.



410
stores at
acquisition



COSMOS GREECE / CYPRUS

Operating from 58 stores in Greece and three in Cyprus at acquisition, Cosmos trades under a variety of retail banners and associated trading websites with the principal ones being Cosmos which is the core fascia of the business and has an elevated sporting goods/lifestyle proposition and Sneaker 10 which has a more premium footwear offer.

61
stores



U S E X P A N S I O N

The Group has increased its presence in the US further in 2021/22 through both the continued development of the JD fascia and via the acquisition of DTLR.

DTLR U S

Based in Baltimore, DTLR is our third acquisition in the United States. At acquisition, the business had 247 stores trading primarily as DTLR across 19 states. DTLR, which retails both premium athletic footwear and apparel, is principally located in urban areas across the North and East of the United States.



247
stores at
acquisition

PROPERTY AND STORES REVIEW CONTINUED

INTERNATIONAL - MATURE FASCIAS

Size?

Size? has a global reputation for supplying the finest products from the best brands in footwear, apparel and accessories with stores and dedicated local websites in 10 countries. Size? is a truly multichannel business with a focus on developing flagship stores in key cities to showcase the full offer and provide the full digital experience to both consumers and our third party brand partners. These stores also then generate an excitement and hype with consumers beyond their physical walls with the websites contributing more than 50% of overall revenues.

Elsewhere, the focus on developing larger stores in key locations is reflected in the closure of three small stores across the UK and Europe.

Sprinter and Sport Zone

The Group's subsidiary, Iberian Sports Retail Group ('ISRG'), is a leading operator in the sporting goods market across Iberia through its Sprinter and Sport Zone fascias. During the year, 13 stores opened under the Sprinter fascia which included an elevated flagship store at Parquesur, Madrid. The average size of the new stores in the year was 6,400 sqft which is considered to be the most effective trading space for the core offer focusing on active sport participation. We will continue to invest in the physical and online channels to ensure a robust platform for future growth across Iberia.

In November 2021, ISRG opened its first Sprinter store in the Netherlands by rebranding an existing Group store from the Perry Sport portfolio in Amsterdam. The initial results have been encouraging and it is our intention to extend this trial into other stores in 2022/23. The trial will provide us with significant learnings for the potential future development of the Sprinter format not only in the Netherlands but also, potentially, in other European territories.

Perry Sport and Aktiesport

Aktiesport is the largest sports retail business in the Netherlands with a focus on selling football and lifestyle goods from major international brands such as Nike, adidas, Under Armour and FILA. Perry Sport is a sports and adventure retailer with a focus on functional sports, sports lifestyle and adventure simultaneously. The Group remains committed to maintaining a sizeable business in the Netherlands which, depending on the performance of the trial store in Amsterdam,

SIZE?

During the period, the Group has focused on developing our Size? fascia in Canada with a new store on Queen Street West in Toronto, complemented by the launch of the Size? trading website in the country. The Group is planning to open its second Canadian store in Vancouver in 2022/23.



may involve the conversion of additional stores to the Sprinter format. However, we will also continue to take action where it is necessary to 'right-size' the store portfolio, closing 12 stores in the year and transferring two stores to existing Group fascias.

Chausport

Chausport operates throughout France retailing leading international footwear brands such as adidas, Nike and Timberland to a more family focused customer. The Group has concluded that its performance in France will be improved by focusing solely on the development of JD. The Group has reviewed the Chausport portfolio and has determined that approximately 30 stores are appropriate in location and size to trade as JD. These stores will be converted to JD progressively over the next two years. The remaining stores will close as the leases expire with 16 smaller underperforming stores closed in the year.

U S F A S C I A S

(Finish Line, Shoe Palace & Nice Kicks and DTLR)

DTLR is our third acquisition in the United States following the acquisitions of Finish Line in 2018 and Shoe Palace in 2020 bringing the total number of stores and concessions operating under these banners in the US to 1,126 at the financial year end (2021: 921). It is our current intention to maintain both Shoe Palace and DTLR as independent fascias as they both have their own unique DNA which comes from their retail style and the rich connection with their consumer base. There has been minimal movement on the DTLR and Shoe Palace store portfolios in the period since acquisition although both businesses have the support of the international brands to open additional stores, with DTLR focusing on its core markets of the North and East of the United States and Shoe Palace targeting the West Coast and the Southern border states.

We remain encouraged by the positive reaction by consumers and the international brands to the development of JD in the United States. During the year, we opened 12 new JD stores and converted a further 26 stores which formerly traded as Finish Line. It is our intention to continue the programme of converting Finish Line stores to JD in appropriate locations with approximately 50 further conversions planned for the new financial year. Elsewhere, 11 Finish Line stores were closed in the year although this included four malls where JD simultaneously opened a new store in a more appropriate location.

Longer term, the Finish Line fascia will increasingly become focused in the Macy's concessions mainly targeting female and family-oriented consumers. The performance of these concessions has improved significantly since our original acquisition of Finish Line in June 2018 and, consequently, only one concession was closed in the year.

Our teams in the United States have now commenced a wide-ranging project to enhance our collective operational effectiveness and further enhance the consumer experience in the United States by operating collaboratively in certain areas.

G Y M S

JD Gyms offers "seriously stylish, seriously affordable, award winning facilities" across 63 prime locations and plays host to a bespoke mix of industry leading fitness equipment and an exciting range of fitness classes. The 63 sites include 28 sites which previously operated as Xercise4Less (a business the Group acquired out of administration in 2020). A further 11 gyms were still branded as Xercise4Less at the year-end as we continue to review the long-term viability of these sites. We are optimistic that we will return to previous levels of activity in the new financial year with at least 10 further JD clubs opening in the UK in 2022/23.

In December 2021, JD Gyms made its first move outside of the UK with the acquisition of GymNation (see Note 11) which is a chain of seven gyms in the United Arab Emirates ('UAE'). GymNation, which operates from large facilities with an average footprint of 30,000 sqft, has an ethos which is very much aligned with JD Gyms with a premium look and feel and a digital-first approach. Given the high consumer regard for the GymNation proposition, there are no plans, at this stage, to rebrand the acquired gyms to JD Gyms.

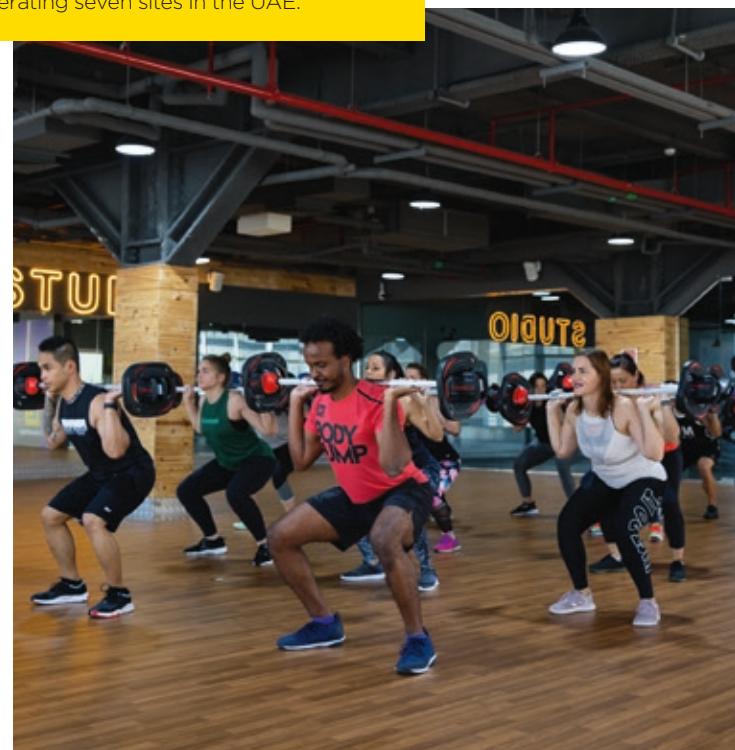
G Y M N A T I O N

GymNation is the Group's first acquisition of gyms outside of the UK, currently operating seven sites in the UAE.

74
UK Gyms

10+
new JD Gyms
planned for
2022/23

1
Gyms acquired in
the UAE in
2021/22



PROPERTY AND STORES REVIEW CONTINUED



CONCESSIONS

A number of Go Outdoors stores also now benefit from specialist sections for fishing and equestrian leveraging the specialist knowledge and reputation at Fishing Republic and Taylors respectively.

248
Outdoor stores

10
10 Fishing Republic
concessions
opened in 2021/22

35+
concessions
planned for GO
stores in 2022/23

OUTDOOR

The Group's Outdoor mission is to inspire and equip everyone for life outdoors. Whether you're an Outdoor specialist in rock climbing, cycling, trail or horse-riding or a casual Outdoor enthusiast who likes to walk their dog, go on family treks and camping trips, JD Outdoor aims to supply your every need to facilitate a life spent being active in nature, all year round. Across the breadth of our Outdoor banners, Go Outdoors, Blacks, Millets, Taylors, Wheelbase, Leisure Lakes and Tiso, we expect to service all our customers' Outdoor needs.

Across the Outdoor portfolio, our approach continues to be to keep leases flexible with break clauses wherever possible so we can react quickly if market conditions change. During the year there has been little change to our existing Blacks, Millets and Tiso store portfolios and, following the restructure of Go Outdoors in 2020, the Group has now completed or substantially agreed new leases with terms that were more appropriately structured on 59 stores.

Our programme of works to enhance the profile of certain categories such as fishing and equestrian has gained momentum with the opening of 10 additional Fishing Republic concessions in key locations combined with the opening of the first Taylors concession in Kidderminster. We currently plan to open a further 25 Fishing Republic and 10 Taylors concessions in 2022/23.

Further, we have made two acquisitions in the second half of the year of cycling retailers, Wheelbase and Leisure Lakes. Wheelbase has three stores in the North of England whereas Leisure Lakes has a more national presence with 10 stores in urban locations. Both of these cycling retailers are renowned for their industry expertise and have strong relationships with key brands which will enhance the cycling offer within the Group. It is the Group's intention to incorporate Wheelbase concessions in appropriate larger spaced Go Outdoors stores with the first two concessions in Coventry and Stockton now open.

LOGISTICS DEVELOPMENTS

There is significant ongoing investment to broaden the international network to service a complex international multichannel business with multiple fascias. The Group is also investing in technically advanced automation equipment and robotics to strengthen the operational foundations of our businesses and ensure that the Group remains a leader in multichannel developments.

UK and Republic of Ireland

Construction works on the new 515,000 sqft facility in Derby which will be used exclusively to fulfil online orders for JD in the UK are now complete, with initial fit out of the site ongoing. This will allow limited fulfilment from the site to commence ahead of the peak period later this year although it will be mid-2023 before the site is fully operational. Approximately £10 million was incurred on this project in the year with approximately £80 million to be incurred over the next 18 months to bring the site into full operational use.

To bridge the capacity gap ahead of Derby opening, the Group engaged Clipper Logistics Plc in the year to provide a range of logistics operations, including warehousing and e-fulfilment, on a temporary basis from their site at Sherburn, Leeds. More than 1.8 million units were shipped from this site in the five weeks leading up to Christmas.

Elsewhere, our new 65,000 sqft warehouse near Dublin is also now fully operational, supplying both product to stores and fulfilling online orders in the Republic of Ireland.

Western Europe

Work has also now commenced on the construction of the 620,000 sqft facility in Heerlen, South-East Netherlands. This site is scheduled to be handed over later this year for initial fitting out although the current long lead times on the supply of warehouse automation equipment mean that it will likely be mid-2024 before the site is fully operational. Approximately €2 million was incurred on this project in the year with the total cost to bring the site into full operational use estimated at €95 million.

In the meantime, the Group continues to operate out of a number of smaller facilities in Southern Belgium and Northern France. To date these facilities have focused on the fulfilment of a large proportion of the core ranges and fastest moving lines required for stores in Mainland Europe although we have now started to fulfil some online orders locally also.

Neil Greenhalgh
Chief Financial Officer

22 June 2022

FOCUSSED ON THE FUTURE



NEIL GREENHALGH
CHAIR OF THE ESG
COMMITTEE

22 June 2022

ESG Highlights

Grade A

The Group received an 'A' grade as a 'Supplier Engagement Leader' from the Carbon Disclosure Project (CDP)

700+

Young people joined the Group through the UK Government's Kickstart programme

43%

female Board members at 29 January 2022

I am very proud to present our ESG disclosures in a reporting period that has seen the Group achieve many notable and sector-leading milestones.”



ESG CONTINUED

INTRODUCTION FROM NEIL GREENHALGH, CHIEF FINANCIAL OFFICER AND ESG COMMITTEE CHAIR

From planning for climate-related risks (now formally supported by Task Force on Climate-Related Financial Disclosures ('TCFD')), to protecting both our colleagues and those within our supply chain, fulfilment of our environmental, social and governance obligations has never been more critical.

Territorial expansion and sales growth necessitate greater organisational transparency with regards to our environmental impact and strategy. The reporting period also included COP26 in Glasgow which saw attending political leaders, non-governmental organisations (NGO's), businesses (including JD) and private citizens collectively working to engineer action in support of the climate crisis.

Accordingly, I am very proud to present our ESG disclosures in a reporting period that has seen the Group achieve many notable and sector-leading milestones.

Environmental – Key Facts

- The Group retained its 'A-'Climate Change grade from the Carbon Disclosure Project (CDP), surpassing our sector average by two grades.
- Our private label team surpassed previously documented targets by reaching 98% of our cotton sourced via the 'Better Cotton' initiative.
- The Group became one of the founding signatories to the Waste and Resource Action Plan ('WRAP') Textiles 2030 initiative with our private labels aiming to cut carbon by 50% and water by 30%.

Social – Key Facts

- We are proud to be working with the UK Government as a national partner on its Kickstart Scheme with over 700 people employed through the scheme in the financial year.
- The Group successfully trialled the roll-out of the 'Together We Can' project to raise funds through micro-donations at the till point. The project is being implemented across all of our JD and Outdoor stores in the UK in 2022 and we plan to extend overseas in 2023. See page 84 for more details about 'Together We Can' and the other global empowerment initiatives undertaken by the Group.

Governance – Key Facts

- This year the Group increased the gender and ethnic diversity of the Board. As a result, the Board now consists of more female Board members than in any other year.
- On 25 May 2022, the Group announced that it had decided to accelerate the separation of the roles of Chair and Chief Executive Officer. Peter Cowgill stood down as Executive Chairman and Chief Executive Officer with immediate effect. Helen Ashton was appointed as Interim Non-Executive Chair and Kath Smith was appointed as Interim Chief Executive Officer. For further details, please see the Statement from the Board on page 4.

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OVERVIEW AND GOVERNANCE

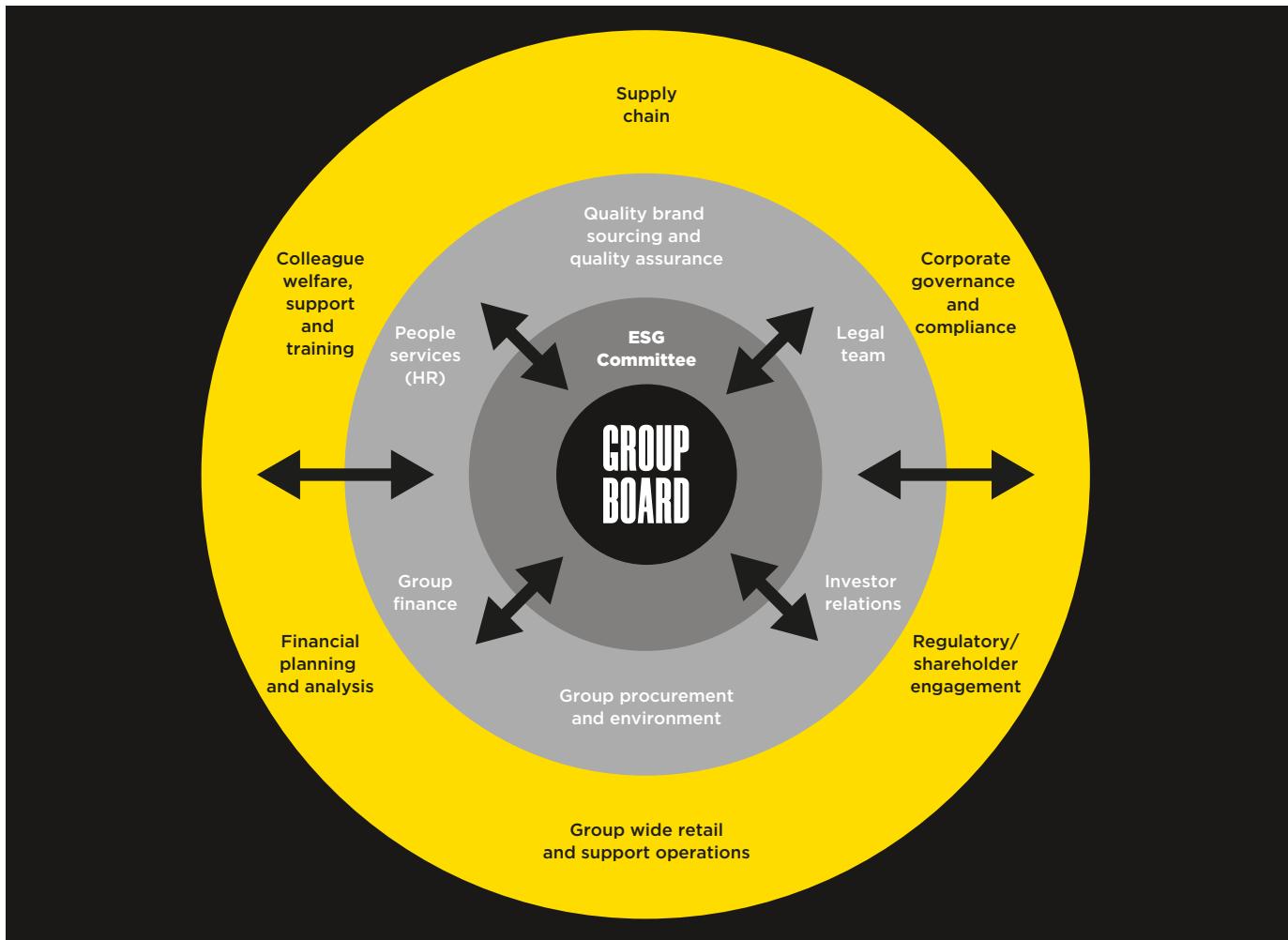
Overview and Governance – ESG Committee

As a FTSE 100 company, we recognise and embrace that our scale enables us to make positive, lasting changes. Our ESG Committee (founded in 2020) governs our global, Group-wide approach to sustainability, including the critical topics; people strategy, climate change, sustainable sourcing and governance.

Further information on our ESG committee and credentials can be found on our corporate website at www.jdplc.com/esg/governance/esg-committee

Responsibilities of the ESG Committee include:

- The United Nations Sustainable Development Goals (SDG's) remain part of our ESG framework and operations. Case study evidence is available via our corporate website www.jdplc.com/esg/our-esg-stories.
- Determining our strategy, corporate risk-assessment and monitoring of ESG performance across the Group's respective fascias and territories, including submission of our TCFD statement.
- Reviewing investment plans from an ESG perspective – from proposed capital expenditure projects to assessment of risks and opportunities for potential acquisitions.
- Engaging (via our Committee Chair) with the Board on ESG-strategy impacting activities on a periodic basis.
- Clear communication of our strategy to investors, verifying our credentials via accreditation and data, so as to support investors with EU Sustainable Finance Disclosure Regulations (SFDR).
- Ensuring that our colleagues and suppliers are supported and trained across a broad cross-section of personal and environmental welfare topics.
- Supporting our customers by improving the frequency and accuracy of environmental and sustainability claims made relating to products manufactured by both branded suppliers and our private labels.



ESG RISK IDENTIFICATION AND MANAGEMENT

ESG RISK IDENTIFICATION - SOURCES:

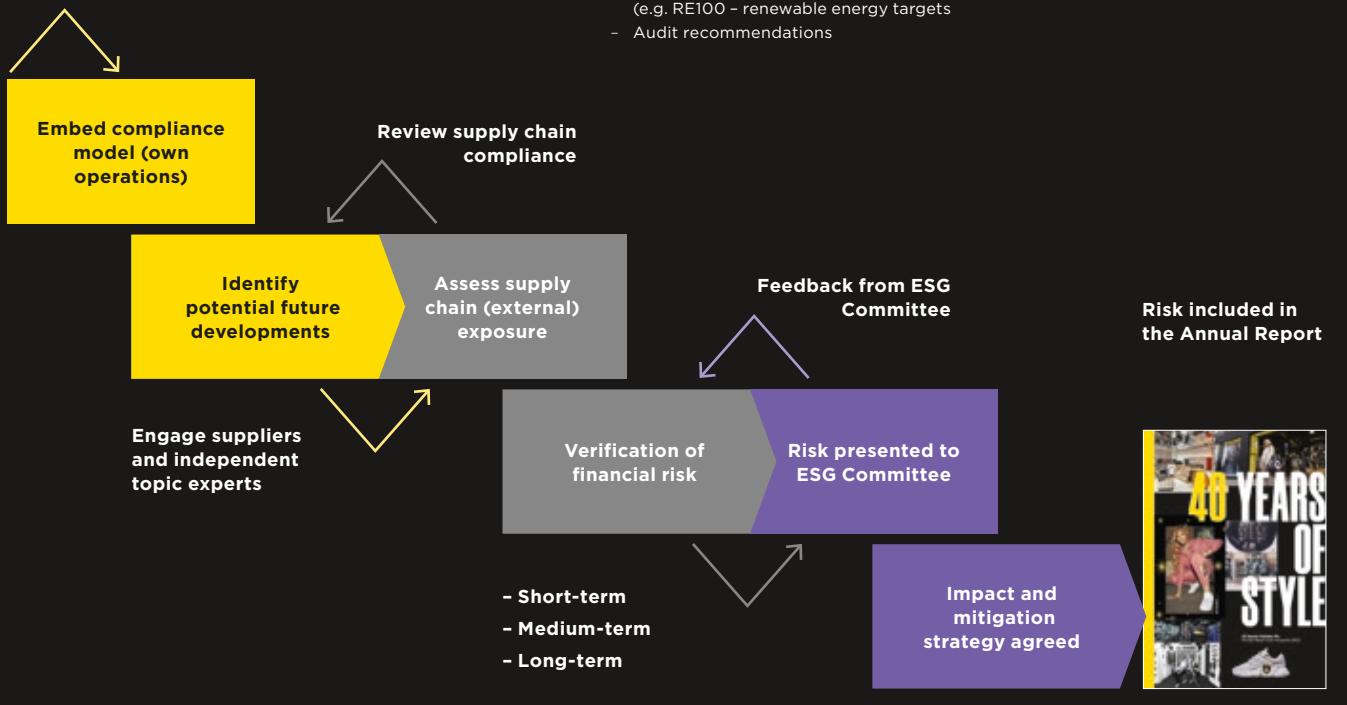
FORMAL

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

INFORMAL

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

Risk identified



Background ESG Context - Third-party brand and Private Label Products

As a multichannel retailer of branded sports fashion and casual wear, the majority (presently in excess of 90%) of our sales are from globally recognised third-party brands including Nike, adidas, Puma, Under Armour and The North Face (owned by VF Corporation). The balance of our products sales is from our quality private label brands, including Pink Soda and Supply & Demand.

The global reach and recognition of our major third-party brands is integral to our overall

sustainable sourcing commitments and objectives. The visibility of our largest third-party brands necessitates them meeting, and exceeding, consumer expectations for product quality and sustainability alike.

Representatives from our ESG Committee undertake regular engagement sessions with our largest third-party brands to monitor their continued global leadership with regards to sustainable product innovation, commitments to reduce the impact of climate change and supply chain transparency.

90%+

of our sales are from globally recognised third-party brands including Nike and adidas.

A summary of the performance of our largest third-party brands (across multiple environmental and social metrics) is included below.

Brand	UN Fashion Charter	ZDHC equivalent	CDP Climate	CDP Water	Animal Welfare Policy	Conflict Minerals policy
Nike	✓	✓	✓	✓	✓	✓
adidas	✓	✓	✓	✓	✓	N/A
Puma	✓	✓	✓	✓	✓	N/A
The North Face (VF Corporation)	✓	✓	✓	✓	✓	✓

TCFD

Disclosures and Standards – TCFD

Within our 2020/21 Annual Report, the Group provided a summary incorporating the key principles and requirements of TCFD, demonstrating our commitment to TCFD disclosure adoption.

In accordance with the Listing Rule 9.8.6R and consistent with TCFD Recommendations and Recommended Disclosures, we have provided a full, framework-template response to support the disclosure of Group climate-related risks and opportunities within this Annual Report. Due to the volume of information and disclosures and to provide further verification of our statements, where we have not included the information in this Annual Report, we have included clear references and links to additional TCFD-related documentation available on our corporate website.

Our TCFD statement is supported by our 2021 Carbon Disclosure Project (CDP) Climate Change response. The CDP system is recognised by TCFD as supporting TCFD recommendations via 25 TCFD-aligned climate-related questions on topics including governance, risks and opportunities, strategy, targets and emissions.

In addition to using independent sector benchmark performance assessments such as CDP, we provide validated performance reporting against targets and objectives consistent with previous Annual Report disclosures.

The Group recognises the TCFD recommendation to quantify the financial impact of strategic climate-related risks. Considerable time has been invested in our attempts to fulfil this requirement. However, our research into quantifying climate risks identified that (owing to the current lack of standard calculation method) there are large variances in the interpretations and estimates from the leading brands that have provided estimates. We anticipate that more accurate, verifiable climate-related financial planning risks can be provided in one to two years. The Group continues to discuss climate-related risks within our regular financial planning activities, primarily via the Group ESG committee, chaired by our Chief Financial Officer. Finally, our approach to ESG risks will benefit from the roadmap of risk management improvements detailed on page 110.

GOVERNANCE

TCFD recommended disclosure

a) Describe the board's oversight of climate-related risks and opportunities.

Pre-TCFD developments

The Board's oversight of climate-related issues performance is provided by scheduled, two-way strategic engagement with our Chief Financial Officer (as Chair of the ESG Committee) on ESG-related risk identification, strategy and performance vs policy and metrics, including targets published within our Annual Report.

The ESG Committee Chair is appraised of climate-related issues both informally and formally on a regular basis. The ESG Committee Chair will then provide updates as required during regular Board meetings. The Board is informed of climate-related issues, updates and metrics via formal Board reports which are circulated on a monthly basis. Ad hoc sessions are also held where the ESG Committee will present updates regarding specific issues, achievements and metrics to the Non-Executive Directors.

Engagement with the Board (the majority of whom hold multiple Non-Executive Director positions with other organisations) grants our Chief Financial Officer and ESG Committee access to feedback and comparative assessment on climate-related risks and opportunities.

In-year progress

The ESG Committee was expanded to include representation from our Outdoor businesses.

Approval of final stage (Scope 3) submission of our Science Based Targets.

Approval provided on Waste and Resources Action Plan ('WRAP') Textiles 2030 targets including emission reductions, sustainable sourcing and circular economy targets and metrics.

Our Group Chief Financial Officer and ESG Chair remains our signatory and the conduit from the Board to our colleagues and customers for carbon, sourcing, and people-based disclosures.

2022/23 Plans

The Board, in conjunction with the Audit & Risk Committee, has established an Enterprise Risk Management ('ERM') working group, with ESG identified as one of the core topics for provision of additional communication with the Board on risk management identification, mitigation and policy.

TCFD recommended disclosure

b) Describe management's role in assessing and managing climate-related risks and opportunities.

Pre-TCFD developments

Profiles of our ESG Committee members can be found at www.jdplc.com/esg/governance/esg-committee. All positions have a global remit for their respective responsibilities, ensuring provision of consistent ESG sourcing, reporting and training.

Our Chief Financial Officer and ESG Chair initiated the introduction of a monthly ESG summary (key climate and environment risks, issues and opportunities), and this is reviewed by the Board and used for key investor updates. This allows incorporation of ESG opportunities and climate-related risks within our scheduled financial planning activities.

In-year progress

Completion of SBTi Scope 3 emission reduction targets, with data validation from third-party sources.

ESG Committee members joined the Textiles 2030 steering committee and Department for Environment, Food and Rural Affairs ('DEFRA') consultations for Extended Producer Responsibility, expanding climate-risk and opportunity assessments.

Management increased engagement with key suppliers, with particular focus on carbon emission reduction targets and sustainable sourcing.

2022/23 Plans

2022/23 will see in-year objectives including agreement on Circular Economy strategy and identification of global roles and responsibilities with regards to climate change education and carbon reduction.

TCFD recommended disclosure

a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term.

Pre-TCFD developments

The Group has documented short, medium and long-term climate-related risks within our annual Carbon Disclosure Project (CDP) submission as short-term (0-3 years), medium-term (3-5 years) and long-term (5-10 years). Please see Additional Information – TCFD on our corporate website at www.jdplc.com/esg/governance/our-policies. The Group notes that owing to the requirement for immediate actions on climate, the time horizons are shorter than risk considerations covered elsewhere within this report.

CDP has the largest TCFD-aligned environmental database in the world. Accordingly, our climate-related risks have been verified in accordance with TCFD principles, with the Group achieving an 'A-' grade in December 2021. For more information, see the 'Climate Change' section of our corporate website. Our CDP submission and Science Based Targets (SBTi) are based upon the 1.5°C scenario documented within the Paris Agreement. Additional climate risks identified included extreme weather-related events and biodiversity changes.

In-year progress

Our climate-related risks were scored within the 2021 CDP report, with the Group achieving an A- grade for Climate Change, and an 'A' grade for Climate Change Supply Chain Engagement.

Our work with Textiles 2030 has ensured that the Group is well placed to mitigate risks (and maximise opportunities) relating to Extended Producer Responsibility ('EPR') regulations.

We engaged our private label supply chain to identify additional climate change mitigation measures at sourcing territory level, including suppliers ability to access renewable energy within the medium-term.

2022/23 Plans

Despite the February 2022 announcement delaying the EPR regulations, the Group continues preparations in accordance with the original timescales.

We have targeted the retention of our 2022 'A' grade for climate change supplier engagement. We aim to increase documented measures (improved climate audit and data disclosure) with both private label and key indirect suppliers.

TCFD recommended disclosure**b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning risks and opportunities.****Pre-TCFD developments**

The Group provided an assessment of the risks mentioned within our A- rated CDP Climate Change disclosure. This included low-carbon economy transition, identifying potential supply chain disruptions, from raw material supplies and costs to labour availability, production and distribution of goods.

Our Group supplies products from world-leading brands. Prior to TCFD becoming established reporting practice, the Group observed that there was no common methodology to quantify the financial risk across our sector. Our CDP submission acknowledges risks associated with leading brands providing large variances on interpretations and impacts of differing climate risk scenarios.

In-year progress

Our knowledge of climate-related risks enabled our most detailed ESG-assessments of potential acquisitions to date.

The Group Mergers and Acquisition ('M&A') team has established regular engagement with the ESG Committee to improve climate-related financial risk assessment of potential investments.

The preparatory work for our (approved) SBTs enabled the Group to 'normalise' sector data on climate-related risks, improving our ability to identify risks and mitigating actions.

2022/23 Plans

Within 2022/23, high-risk ESG categories (e.g. carbon emissions and labour conditions) will form part of the due diligence on large-scale M&A activities. The Group will provide a year-end summary of ESG due-diligence undertaken on acquisitions (in accordance with Sustainable Finance Disclosure Requirements ('SFDR') requirements).

TCFD recommended disclosure**c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.****Pre-TCFD developments**

The Group commenced resilience planning based upon the 1.5°C scenario, on the basis that we believed the 2.0°C or lower scenario would be revised. In 2020 the Group submitted (and received verification of) Scope 1 and 2 emission targets based on the 1.5°C scenario. Further information can be found on our corporate website at www.jdplc.com/esg/governance/our-policies.

In-year progress

Organisational resilience verified via achievement of an 'A-' CDP Climate Change rating for the second successive year and an 'A' grade for Supplier Engagement on Climate Change.

The Group CDP responses (Climate Change, Water Stewardship and Forestry) incorporate significant detail on climate-related scenario planning, and our scores are ahead of sector averages.

2022/23 Plans

Continue advocacy for the CDP project, with the target of JD scoring at least one grade higher than our retail peer group within the December 2022 climate change assessment.

Retain our 'A' grade for Supplier Engagement by providing case study evidence of private label and indirect supplier climate change mitigation and renewable energy progression.

TCFD recommended disclosure**a) Describe the organisation's processes for identifying and assessing climate-related risks.****Pre-TCFD developments**

Within our 2021 Annual Report, we identified ESG-related risks and impacts, assessing each risk and categorising each as 'short', 'medium' and 'long-term'. We have defined short-term as 0-3 years, medium-term as 3-5 years and long-term as 5-10 years.

We expanded our assessment scope in 2021 to include ESG risk identification and management from both formal and informal sources. Examples of formal sources include the United Nations Sustainable Development Goals, international NGOs and Financial Conduct Authority updates. Informal sources include media coverage, customer feedback and independent market reports.

The diagram on page 54 explains our risk identification and management process and the Topical Risks section on page 27 provides further detail. Further information can be found on our corporate website at www.jdplc.com/esg/governance/our-policies.

In-year progress

Climate-related risks updated after the Group's COP26 attendance and subsequent impact assessment, including climate-related engagement of private label supply chain.

Our CDP submissions for Climate Change, Water Stewardship and Forestry contain extensive detail on climate-related risk identification and assessment. Our progress is validated and evidenced via our 'A-' grade for CDP Climate Change and 'B' for Water Stewardship.

2022/23 Plans

The new ERM Working Group will document improvements to our ESG risk management framework design. This includes climate-related risks relating to our operations, private label supply chain and the activities of our largest suppliers.

TCFD recommended disclosure

b) Describe the organisation's processes for managing climate-related risks.

Pre-TCFD developments

Since 2019, climate-related risks have been reviewed by our ESG Committee and incorporated into business planning processes where appropriate. By using CDP for assessment of climate-related risks, investors and disclosers are provided with access to independent data on our comparative performance. CDP has the largest TCFD-aligned environmental database in the world. We are proud of our grade progression, as documented on our corporate website.

The Topical Risks section on page 27 includes a summary of our process for managing climate-related risks with further information provided in our Additional Information – TCFD document on our corporate website at www.jdplc.com/esg/governance/our-policies.

In-year progress

ESG reporting included in our monthly Board reports has been expanded to include sustainable sourcing (private label), quality assurance, audit and 'Circular Economy' updates.

Climate-related (financial) risks re-assessed, with additional capital expenditure investment to support emission reduction across our retail estate. Our independent climate disclosures (CDP Climate Change and Water) continue to achieve leading scores.

2022/23 Plans

Consistent use of independent, TCFD-aligned climate risk disclosures. Our 2022/23 target is to achieve independent verification that our performance remains ahead of our sector peers.

Improvements identified within the ERM framework will be incorporated into our approach to managing climate-related risks.

TCFD recommended disclosure

c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

Pre-TCFD developments

Any risk measured as being greater than a 2% loss on our direct operating profit (against plan) is defined as a substantive risk. This includes climate-related risks. Substantive impact risks have been addressed within our scheduled budgeting and reforecasting processes. Any subsequent risks identified (and their respective impact) are assessed from the perspective context of legal compliance, financial impact and reputational risk.

The diagram on page 54 explains our risk identification and management process and the Topical Risks section on page 27 provides further detail. Further information can be found on our corporate website at www.jdplc.com/esg/governance/our-policies.

In-year progress

The ESG Committee increased engagement with the Group's Mergers and Acquisition team.

Our risk measurement approach incorporates assessment of our strategy by CDP and enhanced transparency via our corporate website.

Our private label team surveyed our key suppliers to assess progress in adopting renewable energy and climate change adaptation preparation.

2022/23 Plans

Extension of our (externally recognised) highly-rated ESG risk management strategy to acquired businesses. This shall enable the Group to report our updated, collective international approach to climate risk within our December 2022 CDP disclosure. Our Science Based Target and Road to Zero progress shall also be updated and disclosed.

TCFD recommended disclosure

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

Pre-TCFD developments

Since 2017, the Group benchmarked ESG performance (including risk identification) via globally recognised, independent ESG assessments aligned to TCFD. Assessments such as the Carbon Disclosure Project (CDP) encompass climate-related risk assessments and opportunities, including financial impacts. Our CDP Climate Change score progressed from 'D' in 2017 to 'A-' by 2020, outperforming our sector benchmark by three grades. Our Water Security score reached 'B' grade by 2020, again outperforming the discretionary retail sector.

Further information can be found in our Additional Information – TCFD document at www.jdplc.com/esg/governance/our-policies.

In-year progress

The Group's proactive approach to climate-related risk was recognised by retention of our CDP 'A-' rating for Climate Change – two grades above our sector average, private label brand progress enabled retention of our 'B' score for Water Stewardship, outperforming the majority of our global brands.

Science Based Target validation was received for Scope 1 and 2 emissions. Scope 3 targets were submitted to SBTi within the period.

2022/23 Plans

Continuation of disclosures via CDP, with a 2022/23 target to achieve verification that Group performance (including evidence, via metrics) remains ahead of our sector peers.

Achieve verification of Scope 3 emission reduction targets (from SBTi committee) prior to evidencing our 'climate change outreach' progress with key suppliers.

METRICS AND TARGETS

TCFD recommended disclosure	
b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 Greenhouse Gas ('GHG') emissions, and the related risks.	
<p>Pre-TCFD developments</p> <p>See data on page 63. The Group has disclosed GHG emissions data since 2014, Scope 3 disclosures have been provided since 2020, and remains Streamlined Energy and Carbon Reporting (SECR) compliant as per regulatory requirements.</p>	<p>In-year progress</p> <p>Continued disclosure of GHG emissions through our CDP responses. Third-party verification of our Scope 1 and 2 emissions, incorporating calculation of data and compliant reporting to regulatory standards.</p>
TCFD recommended disclosure	
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	
<p>Pre-TCFD developments</p> <p>Climate Change: In 2019 the Group identified the necessity of our climate-related targets receiving independent, science-based verification. Our Science Based Target initiatives (SBTi) for Scope 1 and Scope 2 emissions received verification (by the SBTi board) in 2021.</p> <p>The Group is a member of RE100 (aligned to CDP and TCFD) with the world's largest organisations committed to using 100% renewable energy. Our renewable energy target for Western Europe is 100% by 2022, with a global target of 2025.</p> <p>Sustainable Sourcing: Our private label brands committed to join the 'Better Cotton' (formerly BCI, or 'Better Cotton Initiative') during 2019. As part of our commitment to increase sustainable manufacturing, we set targets for Better Cotton usage for private label products. Targets were also established for the conversion of manufacturing components to more sustainable materials, with our progress documented via our Product Component Table on page 69.</p> <p>Recycling and the Circular Economy: The Group targeted, and achieved third-party verified 'Zero Waste to Landfill' accreditation in 2020 as part of our landfill diversion metrics.</p>	<p>2022/23 Plans</p> <p>Expand Scope 1 and 2 reporting to acquisitions where we have direct operational control over energy sourcing.</p> <p>Develop Scope 3 reporting through our strategic suppliers and utilise industry tools for our private label Scope 3 emissions.</p>
<p>In-year progress</p> <p>Use of renewable energy increased to 91% for Western Europe during the period. The Group remains on course to achieve our '100% by end of 2022' metric.</p> <p>Private label use of Better Cotton reached a new milestone of 98% use for garments sourced within our most recent buying periods.</p> <p>In 2021 the Group retained 'Zero waste to landfill' accreditation for our largest directly operated site (Kingsway Distribution Centre, Rochdale).</p> <p>The Group successfully launched #IAMSUSTAINABLE training modules. Accessible to over 20,000 colleagues, training topics range from Climate Change to Circular Design. Completing the #IAMSUSTAINABLE courses improves environmental engagement and awareness, whilst providing colleagues with additional learning credentials as part of their professional development.</p>	<p>2022/23 Plans</p> <p>Achieve our 100% renewable target for operationally feasible controlled sites by the end of 2022 in Western Europe. Provide updates, progress reports and any risks relating to our global 100% renewable energy target (2025).</p> <p>Expand the 'Better Cotton' approach and learnings to acquired businesses. This will support the advancement of 'private label' climate change awareness and management across our expanded global operations.</p> <p>Retain 'Zero waste to landfill' accreditation at our largest operated facility, and achieve equivalent status for our largest central office.</p> <p>Expansion of our '#IAMSUSTAINABLE' training programme to a minimum of 10 new territories.</p>

91%

of energy used in
our Western
European sites is
renewable energy

Climate Change – Headline Achievements

- Achievement of 'Leadership' grade of A- within the 2021 CDP 'Climate Change' assessment.
- Awarded 'A' rating for Climate Change 'Supplier Engagement' by CDP in January 2022.
- As per our advocacy of the RE100 (the world's most influential companies, committed to 100% renewable power), we reached 91% of Western European site renewable energy use.
- Our Scope 1 and Scope 2 Science Based Targets were approved by the Science Based Targets Initiative (SBTi) board.
- Our Scope 3 targets were submitted during the period. All JD targets are set against the more ambitious 1.5-degree Celsius scenario.
- Amidst increased scoring thresholds, our CDP 'Water Stewardship' submission retained a 'B' grade score, demonstrating continued progress by our private label brands.
- The Group was awarded a second-successive 'Zero to landfill' accreditation for our largest directly operated site in Rochdale, UK.
- The Group used SBTi criteria and third-party verified data to identify our forecast Net Zero year as 2043 using 2019/20 as the base year. For carbon-emission reductions targets, including Net-Zero, the baseline year used is 2019-20. This matches our Science Based Target initiative (SBTi) and Carbon Disclosure Project (CDP) submissions.

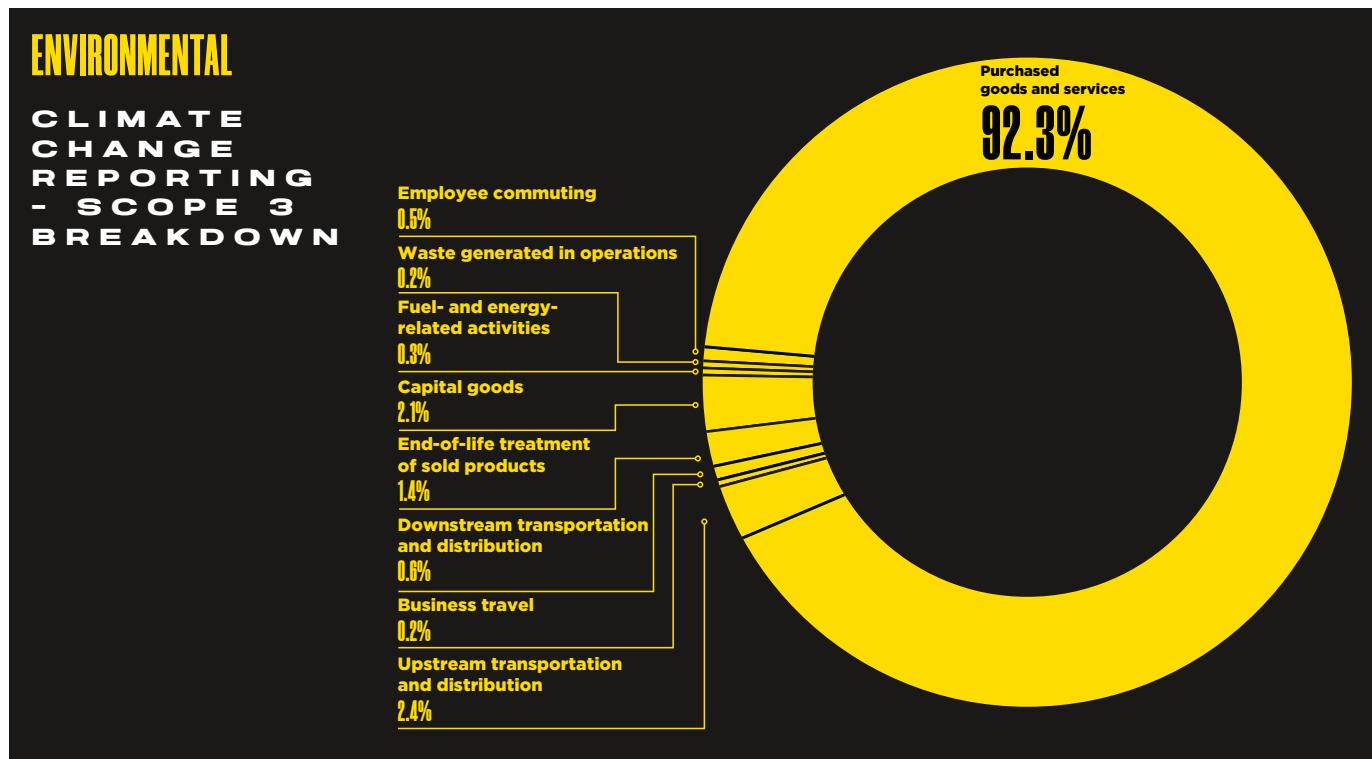
Climate Change – Reporting and Compliance

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

- 1) Scope 1 and Scope 2 – Group 'directly controlled' operations within our infrastructure (e.g. our warehouse and in-store energy usage). GHG emissions are as defined by the GHG Protocol. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy.
- 2) Scope 3 – operations and activities of our supply chain, including manufacture of products and our non-merchandise suppliers:
 - Purchased goods and services (92.3%) are our largest Scope 3 contributor.
 - The Group continues to monitor and encourage emission reduction progress from our strategic suppliers. The highest level of emission reductions need to be achieved at the raw material and manufacturing stages for branded products.
 - Emissions data is constantly adjusting due to both changes in Group activity and changes to calculation methodologies.

Within these categories, the Group remains compliant with:

- The updated UK SECR system.
- The Energy Savings Opportunity Scheme obligations within the UK and Energy Efficiency Directive obligations for Europe.



Climate Change – Science Based Target initiative (SBTi)

During the period, our team worked with independent consultants to identify the sources and values of our Scope 1, Scope 2, and Scope 3 emissions prior to submission of our targets to the SBTi board.

Group membership of WRAP Textiles 2030 enabled the Group to commence further detailed evaluation of our private label Scope 3 emissions, utilising tools such as the 'WRAP Carbon calculator'.

Please note that the targets below may be adjusted due to any feedback received as part of the official SBTi board verification process.

Category	Target	Status
 SCIENCE BASED TARGETS DRIVEN BY AMBITIOUS CORPORATE CLIMATE ACTION	Scope 1 and 2 emissions The Group commits to reduce absolute Scope 1 & 2 GHG emissions by 67.2% by 2035-36 from a 2019-20 base year.	Submitted and approved
 SCIENCE BASED TARGETS DRIVEN BY AMBITIOUS CORPORATE CLIMATE ACTION	Scope 3 The Group commits to reduce absolute Scope 3 GHG emissions by 67.2% from textiles and footwear within the purchased goods and services category by 2035-36 from a 2019-20 base year.	Submitted

Climate Change – Reducing carbon emissions – progress and objectives

Environmental objective	2021/22 progress	2022/23 objective
Climate Change – carbon and water reductions  Temperature	<ul style="list-style-type: none"> - LED investments made in 31 stores and gyms achieving 40% energy reduction (486t CO₂). - Completion of partial-LED retro-fit at Kingsway Distribution Centre saving 45t CO₂. - Completion of our first solar installation at Stockton GO Outdoors, saving 14t CO₂. - Over 400 Building Management Systems (BMS) installed, enabling 2021 Winter/Spring set-point temperature adjustments to deliver estimated carbon savings of 198t CO₂. - JD Gyms reduced shower and tap water consumption by over 60% for new sites. Improved reporting data and faster corrective action on high water-consuming sites has saved 7.5 million litres of water. - Our fleet policy has been updated to encourage the use of electric vehicles (EV) to align with future legislation. 	<ul style="list-style-type: none"> - Additional LED investment at our Kingsway DC, and across additional UK retail stores. - Additional investment in solar technology (where feasible) for UK and European sites. - BMS to be installed within new JD stores as standard. Savings figures to be disclosed at year-end. - Proof of concept to be undertaken on new carbon reduction technologies (e.g. voltage optimisation). - Electric vehicles: Complete installation of vehicle charging point infrastructure for our major occupancy sites. - Conduct a trial of Electrical Vehicle use for logistics transport within the London area, and disclose results via ESG Committee.
Carbon reduction – procurement RE 100	<ul style="list-style-type: none"> - Renewed UK Green Energy contract, with 100% traceable renewable electricity. - 100% renewable energy use within the Republic of Ireland. - 91% of renewable energy use in our Western European stores (where we have direct operational control over energy sourcing). We are on track for 100% by end of 2022 as per previously reported target metrics. 	<ul style="list-style-type: none"> - Achieve 100% renewable usage for Western Europe by the end of 2022. - Continued progression towards 100% global renewable energy use by 2025, with in-year focus on those US stores where we have direct operational control over energy sourcing.

ESG CONTINUED ENVIRONMENT CONTINUED

Environmental objective	2021/22 progress	2022/23 objective
Sustainability - education and engagement 	<ul style="list-style-type: none"> - ESG awareness and education increased via our '#IAMSUSTAINABLE' online training courses, available to over 20,000 colleagues. - Environmental engagement and topical content included in our colleague-wide, monthly 'People First' magazine. - ESG-related communication improvements via both our corporate website, and product content information available to customers. 	<ul style="list-style-type: none"> - '#IAMSUSTAINABLE' training programme to be accessible in 10 additional territories. - Colleague updates on topics such as COP27. - Provision of colleague support and advice to embed sustainable behaviours at work and home, with particular focus on mitigating the impact of increased domestic energy costs. - Evidence increased customer communication on product-related circular economy and sustainability topics. These will include 'care and repair' and making more informed 'end of product life' decisions.
Verification and reporting - Climate Change (carbon) and Water 	<ul style="list-style-type: none"> - The Group received Scope 1 and 2 emissions target approval by the SBTi committee. Scope 3 targets submitted during the period. - The Group's private label and licenced apparel sourced 2,782 tonnes of cotton through the 'Better Cotton' initiative, saving over 1.3 billion litres of water since joining in 2020. 	<ul style="list-style-type: none"> - Achieve verification of our Scope 3 emission targets from the SBTi committee. - Continue improving Scope 3 emissions reporting and reductions via: <ul style="list-style-type: none"> i) Engagement with strategic suppliers. ii) Utilising industry initiative tools and standards to address our private label Scope 3 emissions. iii) In support of our work with WRAP Textiles 2030, evidence progress on our targets to cut carbon by 50% and water by 30% for private label brands.
Benchmarking and engagement 	<ul style="list-style-type: none"> - The Group achieved an 'A-' grade for the second year running for Climate Change and a 'B' for Water Stewardship. For the second successive year the Group was certified as a 'CDP Supplier Engagement Leader' with an 'A' rating. - We are active contributors and supporters of the UN 'Race to Zero' and attended COP26. - We demonstrated the chronology of our progression to climate change leadership status as summarised on our corporate website. 	<ul style="list-style-type: none"> - Continue outperforming our sector on CDP scores (amidst vastly improved submission standards). - Achieving Net Zero before 2050. Our present forecast year for Net Zero is 2043. This is based on detailed, externally validated analysis of our emissions, including our largest category (the manufacture of the branded products that we sell).
Resource management- Circular Economy 	<ul style="list-style-type: none"> - For the second successive year we retained 'Zero waste to landfill' waste accreditation at our largest operated facility. - 5,638 tonnes of card recycled and over 40 tonnes of plastic. - Recycled 74 tonnes of broken totes, resulting in the manufacture of 10,000 replacement products from recyclate. - The Group became one of the founding signatories to the WRAP Textiles 2030. Our first module was 'Circular Economy in Business' giving focus to our future business strategy. 	<ul style="list-style-type: none"> - Retain 'Zero waste to landfill' accreditation at our largest operated facility. Aim to achieve equivalent status for our largest UK/European office. - Review market solutions to implement a 'Recycling Recovery Unit' facility to expand take-back and recycling capability. - Publish our Group-specific outputs from WRAP 2030 workstream groups, including retail 'take-back trials'. - Enhance customer environmental education by providing additional guidance on recycling and reuse.

Environmental - Greenhouse Gas (GHG) Emission Data

The Group uses and reports on Key Performance Indicators for energy usage. During the last year:

- The Group has engaged the services of a leading third party audit and certification body to audit and verify our Greenhouse Gas (GHG) submissions (in accordance with ISO 14064-3 standards).

- Accordingly, the Group can report the figures below, calculated based on GHG Protocol Corporate Standard using emissions factors from UK government conversion factor guidance.
- The emissions reported correspond with our financial year and reflect emissions from the leased and controlled assets for which the Group is responsible.

Emissions Source:	2021/22 Tonnes CO ₂ e Equivalent	2020/21 Tonnes CO ₂ e Equivalent
Scope 1 (Purchased fuels)	7,461	6,575
Scope 2 (Electricity) Location based	70,403	48,973
Scope 2 (Electricity) Market based	36,547	30,072
Scope 3 (All emissions)	4,458,224	4,145,393

Additional information: Our UK volumes of Scope 1 emissions are 1,425 tonnes CO₂e. Scope 2 Location-based emissions 19,055 tonnes CO₂e and Scope 2 Market-based emissions 714 tonnes CO₂e.

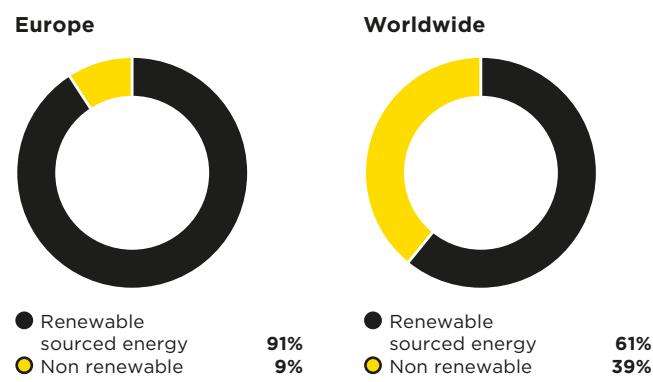
- Reporting boundaries for 2021/2022 (aggregated facilities under operational control) include UK, Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Malaysia, Portugal, Singapore, South Korea, Spain, Sweden, Thailand & the US. We have also included the acquisition of MIG which took place during the year and includes the territories of Bulgaria, Czech Republic, Estonia, Germany, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia.
- In line with the GHG protocol on dual reporting, we have disclosed both market and location-based emissions for purchased electricity in 2020/21 and 2021/22.
- Scope 3 emissions data is calculated via a screening exercise using the Quantis financial input-output model and excludes emissions from 'use of sold product' as this is an optional category for GHG accounting (compared to the data reported in 2021 when emissions for 'use of sold products' has been included in the final Scope 3 reported

- figure). This Scope 3 emissions category has not been included in our Scope 3 boundary for our SBTi submission.
- Fugitive emissions are not included in the above as they are a de-minimis category.
 - The above figures for 2020/21 have been updated to reflect our 2021 CDP submission verified by our third party auditor.
 - Whilst not a mandatory disclosure, the Group remains committed to presenting data appertaining to energy usage and carbon footprint. After improving our reporting mechanisms, the Group is now able to provide its full actual UK and international energy usage (kWh measurement) and carbon footprint.
 - The easing of COVID-19 lockdown restrictions and further acquisitions has caused an increase in our energy consumption data and emissions versus the previous financial year. Due to the impact of the restrictions, year-on-year comparisons do not accurately reflect the Group's efforts to reduce energy use on a like-for-like basis.

	2022 (UK & ROI)	2022 (Int)	2022 (Total)
Energy Usage – Electricity (kWh)	97,988,977	144,440,342	242,429,319
Energy Usage – Natural Gas (kWh)	22,276,701	41,475,393	63,752,094
Total Energy Use (kWh)	120,265,678	185,915,735	306,181,413
Carbon Emissions Location Based (Tonnes CO ₂ e)	22,262	55,602	77,864
Carbon Emissions Market Based (Tonnes CO ₂ e)	4,440	39,568	44,008
Intensity metric: Market based emissions (kgCO ₂ e/m ²)	5.6	49.8	27.6

Within the UK & Republic of Ireland, the equivalent for 2020/21 energy usage: Electricity (kWh) 71,254,598, Natural Gas (kWh) 14,184,165. Total energy use (kWh) 85,438,763.

- As required under UK SECR legislation, we now apply an intensity factor to GHG emissions expressed in kilograms CO₂e per metre squared. To show our progress in decarbonising our operations we are now using Market based emissions kgCO₂e per sqm as our intensity metric. The Location based approach does not allow us to account for the emissions reductions due to renewable electricity element. Our Market based comparative for 2020/21 emissions kgCO₂e per sqm was 9.4 (UK/ROI), 49.5 (Int) and 28.1 (Total).
- The above data also includes recent acquisitions of MIG in Europe and Shoe Palace and DTLR in the US.
- The renewables split is calculated based on the total usage of renewable energy supply as a % of the total electricity supply for the region for our directly controlled operations. At this moment we have excluded MIG from this European calculation as we don't have full operational control over their energy sourcing.



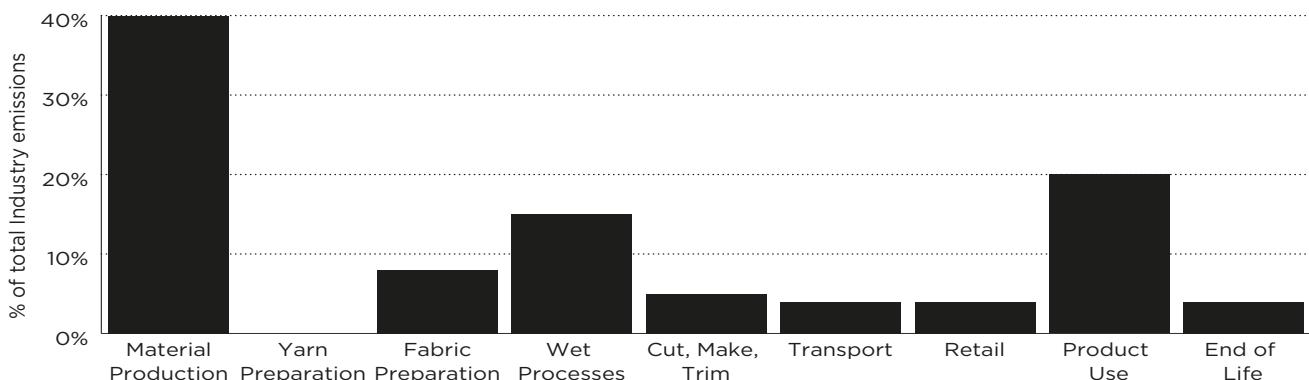
SECTOR EMISSION DATA

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

In 2020 we reviewed our own supply chain to identify how we can encourage sustainable behaviour across our supply tiers to further reduce carbon emissions, encourage increased stewardship of water, whilst ensuring safe chemical practices. In 2021 (post COP26) we developed a supplier survey relating to carbon, water and waste. This survey incorporated responses from the JD and Outdoor Group private label suppliers. This will enable us to develop a sustainable road map across our supply chain giving focus to emission-reduction opportunities.

Our supplier survey responses demonstrated partial alignment to COP26 global targets, which highlights territory-specific infrastructure constraints. By continuing close engagement with established sourcing partners, we aim to achieve emission reduction progress, whether via energy source or process change.

Annual Greenhouse Gas Emissions of Apparel & Footwear



Source: McKinsey & Co

TIER 4

Raw material extraction

Cultivation and extraction of raw materials from the earth, plants or animals.

TIER 3

Raw material processing

Processing of raw materials into yarn and other intermediate products.

TIER 2

Material production

Production of materials (e.g. fabric, trims) that go directly into finished product.

TIER 1

Finished production assembly

Assembly and manufacturing of final products.

TIER 0

Office, retail, distribution centres

Corporate real estate not involved in production process.

ILLUSTRATIVE ACTIVITIES FOR APPAREL AND FOOTWEAR

- Bottle recycling (for recycled polyester)
- Conversion of oil/gas into polymers
- Cultivation of cotton, wood and natural rubber products
- Cattle grazing

- Yarn production (extrusion, spinning, etc.)
- Production of dyes, inks, adhesives, resin, etc.)
- Conversion of wood products into pulp
- Leather preparation (including tanning)

- Knitting and weaving textiles
- Fabric bleaching, dyeing, finishing, washing
- Production of footwear mid and outer sole components (extrusion, moulding, vulcanization)

- Cutting, sewing, stitching, embroidery
- Screen printing
- Stock fitting and lasting for footwear
- Product packaging

- Business travel and employee commuting

Source: Sciencebasedtargets.org

Environmental - Water Stewardship and Biodiversity

Background

The growth and extraction of raw materials (including cotton) utilises high volumes of water. Accordingly, by the Group adopting improved sustainable practices and design principles, the environmental impact of our product manufacture decreases. The Group can demonstrate verifiable evidence of reduced water usage and removal of pesticides from the supply chain. Both measures have a direct, positive impact on farmers and local communities.

By using recycled polyester (versus virgin polyester), additional sustainability benefits are delivered, including reduced carbon emissions associated with the products.

Water Stewardship - Branded Suppliers

As outlined on page 54, the global scale and visibility of our major third-party brands ensures high standards on all key environmental categories. This includes water stewardship and biodiversity, as evidenced by the CDP scores (on Water Security) for our largest brands.

Water Stewardship - Private Label Manufacture

Within our private label supply chain, the highest volume usage of water occurs during the manufacture of products. The Group is proactively reducing water usage:

- Since joining 'Better Cotton' in 2020 (formerly known as the 'Better Cotton Initiative') our sourcing of private label products using 'Better Cotton' has delivered water savings of over 1.3 billion litres.
- Our membership of WRAP Textiles 2030, and associated 30% water usage reduction targets.
- Our use of the WWF Water Risk Filter, allowing more transparent and data-driven identification of water-related risks.

Water Stewardship - Group Stores and Sites

The largest source of water usage within our site estate is via our Gyms sites. Within the period, the use of new tap and shower specifications delivered a water reduction of over 60%.

Across all stores and sites, our proactive use of data and trend analysis delivered water savings of over 7.5 million litres versus the prior reporting period.

Biodiversity

For private label footwear and accessories brands we provide and monitor a Supplier Manual incorporating policies ranging from reducing environmental impact to prevention of modern slavery.

The Supplier Manual includes mandatory standards for compliance with REACH (Registration, Evaluation & Authorisation of Chemicals). For manufactured goods using leather, the Group requires our suppliers to have signed, and adhere to the Leather Working Group ('LWG') standards.

Key Metrics and Targets

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

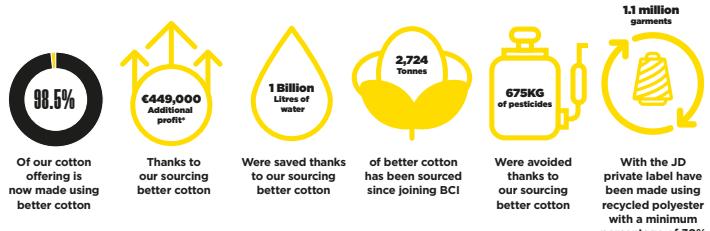
- Retaining our CDP 'Water Stewardship' 'B' grade, delivering A-grade performance in four categories.
- Reduced usage of virgin polyester.
- Increased usage of 'Better Cotton' to over 98% in private label product, supporting: 1) farmer training on water reduction and economic irrigation and 2) receipt and payment of fair wages to farm workers.
- Continuing our 'Sustainability flag' assessment process for the Group's private label manufactured garments ensuring private label products (and suppliers) are reviewed against environmental compliance criteria. Further details can be found on our corporate website www.jdplc.com.



BCI Better Cotton Initiative

We are proud members of Better Cotton. Better Cotton trains farmers to use water efficiently, care for soil health and natural habitats and reduce the use of the most harmful pesticides.

We are committed to increasing the amount of Better Cotton in our private label manufacturing. Over 98% of our cotton in private label production is now sourced through Better Cotton. Since joining Better Cotton in 2020 and sourcing better cotton, our private labels have contributed to:



* BCI Farmers experience profit increases for a variety of reasons, most commonly due to increased yields and/or optimised use of inputs (such as irrigation water, pesticides or synthetic fertiliser). Time period from January 1st 2021 – December 31st 2021

Environmental – Resource Management

There is ongoing public and media scrutiny and debate on plastic (and other packaging materials). Accordingly, the Group has continued to improve its 'resource management' performance across several areas of our directly-controlled operations as detailed below:

Resource Objective	2021/22 Progress	2022/23 Objective
Retail packaging and materials Increasing recycled content within retail packaging and consumables.	We now have moved from 50% to 70% recycled content within our JD flexi-loop bags. We lobbied key packaging suppliers to move to renewable energy tariffs, where possible. Paper and till rolls are fully FSC certified and our store bin liners are 100% recycled plastic. GO Outdoors membership cards are now bio-degradable.	Evidence transition of non-UK packaging suppliers to 100% renewable energy usage, during product manufacture (supporting the United Nations 'Race to Zero' initiative). Demonstrate that new capital investment projects have incorporated site level re-use and recycling solutions.
Eliminate waste to landfill	Our largest directly-controlled facility (Kingsway Distribution Centre) achieved certified 'Zero waste to landfill' accreditation in 2020/21 and 2021/22.	Achieve 'Zero waste to landfill' accreditation for both our Kingsway Distribution Centre and Head Office sites.
Recycle and re-use Increase the re-use and recycling of more products and develop circular economy solutions.	To maximise waste diversion from landfill, we diverted 98.8% (2021: 98.8%) of our waste. 'Circular economy' development continued by increasing recyclable waste streams within directly controlled operations. We reprocessed and reused assets including radios, mannequins, staff uniforms and container units. Office furniture – over seven tonnes recycled and diverted from landfill.	Maintain landfill diversion of at least 98.5% and target 99% (subject to regulation changes). Demonstrate further circular economy infrastructure within our own retail operations via investment in recycling and recovery facilities at key locations.
Card recycling and plastic recycling To increase our recycling volumes specifically for card and plastic.	The Group continues to remove card and plastic at the earliest possible source (via Kingsway Distribution Centre). During the year, the amount of cardboard recycled increased by 9% to 5,643 tonnes. Less plastic is used during site operations with 40 tonnes of material recycled. We completed a review of our warehouse boxes specification which now has 100% recycled card content.	Expand from our existing card and plastic recycling capability to incorporate more waste streams at existing and new distribution centres. Trial solutions to re-use waste streams within new products, providing evidence of trial results. We have a target for our new warehouse boxes to reduce storage and transport by over 1,800 pallets.
E-Commerce packaging Increase recycled content, improve re-use messaging and reduce packaging volume per sale.	By using recycled plastic material for our online item packaging we achieved an equivalent embodied carbon saving of 490t CO ₂ e within the period. Our e-commerce boxes are made from 100% recycled card. New customer messaging on re-use has been introduced across additional packaging for online sales. Almost nine tonnes of labelling removed for e-commerce deliveries.	Complete a packaging supply and specification review for our new distribution sites, ensuring compliance to 2022 UK plastic tax legislation. Identify automated solutions to deliver a potential 15% reduction to site level packaging.
Private label packaging Maximise sustainable materials – ticketing and packaging.	Achieved 100% FSC/recycled paper packaging (including swing tags and tissue paper). Our barcodes are now FSC accredited and APEO free.	Our goal is for all private label components to be 100% sustainable by 2024 (see Production Component table). We plan to achieve 100% recycled plastic content for our garment poly bags by Q4 2022.
Support for United Nations SDGs		

Charitable Donation of Plastic Bag Levy Income

To encourage customer consideration of the necessity of bag use, the Group voluntarily charges for the use/sale of drawstring-bags. Where local authorities permit the donation of bag-levy income, the Group donates all proceeds from carrier bag charges in the UK to the JD Foundation.

The Group does not offset any production or 'administrative' costs from its bag-levy income, and accordingly 100% of proceeds (net of VAT) are received by the JD Foundation for annual distribution as follows:

- England £0.525 million and Wales £0.02 million received in the period to 29 January 2022. During the period, 12.5% of the funds were passed to Mountain Rescue in England and Wales with the remaining 87.5% donated to other charitable causes in accordance with the objects of the JD Foundation.
- Scotland £0.05 million received in the period to 29 January 2022. During the period, 12.5% of the funds were passed to Scottish Mountain Rescue with the remaining 87.5% donated to other charitable causes in accordance with the objects of the JD Foundation.

For further details about how the JD Foundation uses these donations see page 82.



SUSTAINABILITY IN PRIVATE LABEL MANUFACTURING

Textiles 2030 – Support, Objectives and Deliverables

The Group is proud to have become a member of the Textiles 2030 initiative. The Group has also joined the advisory group for this initiative. Textiles 2030 is part of a worldwide initiative, led by Waste and Resources Action Programme ('WRAP').

The primary Textiles 2030 objective is to reduce the environmental impact of clothing across the globe, with particular focus on reducing carbon emissions (by 50%) and water usage (30%).

The four Textiles 2030 modules supported by our Sourcing and Development teams are:

- Circular business models/in-use & disposal.
- Raw materials & processing improvements.
- Citizen behaviour.
- Circular design.

Participation in Textiles 2030 has supported delivery of:

- Multi-fascia collaboration on circular business models and customer awareness initiatives.
- Group awareness and compliance with environmental standards.
- Organisational environmental awareness, further supported by our #IAMSUSTAINABLE training.

Reports on these modules will be showcased on our corporate website as they are completed throughout 2022.

Environmental Management Process and Auditing

Ethical sourcing and transparency (relating to supply chain and processes) remains of paramount importance to the Group.

Our private label supply chain information is disclosed via our corporate site, including key sourcing territories, audit status and gender split data.

In support of our Textiles 2030 commitments, collation of environmental data and research has commenced with scope to be extended to the lower tiers of our private label supply chain, mills and dye houses.

This allowed us to develop a comprehensive Environmental Management Process ('EMP') to increase transparency of accreditations and practices within our supply chain, whilst better understanding territory-specific challenges.

By using enhanced data and disclosures, we continue to improve raw material processing so as to mitigate risk, improve worker welfare, and reduce environmental impacts (such as waste water impact).

Environmental audits have been completed by third party specialists within the period. The results and 'cause and effect' of these audits have aided development of the in-house grading system we use as part of our EMP.

Our ambition is to ensure that our EMP reaches the standards of external, specialist audits.

Environmental Management - Lower Tiers

The Group presently contracts fully-factored garments and does not have direct relationships with the lower tiers of our supply chain.

Our ambition is to utilise our supply chain knowledge and incorporate sustainable processes (including finishes at dye house level) into private label product development processes.

Such improvements include the reduction of carbon emissions and water usage associated with the manufacture of private label end garments.

Product Manufacturing Process

Achieving genuinely 'more sustainable' products is not a cost neutral process. Material supply, demand and global market conditions must be assessed at the outset of the process.

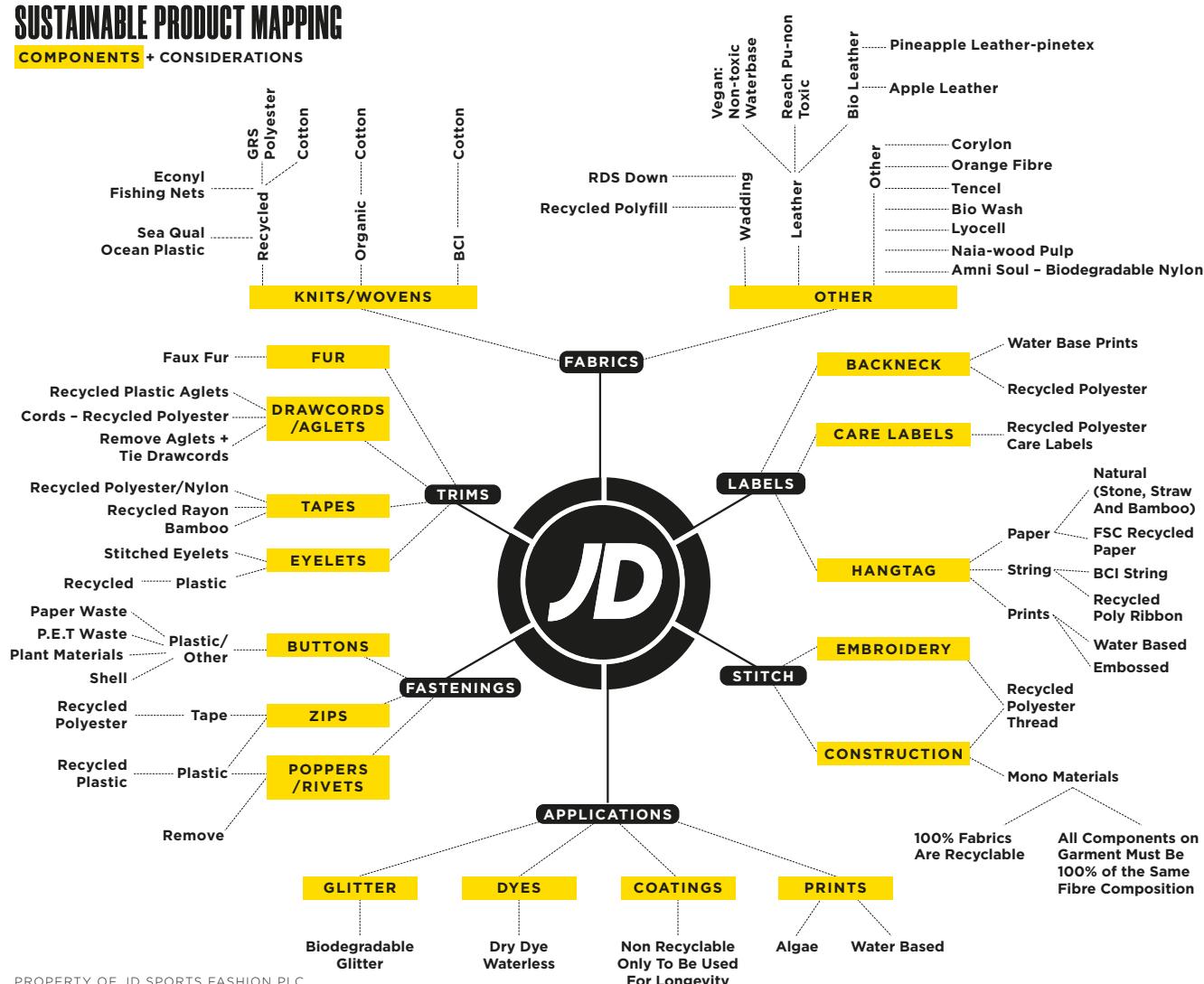
The key factors impacting sustainable product manufacture are: Availability, affordability, aesthetics and performance.

Our designers and product team constantly review materials and fabrics with improved sustainability credentials. We utilise innovative solutions such as recycled wadding and recycled polyester (by %) to achieve more sustainable outcomes without impacting product quality or performance wherever possible although it is not always feasible for each private label brand and every product to use verified sustainable fabrics.

In all products, we ensure that all packaging and point of sale materials are made from recycled materials and are subsequently recyclable.

SUSTAINABLE PRODUCT MAPPING

COMPONENTS + CONSIDERATIONS



Product Governance - Zero Discharge of Hazardous Chemicals ('ZDHC')

The Group is predominantly a supplier of third-party brands. Over 88% of our product sales is from brand partners formally recognised as 'contributors' to the ZDHC initiative and corresponding standards. The remaining balance of our suppliers comply with alternative, high-standard measures to reduce the use and impact of harmful substances in the apparel and supply chain, such as the Apparel and Footwear International RSL Management Group ('AFIRM').

Restricted Substances List ('RSL')

The Group operates a zero-tolerance policy on restricted substances to ensure our products remain safe and do not contain any hazardous or restricted substances. It is mandated that our Tier 1 suppliers (producing finished goods) follow a product testing matrix, with support from our nominated, specialist support supplier. Our testing matrix encompasses the most recent AFIRM RSL.

RSL audits are undertaken via seasonal due diligence testing on items assessed as potentially containing substances of high concern. Working with third party experts, we incorporate legislation and scientific updates to our approach to testing, ensuring that products do not exceed the parts per measure limits specified within the legislative and/or regulatory scope.

Product Safety Legislation Compliance

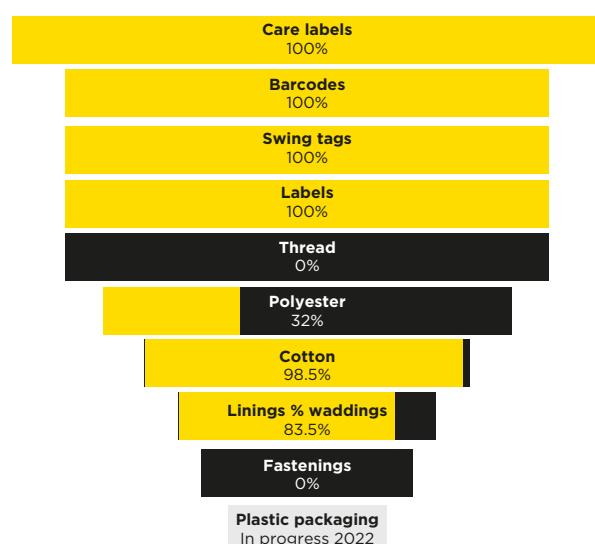
Our Product and Design Development teams are committed to providing safe, compliant products that conform and perform to high standards via:

- Training supported by third-party subject experts.
- Sourcing in compliance with all product safety updates, including regular regional and global legislation changes.
- Identifying and removing product risks at design stage, ensuring achievement of specific safety standards relating to products for children.
- Using safe, functional and fit for purpose materials and products, such as APEO-free adhesives.

Product Component Table

This table illustrates the conversion of the components used in the manufacture of the product to sustainable materials by percentage across the private label ranges.

Each layer of the pyramid shows the percentage achieved of each component type. Our target metric is for all components to be 100% sustainable by 2024.



Sustainable

Components in the production process which are sourced from a sustainable source such as recycled BCI Cotton etc.

Non-sustainable

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

Private Label Sustainable Volumes 2021/22

This diagram illustrates sustainable materials used in a garment (at a minimum of 30%). Our progress is tracked by overall garment order volumes.

Men's



Women's



Junior and infant's



Sustainable

Percentage of the total order values which has been sourced from a sustainable source such as recycled Better Cotton etc.

Non-sustainable

Percentage of the total order values which are currently not from a sustainable source. These areas are high priority to become sustainable going forward.

Circular Economy – Keeping Products and Materials in Use

The Group has developed a supply chain to support the environment by keeping products and materials in use for as long as possible. We understand that this is not a completely 'circular' design, but extending product life is a key stage of the journey to circularity. Extending product life contributes to the reduction of emissions via both reducing manufacture of new products, and by encouraging re-use and responsible end of product life decisions.

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

To enable circular economy improvements, it was vital to identify market place outlets able to align to our waste-elimination principles within their own businesses. This ensures compliance throughout the supply chain, benefits end customers and enables the suppliers to make their own, direct contribution towards the United Nations 'Sustainable Development Goals' (UN SDGs).

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

1. Africa Shoes

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

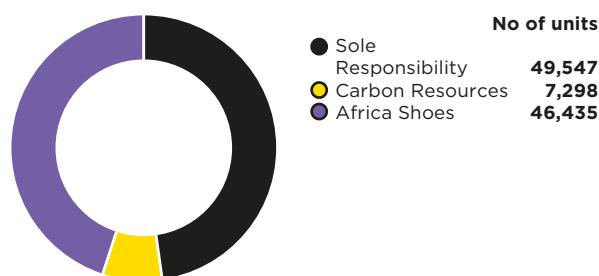
2. Sole Responsibility

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

3. Carbon Resources (Camping Resources) Ltd

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

The graph (below) demonstrates the recent volumes of products given an 'extended life' via these outlets.



Retailers and brands need to make a proactive contribution to reducing the impact of fashion on climate change. Customer education and support also plays an integral role to achieve improvements.

We believe that consumers have a stronger understanding of the impact of their product choices (purchases and end of life decisions) than ever before.

With this in mind, our online team has developed a sustainability section on our consumer site to remind and further educate our customers on 'conscious choices' .



Skip a wash



Care label



Pass it on



Re-use



Repair



Recycle

Skip a wash

On average a washing machine uses 105 litres of water per wash. By reducing the amount you wash your products your products you will reduce water usage and your clothes will last longer.

Care label

JD private label products have clear wash care instructions which help to save energy and maintain the quality of the garments.

ETHICAL SOURCING

The JD Ethical Code of Practice ('Code') establishes the procedure for protecting workers and providing assurance that our private label products are manufactured within safe and fair conditions. The Code forms part of the contract with us. The people working for our suppliers are to be treated with respect, and their health and safety and basic human rights must be protected and promoted. The Code follows the International Labour Organization minimum standards and the full form of the Code can be found on our corporate website at www.jdplic.com.

JD CODE OF PRACTICE: MINIMUM STANDARDS

Employment is freely chosen - there must be no forced labour, bonded or involuntary

The organisation shall not engage in or support the use of forced or compulsory labour, including prison labour and shall not retain original identification papers. No personnel shall be required to pay deposits to the organisation at any time during or prior to commencing employment.

Freedom of Association and the right to collective bargaining must be respected

All personnel should have the right to form, join and organise trade unions and to bargain collectively on their behalf with the organisation. Where these rights are restricted under local laws the organisation shall allow workers to freely elect their own representatives.

Workers conditions are safe and hygienic

The organisation shall establish documented procedures to detect, prevent, minimise and eliminate potential risks to the health and safety of personnel. The organisation shall maintain written records of all health and safety incidents that occur in the workplace and in dormitories provided by the organisation, whether it owns, leases or contracts dormitories from a service provider.

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

Child labour shall not be used

The organisation shall establish, document, maintain and effectively communicate to personnel and approved subcontractors, written policies and procedures for remediation of child labourers and shall provide adequate financial and other support to enable such children to attend and remain in school until no longer a child.

The organisation may employ young workers, but where such young workers are subject to compulsory education laws, they shall work only outside of school hours. Under no circumstances shall any young worker's school, work and transportation time exceed a combined total of 10 hours per day, and in no case shall young workers work more than 8 hours a day. Young workers may not work during night hours.

Living wages are paid in line with local laws and for a standard working week, overtime must be paid at premium rate

The organisation shall respect the right of personnel to a living wage and ensure that wages for a normal work week, not including overtime, shall always meet at least legal or industry minimum standards, or collective bargaining agreements (where applicable). Wages shall be sufficient to meet the basic needs of personnel and to provide some discretionary income. The organisation shall not make deductions from wages for disciplinary purposes.

Working hours must not be excessive and must be voluntary

The organisation shall comply with applicable laws, collective bargaining agreements (where applicable) and industry standards on working hours, breaks and public holidays. The normal work week, not including overtime, shall be defined by law but shall not exceed 48 hours. Personnel shall be provided with at least one day off following every six consecutive days of working.

No discrimination

The organisation shall not engage in or support discrimination in hiring, remuneration, access to training, promotion, termination or retirement based on; race, national or territorial or social origin, caste, birth, religion, disability, gender, sexual orientation, family responsibilities, marital status, union membership, political opinions, age or any other condition that could give rise to discrimination. The organisation shall not allow any behaviour that is threatening, abusive or exploitative, including gestures, language and physical contact, in the workplace and in all property provided by the organisation, whether it owns, leases or contracts the residences or property from a service provider.

Regular employment is provided

Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

No harsh or inhumane treatment is tolerated

Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

ESG CONTINUED ETHICAL SOURCING CONTINUED

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

The Group recognises, especially in the wake of the COVID-19 pandemic and subsequent rising raw material costs, that brands and retailers need to do more to address gross deficiencies in wage and other forms of compensation for workers in their supply chain. Further, paying a living wage creates an economy that works for everyone and leads to increased worker morale, worker health and improved quality of service.

As a Group we define the living wage by using the Global Living Wage Coalition. This definition seeks to ensure that workers can afford decent housing, meet the basic needs of themselves and their families, and accumulate some savings, all without working overtime.

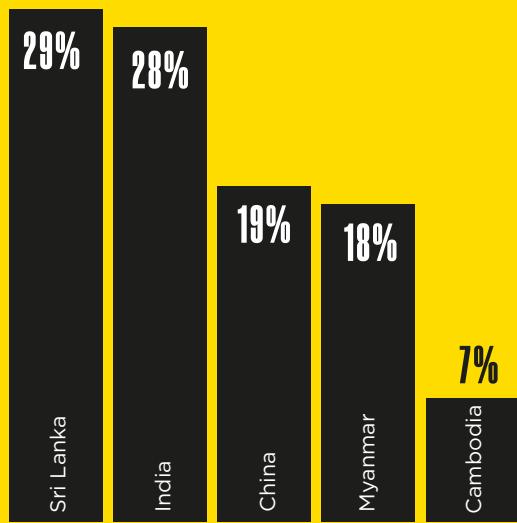
We acknowledge that the change required cannot be enacted in one phase. We started to evaluate our suppliers by reviewing our factory workers earnings in our own Tier 1 supply chain. We are working to find ways to encourage reward for workers for the increased private label business that results from consolidation of the supply base and to instil the principle that every worker has the right to fair compensation.

An analysis of the factories included in our JD and Outdoor supply chain showed that:

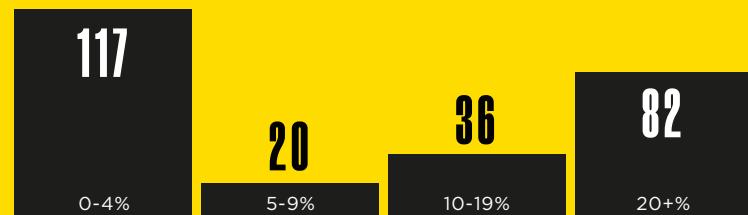
- 54% of our factories pay more than 5% over the local national minimum wage to their workers.
- Just under half of our factories pay their workers more than 10% over the local national minimum wage.
- 32% of our factories pay more than 20% over local national minimum wages.
- Almost 25% of our factories are paying over the local living wage (91% of these are based in China).

Top Five Countries Paying % Above National Minimum Wage

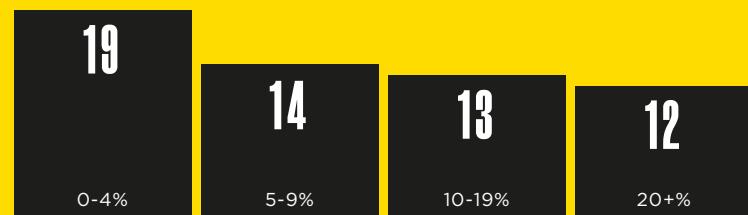
The graph below shows the top five countries in our supply chain paying above National Minimum Wage (and the % above NMW that is paid).



The number of suppliers paying % over National Minimum Wage



The number of suppliers paying % over local living wage



M O D E R N S L A V E R Y

The Group recognises that human rights are fundamental principles which allow an individual to lead a dignified and independent life, free from abuse and violations. We will not tolerate, nor will we condone, abuse of human rights within any part of our business or supply chain. The Group is committed to complying with the applicable laws and regulations in all of the territories in which we operate. We will conduct ourselves with professionalism, honesty and integrity whilst working with our suppliers and third-parties to ensure our high ethical standards are maintained.

The target for the Group during 2020/21 and 2021/22 was to evaluate the living wage. As our private label manufacturing is relatively small, and can be difficult to influence, it was important to build better partnerships with our supply base to encourage participation in working towards a living wage and other forms of compensation for workers in their supply chain.

The graphs on page 72 show the results of our initial evaluation of the factories within our supply chain used by the JD and Outdoor fascias against the local living wage and/or the National Minimum Wage.

S U P P L Y C H A I N

We have continued to map our supply chain to 4th Tier this year. This exercise requires continual engagement with our partners as the manufacturing chains beyond 1st Tier will often change due to demand and capacity. As a supplier of fully factored garments, our partnership did not extend to mills and dye houses historically although we recognise the need to develop these relationships further.

Our supply chain by tier:

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

Summary of partners in the calendar year

2021 vs 2020:

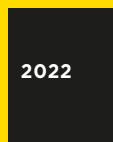
2021	2020
191 Agents	176 Agents
536 factories	496 factories
19 Sourcing countries	21 Sourcing countries

A U D I T S T A T U S 2 0 2 2 v s . 2 0 2 1

The protection of those workers in our supply chain is paramount and we will continue to have zero tolerance to critical issues identified by Group personnel or third party auditors, from physical working environment concerns through to anything that impacts workers or causes hardship or harm. The factories used by the Group are audited by accredited third party, specialist assessment and audit suppliers, as shown in the graph below. Of the remaining 15.8% of factories where an audit has not taken place, 3.2% did not require an audit due to the low level of spend or where 2021/22 was the first year that the Group has worked with these factories and 12.6% were delayed due to restrictions arising from the COVID-19 pandemic.

Audit status last year vs this year

Audit Required



12.6



16.8

3rd Party Audit in date



84.2



77.0

No Audit Required



3.2



6.2

ESG CONTINUED ETHICAL SOURCING CONTINUED

SOURCING OF PRODUCT

During 2020/21 we saw a decrease in our audit percentage to 77.0% against previous years where we typically maintained a threshold of at least 85.0%. This was due to the inclusion of our Iberian subsidiaries, Sprinter and Sports Zone, in the Group audit strategy which involved assessing their supply chain in its entirety and evaluating the audit detail. In 2021/22, we achieved an audit percentage of 84.2% against our target of ensuring at least 85.0% of our third party audits are in date which, given that our supply base has increased by 7.4% year on year due to new acquisitions and commercial private label growth, shows greater commitment to third party ethical audits by our partners.

Our main sourcing regions continue to be Asia, India, Turkey and Pakistan. The chart on the right illustrates the sourcing value in Sterling by country for all entities which source private label products.

Subcontracting is expressly forbidden without authorisation and verification. The Group regularly visits the factories that we work with to check production and standards. This is critical to promote the importance of longer-term relationships which we believe is the key to the protection of workers' rights and working with the factories to achieve higher standards for workers.

It is the aim of the Group to ensure that all entities within the Group should comply with our policies. We will continue to work towards ensuring that all subsidiaries embed our policies into their businesses, including those subsidiaries which have been recently acquired.



TRANSPARENCY

We recognise the need for transparency. We are committed to working with our suppliers in an open, constructive and transparent manner and we request that our suppliers apply the same approach to their own supply chain. There is a greater need than ever to make these standards and management systems part of our suppliers' everyday business and for them to be able to demonstrate they are meeting this objective.

Our commitment to transparency requires publicly available information relating to the suppliers and partners with whom we work, both in the UK and overseas. This information is published on our interactive supply chain map and partner list which can be accessed on the corporate website at www.jdplc.com.

Across the Group, 222 audits have been carried out and evaluated during the 2021 calendar year. The full report can be found on our corporate website at www.jdplc.com. Non-compliances have been categorised according to issue type, root cause and severity level and action plans have been proposed to the factories to resolve and close the issues highlighted in the reports. The closed non-compliances evidence the commitment to improvements and solutions from both the compliance team and the factories to ensure that progress is made and workers have a safe and prosperous environment. Where there are still issues, the work continues to ensure that remedies are implemented, working with the factories and showing long-term commitment through rewarding progress.

PRIVATE LABEL GOVERNANCE

Reach Compliance

It is our priority to ensure that our product is safe and does not contain any hazardous or restricted substances. Suppliers are required to follow the most recent Restricted Substances List issued by the 'AFIRM Group' with further details available at <https://afirm-group.com>.

Our private label team works closely with third-party experts to ensure we are in line with the most up to date legislation and scientific findings. In order to verify the supplier's compliance with this policy we manage an ongoing stringent due diligence programme that encompasses random sampling Restricted Substances List ('RSL') testing conducted by our third-party testing house 'Intertek'.

As the Group expands into new territories, we regularly commission specialist training for all our Product Development team in the local legislation, for example Prop 65 in California.

Product Safety Legislation

We are committed to providing safe compliant products that perform to a high standard. Working with third-party experts, we undertake regular training to ensure our Product Development team is up to date on all aspects of product safety and compliant with new legislation globally. With a particular focus on children's safety standards we aim to design the risk out of the products at the earliest stages to provide safe, functional and fit for purpose products.

Product Testing

Our suppliers have online access, directly through our supplier portal hosted by 'Intertek' to all our standards and manuals. They complete their product testing via this portal to ensure we can track and verify their compliance. In addition, we have embraced the new methods available to assess microfibre shedding, testing all our high-volume fabrics (IHTM method) with very positive results indicating very low shedding properties in all our most popular fabrics. We will continue to embrace all new developments and testing advances in this area.

OUR PEOPLE

The talented individuals working across the Group are integral to our continued success, delivering exceptional results year after year. Our people are without doubt our most valuable resource, with over 70,000 colleagues worldwide at the financial year end. We strive to create a workplace in which everyone is safe, supported, respected and has the opportunity to achieve their full potential.

The strides we have made during the COVID-19 pandemic continued to demonstrate our colleagues' unwavering commitment to their roles and each other. In response, our People team has strengthened and expanded to support employee experience, focusing on engagement, culture, development and talent. This is achieved through promoting inclusivity, social mobility and mutual respect across the Group.

WELLBEING

Colleague welfare remains a matter of paramount importance to us, and we want to help our colleagues to be the best version of themselves. The dedication and inspiring response to COVID-19 led to the launch of our Welfare campaign, concentrating on additional support and resources available across the Group as follows:

- The number of Welfare Champions within the Group continues to grow. Members of our Wellbeing Network receive full training on appropriate welfare topics developed and delivered in house, with the opportunity to attend an accredited Mental Health First Aid course. Fantastic topics such as 'Psychological Safety', 'Modern Slavery' and 'Personal Happiness' are also available through a variety of different media formats.
- We were delighted to partner with Able Futures in 2021. Able Futures provides colleagues with a host of resources, including access to health care professionals and specialist support. We also announced a partnership with Salary Finance to assist colleagues' financial wellbeing. This provides colleagues with access to financial advice around improving their financial situation and offers responsible financial products and education resources.
- Colleague welfare is and will continue to be a priority for 2022 and beyond. We intend to enhance the size and scope of our Wellbeing Network through additional and new resources, including an exciting podcast series and interactive group sessions.
- The link between mental and physical health is well established and so, in addition to the support mechanisms in place for colleagues' mental and financial wellbeing, we continue to promote physical fitness to our colleagues

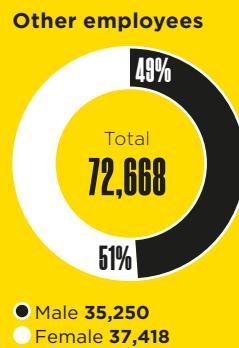
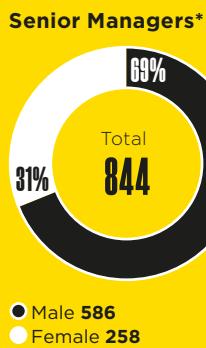
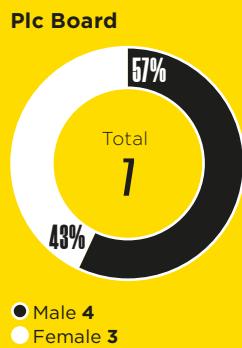


throughout the Group. Heart screening days were arranged in 2021 with our charity partners 'Cardiac Risk in the Young' to give colleagues and their family and friends the chance to check their heart health. Scheduled Online Yoga sessions and access to subsidised Gym membership is also available. We continue to achieve excellence in the areas of Health & Safety and the protection of our colleagues in their working environment. As members of the British Retail consortium, the Group was instrumental in obtaining the signature of the Home Secretary to the Shopworkers' Protection Pledge, whereby signatories pledge to support the legislation necessary to protect retail workers from violence against shopworkers nationwide.

GENDER ANALYSIS

2022

The breakdown of the Plc Board and the Group as a whole by gender as at the end of the financial period ended 29 January 2022 is as follows:

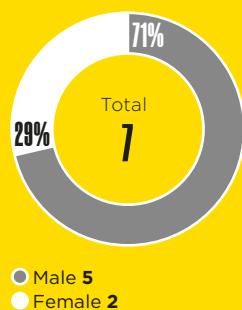


2021

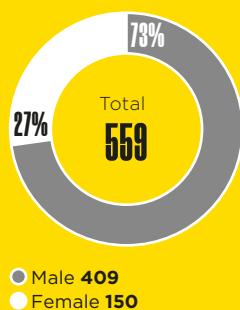
The breakdown for the comparative period as at 30 January 2021, is set out below:

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

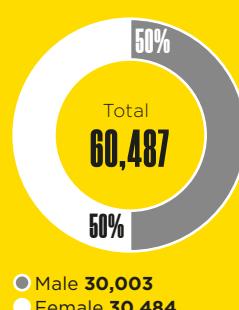
Plc Board



Senior Managers*



Other employees



DIVERSITY, EQUALITY & INCLUSION

We continue to educate colleagues on the important topics surrounding Equality, Diversity, and Inclusion.

The Group continues to strive to create an environment where people feel welcome and safe, where they are treated with dignity and respect and where the talent and skills of all colleagues are valued. As founder members of Diversity in Retail, we encourage this approach both externally and internally, ensuring where possible that our support of all areas of society is reflected in our output on social media as well as within our culture as a business.

Our campaigns on LGBTQ+ Pride, Black History Month (in collaboration with Blueprint for All, one of our JD Foundation charity partners) and International Days for both women and men are just a few examples of the messages issued to promote inclusion and raise awareness of fairness and equality. Our colleagues are encouraged to challenge discrimination and bias as a part of their personal and professional lives.

Our Diversity & Inclusivity champions throughout the business also meet regularly to discuss Equality, Diversity and Inclusion topics, offering insights and lived experiences to contribute to how we can continue to ensure the Group is an inclusive employer.

Following colleague feedback around shaping a more inclusive, accessible and flexible working environment, we have introduced hybrid working and core working hours where practical.

ENGAGEMENT

As we invest in our colleagues, we want them to continue to invest in us and become enthusiastic ambassadors for the Group and its values. We remain informed of their opinions and challenges in order to ensure our resources are directed in the most effective way to improve our overall colleague experience.

The 'Your Voice' Colleague Engagement Programme ensures all Colleagues are provided with an opportunity to feed back on the internal successes and identify areas for improvement. This information is invaluable in shaping and informing on new people initiatives. The programme includes regular Colleague Feedback surveys which provide us with an overall engagement score for each sector of the business, measuring colleague pride and advocacy of the Group as an employer.

In addition to these Feedback Surveys, further initiatives took place throughout the year to generate individual pieces of specific feedback from our colleagues. In every area of the business, this provides colleagues with a direct, anonymous line to our central functions who can act upon suggestions received.

Engagement forums meet regularly with each other to share observations from within the sectors in which they operate. The forums also regularly meet with the Board to discuss these matters and look at ways to improve the journey of our colleagues.

All of these initiatives have delivered various additional benefits to colleagues and played a key role in ensuring those ideas create and drive change within the business and shape the future.

ESG CONTINUED OUR PEOPLE CONTINUED

COMMUNICATION

The delivery of key messages is crucial to ensuring our values are received and understood by our colleagues. Our communications platforms ensure that all appropriate channels are utilised for the dissemination of information throughout the Group.

Our new and improved online interactive magazine supports the visibility of activity across the Group and our community networks, advocating a sense of belonging.

TALENT & DEVELOPMENT

Attracting and retaining talent remains a priority for the Group and we continually review our brand and our culture to attract and retain the best individuals. Our dedicated Development team produce and deliver material across the world to our colleagues on a broad range of subjects, covering operational, behavioural, leadership and technology.

We reviewed how candidates apply for roles within the Group with the intention of removing barriers to application and continuing our commitment and agenda of fairness and inclusivity. Some of the actions have included removing names, addresses and educational levels from potential candidate CVs. We have also trialled the removal of CVs for the Kickstart scheme and some entry level roles to encourage inexperienced candidates to apply.

In addition to our current one year Graduate placement offering, we will also be introducing a two-year Graduate Programme across several different functional areas. We will also expand our offerings on Traineeships and T-Levels complementing the apprenticeship programme.

With thousands of courses available, including our industry leading Management and Supervisor Development programmes and our extensive early career choices, we are proud to encourage and provide different pathways for personal and professional growth.

We currently have over 270 apprentices within the Group and have successfully recruited 40 of those externally. Our apprenticeship programmes are extensive and cover many different functions within our Retail, Distribution Centres and Head Office. Our pipeline for apprentices continues to grow and we have planned the conversion of 60% of all entry level roles into apprenticeship programmes by 2023. In 2022 we will launch our Women in Engineering apprenticeship programme which is designed to drive diversity into this area of the business. Furthermore, we will also launch a bespoke digital apprenticeship programme designed to get inexperienced talent into this area, giving them the skills they need and developing them from within the Group.

KICKSTART SCHEME

Over 700 people have joined through the Kickstart programme between April and September 2021 with 15% of these being young people with barriers to employment, such as disabilities, homelessness and those leaving the care system.

Upon completion of their placement, 90% of the young people on the Kickstart scheme have been offered permanent roles within the Group and over 20% will progress onto an apprenticeship programme. We will continue to see this figure rise with the scheme now extended to March 2023.

We have now opened our scheme to include Kickstart placements within JD Gyms and our Size? fascia, further increasing the diversity of opportunities we can offer to these young people.

After the Kickstart scheme completes, we look forward to supporting and partnering with the Department for Work & Pensions on further initiatives including the new 'Way into Work Scheme' that was launched in March 2022.

Way into Work is a campaign designed to help people move back into the world of work and also fill our vacant early careers roles across Retail, Distribution Centres and Head Office by creating a further pipeline for new talent into the Group. We will co-design sector-based work academies which the Department for Work & Pensions will then fund and facilitate with groups of work-ready people. These academies will cover skills they will need in our roles and also give them employability support pre-interview, so they are fully prepared, ready and excited about a role with the Group. This will also facilitate a swifter, more agile recruitment process to get our roles seen and marketed across large groups of people for either permanent roles, work experience or apprenticeship programmes. Ultimately, they will support us with our commitment to engage with young people with barriers to employment.

COMMITMENT TO OUR COMMUNITIES

Across 2021, we worked with our JD Foundation charity partners and in collaboration with the Prince's Trust to provide young people with real-world careers advice and guidance. We created new and engaging content and delivered employability skills workshops, focusing on inspiring and educating young people through our mentorship programme. We look forward to continuing this great work with our JD Foundation charity partners. This includes our new affiliation with the Diane Modahl Sports Foundation, which works with young people from disadvantaged areas, focusing on access to sport, education and providing pathways into employment.



People

The Group aims to attract and retain the best talent. The geographical reach of the Group provides opportunities for global progression within all international territories with career pathways across all levels and specialisms.



**PAUL CLARKE,
ASSOCIATE DIRECTOR, VM &
CENTRAL RETAIL OPERATIONS**

"I joined JD in 1996 as a Part-Time Sales Assistant. 26 years later, I'm proud to lead the Central Retail Visual Merchandising Team and the field Team across 23 Countries. I love what I do but it's only possible with the 'best in class' team I have around me."



**GANESH SINVAGULA,
HEAD OF OPERATIONS,
JD HYDERABAD**

"The culture in JD enables me to work collaboratively with various teams and individuals across different locations whilst also feeling part of one global team. I'm fortunate to have a great team and the immense support of my colleagues and management at Head Office."



**SAM DAVIES,
RETAIL OPERATIONS MANAGER, APAC**

"I have been with the business for 15 years, having joined as a Weekend Sales Assistant. One of my favourite aspects about JD is the opportunities that are available. Working internationally is something that I always wanted to do and JD has given me that chance."

HEALTH AND SAFETY

We are fully committed to continuous health and safety improvement across all areas of the Group and understand that it is the way we work and behave that protects our colleagues, customers and other stakeholders.

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

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

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

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

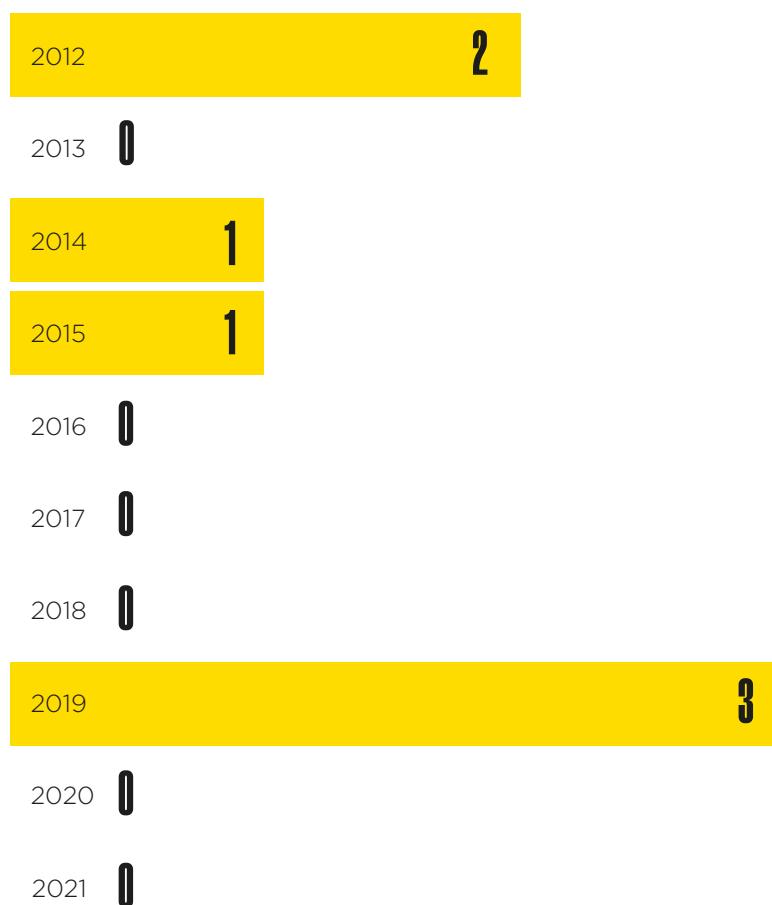
OUR RESULTS

We can report the following for the year:

- For the third successive year, the Group has received an award from The Royal Society for the Prevention of Accidents in recognition of our UK retail health and safety performance. The Group was awarded a 'Commended' in the Wholesale and Retail Industry sector, which is one level higher than the Gold award previously achieved.
- Our Kingsway Distribution Centre remained a British Safety Council, five star accredited site.
- There have been no Local Authority or Fire Authority enforcement notices served in UK and the Republic of Ireland during the year.

The table below shows the number of enforcement notices served in the UK and the Republic of Ireland over the 10-year period since 2012 on a calendar year basis:

Enforcement notices served 2012 - 2021



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

COVID-19

The COVID-19 pandemic presented significant health and safety challenges. However, we continue to develop and establish revised working practices to ensure the safety of our colleagues, customers and visitors.

The Health and Safety team assessed the risks faced by our colleagues, customers and other visitors as a result of COVID-19. The documented risk assessments produced for our retail, office and distribution environments set out the control measures required to reduce the risk of potential exposure to the COVID-19 virus. From the initial risk assessment, the appropriate teams developed operating procedures, visual messaging, procured personal protective equipment and hygiene products appropriate to their area of the business but following a consistent Group approach.

As guidance has changed, the risk assessments and control measures have been updated. This in turn has informed changes in the procedures of the teams, ensuring consistency across the Group. The control measures in place for our retail stores are published on our customer facing websites. Those in place for colleagues working in distribution and office based roles are communicated and regularly updated through internal channels.

Local authorities have visited our distribution centres, stores and gyms on multiple occasions to review the control measures that we have implemented.

OUR COMMITMENT

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

- The further development across our European stores of our online induction and training programme ensuring every colleague has the competence, understanding and awareness to work safely and at minimum risk.
- Continued health and safety input in all our new and refitted stores from the initial design through to opening. Our health and safety team conducts its own audit programmes to ensure the highest safety standards are maintained during the construction phase of all our shop-fit projects.
- Continuous review of our policies and processes to ensure best practice in all areas of our business. During the year we have reviewed and revised various risk assessments across all areas of the business.
- Our quarterly Group and monthly Distribution Centre health and safety committee meetings allow colleague engagement in health and safety, with all colleagues having the opportunity to raise safety concerns through their committee representatives.
- Bi-annual health and safety meetings held in all other European countries in which we operate.



- All UK Group companies with warehousing and distribution activities receive bi-annual internal health and safety audits to ensure compliance with Group health and safety standards.

OUR FOCUS

Our focus in the coming year will be:

- To retain the British Safety Council 'five star' accreditation for our Kingsway Distribution Centre.
- To retain the Royal Society for the Prevention of Accidents Award for our retail health and safety management.
- Continued safety management in all our stores and ensuring no Local Authority or Fire Authority enforcement notices are served on the Group.
- To further improve the level of compliance with Group standards in every territory.
- The further implementation of our health and safety information, training and record keeping software across all the European countries in which we operate.
- The recruitment of an International Health & Safety Manager who will work with the International subsidiaries and joint venture partners to review health and safety procedures and ensure consistency with Group health and safety standards.

THE JD FOUNDATION

CHANGING LIVES, SAVING LIVES

The JD Foundation (the ‘Foundation’) is a registered charity in the UK founded by the JD Group in October 2015. The mission of the Foundation is to support disadvantaged young people throughout the UK.

£4.1m

raised since
October 2015

£3.6m

donated so far

19

charity partners

265k+

hours of support given

The Foundation receives 100% of the net proceeds from the sale of the Group’s carrier bags in England, Wales and Scotland and this is further boosted by fundraising activities that are undertaken by the Group’s employees.

In 2021, the JD Foundation supported 19 charity partners with vital funding. On occasion, we are able to supply donations of sportswear and equipment, as well as crucial ongoing business support and guidance. All monies raised by the Foundation (excluding fees) are distributed amongst our charity partners, with a reserve left for emergency funding if required.

The COVID-19 pandemic has exacerbated the challenges that our charity partners are facing; tackling poverty, youth homelessness, unemployment and the loss of family members are just a few of the life-changing issues that our charity partners are dealing with.

The JD Foundation continuously strives to be more than a funding body and aims to develop charities that leave a long term life-changing impression on their beneficiaries. As we join the post-pandemic road to recovery, we believe it is more important than ever to help to change lives and save lives.

Core Values

The Foundation’s aim is to ensure that disadvantaged children and young adults can achieve lasting change in their lives. The Foundation achieves this aim by staying true to its core values:

- **Creating resilient charities.** The Foundation works closely with its charity partners by providing resource, in addition to money, to enable them to build a brighter future for themselves and the young people they support.
- **Working together.** Building strong partnerships with its charity partners and providing opportunities for networking and joint working wherever possible.
- **Always compassionate.** Listening to and empathising with the needs of its charity partners to understand their challenges and provide the relevant support.
- **Making things happen.** Ensuring its charity partners are able to take action quickly when needed.
- **Young people at heart.** The Foundation will continue to support the younger generation who are at the heart of the charity and continually strive to create a better future for them.

How the JD Foundation Supports its Partners

The Foundation has delivered on its mission to support organisations tackling disadvantage by offering them funding and support, which has enabled them to provide support in various ways, examples of which are:

- Providing a safe and inspiring place for thousands of young people during the pandemic.
- The recruitment and training of volunteers to provide specialist support for issues such as suicide, bullying, modern slavery and child exploitation.
- Providing homeless young people with hot meals and support to improve mental wellbeing and community engagement.
- The development of an online service that provides mentoring, work placement, internships and employment opportunities for young people.



CHARITY PARTNERS IN FOCUS

Here are some examples of the positive work that the JD Foundation has undertaken with its charity partners.

Further information on the JD Foundation can be found at www.jpdlc.com/esg/social/jd-foundation



CARDIAC RISK IN THE YOUNG ('CRY')

All money raised by CRY is used to fund heart screening days for young people and adults aged 14-35.

These vital screening days have supported free heart screening for 3,984 people, 740 of which have been directly funded by the JD Foundation.



Every Week

12 fit and healthy young people die of an undiagnosed heart condition



YoungMinds is a charity supporting the mental health and emotional wellbeing of young people up to 25 years old across the UK.

The grants from the JD Foundation have helped YoungMinds to give essential support to over 18,000 families via its Parents Helpline Service.

“We are incredibly grateful for the JD Foundation’s continued support which will make a significant difference to our work. The pandemic has had a devastating impact on children and young people’s mental health and we must continue to be there for them at this truly crucial time. The grants from the JD Foundation will help us to do this and to achieve our mission of stopping young people reaching crisis point.”

The JD Foundation is a Patron of HideOut Youth Zone, providing core funding to meet high operational costs and overheads. HideOut Youth Zone is a safe and inspiring place for thousands of young people aged 8 - 19, and up to 25 for those with additional needs, to enjoy their leisure time.

Young people attending HideOut are welcomed by a team of qualified staff and volunteers and take part in fun and engaging activities including sports, arts, music, media, dance, drama and much more. In addition, employability workshops raise aspirations and encourage participants to dream big and reach their full potential.



An **OnSide** Youth Zone

GLOBAL EMPOWERMENT

In addition to supporting charities and communities in the UK via the JD Foundation, we are committed to supporting local communities in the Group's international territories and beyond. We want to share our values, help the socially disadvantaged and promote diversity and inclusion, empowering the urban youth of today.

Everyone should be safe, supported and respected, treated fairly and taken care of, listened to, and motivated to achieve their full potential. These values are promoted to our local communities worldwide, empowering urban youths around the world. Examples of our global initiatives are as follows:

UK

The 'Together We Can' project is to raise funds in conjunction with 'Pennies', a national charity, through micro-donations at the till points. Following a successful trial roll-out of the project in December 2021 in our selected stores, the project is being implemented across JD and Outdoor stores throughout 2022. In 2023, the project will be extended overseas and will give the Group a platform to provide education to those working in our factories, enhancing career opportunities and providing financial support in the form of universal food baskets which will indirectly help to bring the minimum wages closer to the living wage.

This is an ambitious project but will help change the lives of women and girls not only in the UK but around the world.

Europe

In addition to the outstanding projects undertaken in the UK by the JD Foundation to empower the youth of today, our EU-based businesses continue to promote our values with activities and initiatives to promote equality and opportunities for all.

We are proud that our subsidiary Sprinter, based in Alicante in Spain, has recently been presented with the Award for Employability from the University of Alicante for its commitment to youth employment and the promotion of business practices and training.

United States

Our businesses in the US continue to arrange initiatives that engage local communities and promote our values. We are committed to playing an active role in ending discrimination within the workplace and in our communities.

JD Finish Line made the commitment to support our customers, employees and the communities we live in, with programmes and initiatives to create a more diverse workforce and progress the careers and education of many of our employees, including in our stores and our Distribution and Customer Care Centres. JD Finish Line started a weekly interview series called Community Voices as part of our commitment to becoming better allies and educating ourselves, our customers and our employees on issues faced by the Black community.

The series has evolved over the past year to bring to light the challenges impacting other marginalised communities in the US, so that we can expand our allyship and education process. On many occasions, we have also been able to contribute monetary support to charitable organisations of our guest's choice.

Shoe Palace collaborated with Nike on a programme where community leaders from all facets of Los Angeles came together to work with a community organisation 'Runway 4 Peace'. They took a group of underserved girls from Inglewood California through a nine month journey to help them learn what sport and community mean to them, how to break barriers within their world and help change. This was achieved through a series of talk panels, workshops, and experiences. This ongoing series for young girls in our communities inspires them to lead mentally healthy, community based, fulfilled lives.

DTLR has partnered with the Jalen Rose Leadership Academy, an open-enrolment, tuition-free public charter school in Detroit to alleviate the weight on parents of purchasing uniforms by providing them to the 130 incoming freshmen. Each scholar was gifted with two uniforms, free of charge, and their third will also be free, on behalf of DTLR. In conjunction with this newfound partnership, DTLR is also launching a scholarship, where one scholar from the Classes of 2025, 2026 and 2027 will be awarded with funds to attend a post-secondary institution. This partnership of uniforms and scholar Dollars is a three year agreement, after which DTLR hopes to extend the partnership and create outreach volunteerism opportunities for the scholars to participate in for years to come.

Asia Pacific

Each year in Australia, over 25 million pairs of shoes end up in landfill sites. JD Australia helped launch a global first in Australia in which we were part of an industry-wide footwear recycling programme. The pilot programme ran within the JD Victoria store and was so successful that it received federal government funding and is now available in every JD store in Australia. This footwear recycling initiative has diverted over 100,000 pairs of shoes from landfill sites to date and the recycled by-product has been used, amongst many things, to create gym mats, sporting surfaces and retail flooring.

In addition to our Group-wide environmental commitments, we have consistently partnered with brands on campaigns in these areas to promote diversity and equality whilst helping those who need it most. We have participated in a number of local campaigns in the Asia Pacific area, where the impact on communities is of most immediate concern. For example, JD sponsored 10 female students under the 'Better Me' programme at Prathanadee Foundation, a local organisation that empowers under-privileged women in Thailand. The 'Better Me' programme is a nine month course comprising weekly three hour classes aiming to raise the employability of the participants.

GLOBAL INITIATIVES



COMMUNITY VOICES

Our commitment to amplify and fund under-represented voices with 90+ episodes.

Further information and episodes are available at <https://blog.finishline.com/category/community-voices/>

A screenshot of a YouTube video titled 'Community Voices #94'. The video features a woman with long dark hair smiling. The screen includes a play button, a timestamp of '5:04 / 17:11', and a 'LOUDER' badge. The video has 726 views and was posted 8 days ago. There are comments from users like 'mallyb' and 'jennifermika_'. The channel has 12K subscribers and is following @jdportsus.

JD THAILAND

JD sponsored 10 female students under the 'Better Me' programme at Pratthanadee Foundation, a local organisation that empowers under-privileged women in Thailand. The 'Better Me' programme is a nine month course comprising weekly three hour classes aiming to raise the employability of the participants.



DTLR X JALEN ROSE ACADEMY

DTLR x Jalen Rose Leadership Academy, a partnership of uniforms and scholar dollars is a three-year agreement, after which DTLR hopes to extend the partnership and create outreach volunteer-ism opportunities for the scholars to participate in for years to come.



SHOE PALACE X NIKE 'FOR HER'

'For Her' is a monthly programme from Shoe Palace and Nike, where community leaders from all facets of Los Angeles come together to break down what sport and community mean to them, and how they are breaking barriers within their industries to help change the world.



JD AUSTRALIA

Over 100,000 pairs of shoes have been diverted from landfill to date.



SECTION 172 STATEMENT

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

This statement should be read in conjunction with the Stakeholder Engagement section on pages 87 to 91.

The Strategic Report on pages 4 to 91 is approved by the Board of Directors.

By order of the Board

Neil Greenhalgh
Chief Financial Officer

22 June 2022

Further information on how s172 has been applied by the Directors can be found throughout the Annual Report:

s172 duties	Read more	Pages
Consequences of decisions in the long term	Our Business Model & Strategy	14
	Principal Risks and Uncertainties	26
	Viability Statement and Going Concern	33
	Board Activities	102
Interests of employees	Our People	76-79
	Diversity, Equality and Inclusion	77
	Employee Engagement	77
	Culture	100
Fostering business relationships with suppliers, customers and others	Business & Financial Review	34
	TCFD Disclosures	55
Impact of operations on the community and the environment	Sustainability	67
	Culture	100
	Whistleblowing	113
	Anti-bribery and Corruption	113
Maintaining high standards of business conduct	Modern Slavery	73
	Shareholder Relations	104
	Shareholder and Voting Rights	95
Acting fairly between members		

HOW THE BOARD FULFILS ITS S172 DUTIES

Board Awareness

Each of the Directors is aware of their Director's duties in respect of the s172 statement.



Board Engagement

Our Board directly and indirectly engages with our stakeholders. See pages 87 to 91 for further details.



Board Strategic Discussion

The Board considers the impact of its decisions on our stakeholders.



Board Decisions

Outcomes of Board decisions are assessed and further engagement with stakeholders is undertaken where appropriate.

CUSTOMERS

Key issues

The COVID-19 pandemic increased the uptake and enduring use of online retail by customers who now have elevated demands and expectations of delivery of product and associated service levels.

Diversification of the digital and social landscape along with the challenge to stay relevant with our target customer audience.

Customers' expectations for retailers to offer a seamless experience.

How we have engaged

We have embarked on a major programme to enhance the logistics network across the UK and Western Europe. This expansion allows for an increase in output capacity and, combined with the latest automated stock pick and carrier management technology, allows orders to be fulfilled globally in the most efficient way.

We have worked with Chloe Burrows as JD's first ever dedicated female ambassador and recently announced our new key influencer CHUNKZ to focus on YouTube community engagement. Our 2021 Christmas advert was created to engage and connect in a meaningful way to drive traffic both online and offline.

For every JD UK in-store transaction, customers are prompted to provide feedback in two ways. First at the point of sale via a card machine, which contains a rating system for their shopping experience that day. General questions are provided in relation to the shopping/product/staff/transaction experience and additionally store specific questions can be tailored. The second method is via QR code on the customer receipt which brings the customer to an online customer satisfaction survey.

Online customer sentiment is measured via Trustpilot surveys and monitoring of customers engagement with our customer services teams. When a customer finalises their engagement with our customer service team, they are prompted to



complete a short survey on their experience. Our online teams monitor all JD Group social media channels for any negative customer feedback or sentiment which may have been provided, for example by increased comments and/or sharing on social media platforms.

Impact of engagement

This has resulted in an increase in meeting delivery service levels across our business, better service updates to our customers and enhancing our customers' post-purchase customer experience.

Our social engagement via high profile ambassadors has resulted in increased audience engagement. For example, our Christmas TV ad campaign was our most successful ever as the number one Christmas advert on YouTube with over 20 million views and was viewed more than 44 million times on TikTok. This helped make the JD Sports App the number one UK shopping app on both IOS & Android during the peak Christmas shopping period.

During the 2021/22 financial year, the point of sale feedback system has asked 11.6 million questions and the QR code customer satisfaction survey received feedback from over 3,000 customers. These two methods provide insights into our customers enthusiasm for the JD offering and how we can improve the customer experience.

During the 2021/22 financial year, there were over 100,000 responses to the Trustpilot surveys. There has been a significant improvement over the last financial year in both Trustpilot and customer service survey satisfaction.

How the Board took account of the engagement

The progress of the build, operation, capacity output and measurement of service level expectations at our Distribution Centres is regularly provided to the Board.

The Board is regularly updated on the progress and achievements of the Group's digital engagement.

The Head of Customer Care reports into the Chief Financial Officer, Neil Greenhalgh. A weekly report is provided to the Executive Directors and relevant stakeholders, which includes information and statistics on customer feedback via the above-mentioned measurement sources. In addition

the report monitors any increase in contacts with the JD Customer care team which may illustrate increased customer issues. This report is presented to the Executive Directors by the Head of Customer Care in a weekly trade meeting and relevant actions are agreed on and reviewed and analysed at subsequent trade meetings to assess their effectiveness. Periodically, the Board considers matters relating to supplier, shareholders, customer and employees. The Board continues to assess its engagement mechanisms to ensure they remain effective.

STAKEHOLDER ENGAGEMENT CONTINUED

COLLEAGUES

Key issues

As the Group continues to expand, the business must ensure that constructive, relevant feedback is received from colleagues across the Group to ensure our employee policies remain attractive to a changing and increasingly diverse workforce.

How we have engaged

We continuously listen to our colleagues and remain dedicated to providing our teams with opportunities to contribute towards the success of the business. Our 'Your Voice' Colleague Engagement programme encourages feedback and suggestions from across the Group, which then informs our employee strategy going forward.

Impact of engagement

Some key highlights of the programme's impact include the introduction of our hybrid working policy, an improved internal communications strategy and a focus on how colleagues can get more involved in supporting the JD Foundation. This then led to the introduction of our Mentoring Network, which provides colleagues with an opportunity to work with young people with barriers to employment and deliver bespoke sessions, such as employability skills or 'World of work' – which offers insight into different careers.

How the Board took account of the engagement

To enhance the two-way dialogue between colleagues and the Board, our People Experience team introduced a series of recorded sessions, where colleagues who are not forum members are provided with an opportunity to ask a question of their own choosing directly to our Executive Directors. The videos are then shared with the global business via People First, our online interactive magazine which enables colleagues to remain informed regarding the Group's progress and strategy across all territories.



SHAREHOLDERS

Key issues

The key issues in the financial year were:

- Achieving a stable financial performance and growth profile despite ongoing adverse impacts of COVID-19, particularly in view of temporary store closures in many markets and supply chain issues for the international brands.
- Ensuring shareholders have greater transparency on our financial performance and improvements in Environment, Social and Governance (ESG) issues.
- Address shareholder concerns around the combined CEO and Executive Chair role and Board diversity. Ensuring that shareholders have reassurance on succession planning particularly in respect of plans to divide the Executive Chair and Chief Executive Officer role.
- Responding to shareholder feedback and implementing a revised remuneration structure with share-based incentives to ensure better alignment between Executive pay and long-term shareholder value.

How we have engaged

We have engaged with stakeholders as follows:

- Maintained robust commercial, merchandising and financial disciplines and strong consumer connection, globally.
- Participated in numerous road shows, fireside chats and one-to-ones with shareholders to communicate Group strategy and performance.
- Delivered an improved investor and corporate website with increased disclosure on key topics such as financial results, ESG performance and our policies.
- The Group held its second Capital Markets Day Event demonstrating to shareholders the strength and expertise across the Senior Leadership Team.

How the Board took account of the engagement

- This is a relatively new Board with a number of new Non-Executive Directors. However, its engagement on these key issues has begun and is ongoing with the Board appointing new Chairs for the Remuneration Committee, Nominations Committee and Audit & Risk Committee.
- The Board has also appointed a new Senior Independent Director.
- The Executive Directors personally liaised with various investors and stewardship teams to collate feedback first hand to ensure shareholder interests are aligned with the Group.



- Engaged with Governance and Stewardship teams across various institutions to discuss feedback on ESG issues.

Impact of engagement

The impact of the engagement was:

- The Group delivered its best profit performance to date, more than doubling its headline profit before tax from the year ended January 2021.
- Positive feedback was received from investors who attended the Capital Markets Day which was held in October 2021. Investors were reassured by the strength and depth of expertise in the Senior Leadership Team.
- The Board has made significant progress in its process to recruit new Non-Executive Directors who can positively contribute to the continued global development and momentum of the Group.
- It is also fully compliant with the initiatives on Board diversity proposed by the Hampton-Alexander Review and the Parker Review.
- The Board agreed to separate the roles of Chair and Chief Executive Officer to be in line with the recommendations of the Corporate Governance Code 2018.
- The Remuneration Committee introduced a new Remuneration Policy with a share-based LTIP.

- The Board receives appropriately detailed Board papers prior to considering major strategic decisions and tests each decision against its overall objective to deliver long-term sustainable earnings growth and enhance total shareholder returns.
- The Board ensures that acquisitions align with the overall corporate strategy.

SUPPLIERS

Key issues

- JD's status as a premier global strategic partner with key international brands is an important factor in the success of the Group.
- A robust framework is in place for the protection of people working for our suppliers. From our Ethical Code of Practice to transparency on factory location and audit status, our team has engaged in continuous improvement with regard to private label suppliers. Our Ethical Code of Practice ensures that fundamental health & safety measures are in place, along with promoting and safeguarding the basic human rights of supply chain workers.
- Our ESG Committee provides strategic guidance and management of supplier engagement, as outlined within the Environment and Social sections of the report.

How we have engaged

- We carry out regular audits of our factories and engage in extensive due diligence to ensure we understand where the components of the products that we manufacture are made and what the working conditions are like in those environments.
- We regularly engage with our largest suppliers of branded products on ESG-related risks, including our approach to climate change initiatives.
- Members of the Senior Leadership team meet with the senior stakeholders at key suppliers (such as Nike, adidas, The North Face, Under Armour, VF Corp, New Balance) on a regular basis throughout the year to discuss relationships and to obtain supplier feedback. The wider JD business, including some members of the Senior Leadership team, are also in regular and frequent discussions with all such suppliers on day-to-day matters (such as product purchases, marketing campaigns and ongoing projects), during which ongoing and real-time feedback from suppliers is obtained.

Impact of engagement

- The second and third tiers of the Group's manufacturing supply chain have been successfully mapped (including mills and dye houses). This data is documented within our latest transparency map available at www.jdplc.com/esg/modern-slavery/our-supply-chain.
- Nike and adidas are committed to carbon reduction (including Net Zero) targets which align with those of the Group.
- The engagement with suppliers ensures the Group continues to be a key strategic brand partner of the international brands. By nurturing these key relationships, the Group aims to continue receiving the exclusive, differentiated footwear and apparel which our consumer desires.



How the Board took account of the engagement

- The JD Ethical Code of Practice was reviewed by our ESG Committee and is shared with all suppliers. The Code follows the International Labour Organization minimum standards. As per the Social and Environment sections of this report, the continued international expansion of the Group ensures a wider network of people who operate in accordance with our Company values and standards.
- The Board fosters and nurtures long-term relationships with the Group's suppliers via this regular engagement, at both a Senior Leadership team and wider business level. Feedback to the Board allows the Group to share the key suppliers vision of an elevated consumer experience, while still considering the needs and support required by those key suppliers.

COMMUNITY



Key issues

Our business is highly regulated and we seek to engage constructively and build cohesive relationships with all governmental and regulatory bodies that regulate our business activities.

Compliance with the Task Force on Climate-Related Financial Disclosures ('TCFD'), which was created by the Financial Stability Board to improve the accuracy and consistency of climate-related risks.

How we have engaged

This is the first year that a mandatory submission to the TCFD is required (we submitted voluntarily in 2021). We used our Carbon Disclosure Project gradings to make our TCFD submission.

Impact of engagement

We have been rated as A- for Climate Change and 'B' for water by the Carbon Disclosure Project, which is a global voluntary disclosure system, and is scored independently. The Carbon Disclosure Project is closely aligned with TCFD principles and we would anticipate our assessment by the TCFD to achieve the same excellent results as our Carbon Disclosure Project assessment.

How the Board took account of the engagement

Regular updates on this matter are fed into the ESG Committee and reported to the Board.

AN EXPERIENCED TEAM DELIVERING OUR STRATEGY VISION



KATH SMITH
Interim Chief Executive Officer (effective 25 May 2022)
Aged 65

Committee Memberships**

A R

Skills and Experience
Kath was appointed to the Board as a Non-Executive Director in May 2019. She has 40 years of executive experience building world-leading brands including Mars and Guinness. She is widely recognised as a leading figure in the sports, lifestyle and outdoor sectors with almost 20 years of experience as Managing Director of both the adidas and Reebok brands. Previously she was the General Manager and Vice President EMEA of The North Face, transforming the business and delivering unprecedented results. During the last three years, Kath has been developing her Non-Executive career.

HELEN ASHTON
Interim Non-Executive Chair (effective 25 May 2022)
Non-Executive Director
Aged 49

Committee Memberships**

A N R

Skills and Experience
Helen was appointed to the Board in November 2021. She has 30 years of experience of working in public and private equity backed businesses and is a qualified chartered management accountant. As the former CFO of ASOS Plc, Helen has a deep knowledge of high growth, digital fashion in an international arena. She has also held Executive level roles at ASDA, Barclays and Lloyds Banking Group and CEO positions in high growth private equity backed businesses.

NEIL GREENHALGH
Chief Financial Officer
Aged 51

Committee Memberships

ANDY LONG
Non-Executive Director
Aged 51

Committee Memberships

Skills and Experience
Andy was appointed to the Board in May 2021. He is currently the Executive Director at Pentland Group and was the CEO of Pentland Brands, the Pentland Group's portfolio of sports and fashion brands, until the end of 2020, having previously held the roles of CFO and COO. Prior to joining Pentland, Andy held senior finance roles at Boots and Procter and Gamble and is a chartered management accountant.

Key External Appointments
None

Key External Appointments
None

Key External Appointments
None

Key External Appointments
Executive Director at Pentland Group and a Board member at Sport England

EGIC



BERT HOYT
Non-Executive Director
Aged 66

Committee Memberships



Skills and Experience
Bert was appointed to the Board in September 2021. Bert is recognised as one of the most eminent leaders in the sporting goods and sportswear industry in recent years and has significant experience of global markets. Prior to his retirement in January 2021, he held the position of Vice President and General Manager of Nike EMEA. He is acknowledged for transforming Nike's business in Western Europe and EMEA over the last nine years, achieving substantial growth in revenues and profitability. Prior to his engagement at Nike, Bert spent 10 years at Puma, of which six were spent as General Manager for Puma International.

Key External Appointments
None

MAHBOBEH SABETNIA
Non-Executive Director
Aged 40

Committee Memberships

Skills and Experience
Mahbobe was appointed to the Board in November 2021 and is a strategic and results driven executive with significant digital transformation experience across various sectors. She has been at the forefront of e-business expansions, leading data-driven consumer insights to unlock value and framing new business propositions. Mahbobe has an extensive track record delivering digital growth in global organisations, has held executive roles within Amazon.com Inc, McDonald's Corporation, HSBC and Mars Inc. and is currently Chief Product Officer for GSK Consumer Healthcare.

Key External Appointments
None

PETER COWGILL
Executive Chairman
(departed 25 May 2022)
Aged 69

Committee Memberships*

Skills and Experience
Peter was appointed Executive Chairman in March 2004 until he stepped down from his role with immediate effect on 25 May 2022. Peter was previously Finance Director of the Group until June 2001. Peter is a chartered accountant and founder of North West based chartered accountancy firm, Cowgill Holloway. In 2019, Peter was awarded an honouree doctorate (Doctor of Business Administration) from the University of Bolton for his outstanding contribution to business.

Key External Appointments
Non-Executive Chairman of Roxor Group Limited

Key

- N** Nominations Committee
- A** Audit & Risk Committee
- R** Remuneration Committee
- C** Committee Chair

* During the 2021/22 financial year and until he stepped down from his role on 25 May 2022, Peter Cowgill was a member of the Nominations Committee.

** Kath Smith was appointed as Chair of the Nominations Committee with effect from 25 February 2022. Following Kath Smith's appointment as Interim Chief Executive Officer on 25 May 2022, the Board considered whether she should continue as Chair of the Nominations Committee but, to ensure compliance with the UK Corporate Governance Code, has concluded that this position should be held by the Interim Chair. This change was effective from 7 June 2022.



**NEIL GREENHALGH
CHIEF FINANCIAL OFFICER**

Pages 94 to 98 (inclusive) of the Annual Report, together with the relevant sections of the Annual Report, which are incorporated into these pages by reference, constitute a Directors' Report, which is required to be produced by law and is prepared in accordance with applicable law. The Directors' Report also includes certain disclosures that the Company is required to make by the Financial Conduct Authority's Listing Rules and Disclosure Guidance and Transparency Rules ('DTR's').

Fair, Balanced and Understandable

The Board considers that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. A summary of the Directors' responsibilities in respect of the Annual Report and Financial Statements is set out on page 131.

Principal Activity

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

In accordance with the Companies Act 2006, the Strategic Report on pages 4 to 91 contains:

- A fair review of the business.
- A description of the principal risks and uncertainties facing the Group.
- Balanced, comprehensive and understandable analysis of the development and performance of the Group's business during the financial year, including an assessment of relevant environmental, employee, social, community and human rights issues, together with the Group's key performance metrics; in a manner which is consistent with the size and complexity of the business.

- An assessment of the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.

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

The Corporate Governance Report (pages 99 to 105) is incorporated by reference into, and is deemed to form part of, this report. For the purposes of DTR 4.1.5R (2) and DTR 4.1.8, this Directors' Report and the Strategic Report, which has been approved by the Board and is set out on pages 4 to 91, comprise the Group's management report.

Details of the Group's use of financial instruments, together with information on policies and exposure to interest rates, foreign currency, credit and liquidity risks can be found in Note 21 to the financial statements. The information included in Note 21 is incorporated into the Directors' Report and is deemed to form part of this Directors' Report.

Share Capital

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

On 3 February 2021, the Company completed the placing of new ordinary shares in the capital of the Company. A total of 58,393,989 new ordinary shares were issued, increasing the total ordinary shares in issue to 1,031,627,149.

An Ordinary Resolution was passed at the Annual General Meeting, effective 30 November 2021, resulting in a share split whereby five ordinary shares were issued for each ordinary share. The share split increased the total number of ordinary shares in issue to 5,158,135,745. As at 29 January 2022, the Company's issued share capital was £2,579,068 comprising 5,158,135,745 shares of 0.05p each.

Share Allotment Authority

The Directors were granted authority at the 2021 AGM to allot shares in the Company and to grant rights to subscribe for or convert any securities into shares in the Company up to a maximum aggregate nominal amount of £44,845 (which represented approximately 1.74% of the Company's issued ordinary share capital as at 1 July 2021). This authority is scheduled to lapse at the 2022 AGM. At the 2022 AGM, shareholders will be asked to grant a new allotment authority.

At the 2021 AGM, a resolution was also passed to permit the Board to allot ordinary shares for cash on a non-pre-emptive basis both in connection with a rights issue or similar pre-emptive issue and, otherwise than in connection with any such issue, up to a maximum nominal amount of £44,845 (which represented approximately 1.74% of the Company's issued ordinary share capital). A new special resolution will be proposed at the 2022 AGM to renew the Directors' power in this regard.

Shareholder and Voting Rights

All members who hold ordinary shares are entitled to attend and vote at the Company's Annual General Meeting, save as set out in the Company's Articles of Association. On a show of hands at a general meeting, every member present in person or by proxy shall have one vote and, on a poll, every member present in person or by proxy shall have one vote for every ordinary share they hold. Subject to relevant statutory provisions and the Company's Articles of Association, holders of ordinary shares are entitled to a dividend where declared or paid out of profits available for such purposes. Details of the final dividend proposed is provided in the Dividends and Earnings per Share section on page 41.

Restrictions on Transfer of Shares

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

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

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

Substantial Interests in Share Capital

As at 29 January 2022, the Company has been notified of the following significant holdings of voting rights in its ordinary share capital pursuant to the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority:

	Number of ordinary shares/voting rights held	% of ordinary share capital
Pentland Group Plc	2,676,391,195	51.9
Fidelity Management and Research Co	303,131,027	5.9
Black Rock Inc	236,903,884	4.6

After the financial year end, Fidelity Management and Research Co's shareholding reduced to 4.9% and Black Rock Inc's shareholding increased to 4.8%. As at the latest date prior to the publication of this report, the Company has not received any further notifications in regard to substantial shareholdings under the Disclosure Guidance and Transparency Rules.

DIRECTORS' REPORT CONTINUED

Relationship Agreement

In accordance with LR 9.2.2 AD R (1), the Company has in place a legally binding relationship agreement with its controlling shareholder, Pentland Group Limited. The Company has complied with the undertakings included in the relationship agreement during the period under review. So far as the Company is aware, the undertakings in the agreement have also been complied with by both Pentland Group Limited and its associates during the period under review.

Directors

Details of all persons who were Directors at the financial period end including their roles and brief biographical details are set out on page 92. The following appointments and resignations occurred during the financial year:

- Andy Rubin, resigned 6 May 2021.
- Andy Long, appointed 6 May 2021.
- Andrew Leslie, resigned 1 July 2021.
- Martin Davies, resigned 9 July 2021.
- Bert Hoyt, appointed 8 September 2021.
- Helen Ashton, appointed 15 November 2021.
- Heather Jackson, resigned 29 November 2021.
- Mahbobe Sabetnia, appointed 29 November 2021.

After the financial year end, Suzi Williams was appointed on 16 May 2022 as Non-Executive Director. On 25 May 2022, Peter Cowgill stood down as Executive Chair and Chief Executive Officer with immediate effect. Helen Ashton was appointed as Interim Non-Executive Chair and Kath Smith was appointed as Interim Chief Executive Officer.

The Directors are responsible for the management of the business of the Company and, subject to relevant legislation, regulatory requirements and the Company's Articles of Association ('Articles'), the Directors may exercise all of the powers of the Company and may delegate their power and discretion to committees, as they see fit.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

Directors' Interests

Details of Directors' interests and those of their connected persons in the share capital of the Company are set out on page 125. This information is incorporated into this Directors' Report by reference and is deemed to form a part of it.

Appointment and Replacement of Directors

The Company's Articles of Association provide that the Company may by ordinary resolution at a general meeting appoint any person to act as a Director, provided that (where such person has not been recommended by the Board) notice is given by a member entitled to attend and vote at the meeting of the intention to appoint such a person and that the Company receives, among other information, confirmation of that person's willingness to act as Director. The Articles also empower the Board to appoint as a Director any person who is willing to act as such. The maximum possible number of Directors under the Articles is 20.

In addition to the powers of removal conferred by statute, the Company may by ordinary resolution remove any Director before the expiration of his or her period of office. The Articles also set out the circumstances in which a Director shall vacate office.

The Articles broadly require that at each AGM one-third of eligible Directors shall retire from office by rotation and may stand for re-election and that any Director who was appointed by the Board after the previous AGM must retire from office and may stand for election by the shareholders. Additionally, any other Director who has not been elected or re-elected at one of the previous two AGMs must also retire from office and may stand for re-election.

Notwithstanding the provisions of the Articles, the Board has determined that all the Directors will stand for re-election at the 2022 AGM in accordance with the best practice recommendations of the UK Corporate Governance Code.

The number of Directors at any one point in time shall not be less than two.

Amendment of the Company's Articles of Association

The Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders.

Change of Control – Significant Agreements

In the event of a change of control of the Company, the Company and the lenders of the £700 million bank syndicated facility shall enter into an agreement to determine how to continue the facility. If no agreement is reached within 20 business days of the date of change of control, the lenders may, by giving not less than 10 business days' notice to the Company, cancel the facility and declare all outstanding loans, together with accrued interest and all other amounts accrued immediately due and payable.

Employees

The Our People section on pages 76 to 79 provides information on the Group's approach to people and how the Group attracts, retains and develops its employees. The Strategic Report also sets out a summary of the measures recently adopted by the Group to improve the way it engages with its employees.

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

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

Our engagement initiatives continue to go from strength to strength, further connecting our people to ensure meaningful two-way dialogue continues between the business and its colleagues via our established communication channels.

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

In addition, a key factor in the Group's employee remuneration strategy is encouraging the involvement of all employees in the Group's performance so that every employee feels they have an important contribution to make in this regard. Full details of the Group's remuneration strategy are set out in the Remuneration Report on pages 114 to 130.

Further details on how employee engagement is taken into account in the principal decision making process is set out in the Stakeholder Engagement section on page 88.

Levels of support for colleagues have also increased with a number of resources employed to assist those in need in areas including, but not limited to, wellbeing at work, first aid and financial wellbeing. Our membership of the British Retail Consortium resulted in a pledge from the Home Secretary to protect retail workers from violence nationwide, meaning this support is not limited to our internal activities.

The Group is committed to promoting equal opportunities in employment regardless of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex or sexual orientation. Recruitment, promotion and the availability of training and development at all areas within the Group are based on the suitability and merit of any applicant for the job and full and fair consideration is always given to disabled persons in such circumstances.

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

Further information regarding the Group's approach to equality and diversity is set out in the Strategic Report on page 77.

Suppliers, Customers and Others

Details of how the Directors have had regard to the need to foster the Group's business relationships with suppliers, customers and others, and the effect of that regard, including on principal decisions taken during the financial year, can be found in the Stakeholder Engagement section on pages 87 to 91.

Post Balance Sheet Events

Details of post balance sheet events are provided in Note 34 of the financial statements.

DIRECTORS' REPORT CONTINUED

Future Developments

Future developments are discussed throughout the Strategic Report on pages 4 to 91.

Political Donations and Expenditure

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

Research & Development

During the financial period ended 29 January 2022, the Group engaged in Research & Development activity in relation to technological advances in the Group's multichannel solution.

Energy consumption and emissions

Information about greenhouse gas emissions, energy consumption and energy efficiency action are shown in the Corporate and Social Responsibility report on page 63. This information is incorporated into this Directors' Report by reference and is deemed to form part of it. Details of the energy efficiency action taken by the Group in 2020/21 can be found on page 118 of last year's annual report at www.jdplc.com.

Auditor

As set out on page 113, the Audit & Risk Committee has recommended that KPMG LLP be re-appointed as auditors for the financial year 2022/23. KPMG LLP have indicated their willingness to continue in office as auditor of the Company. A resolution proposing their re-appointment will be proposed to shareholders at the forthcoming AGM. For further details regarding the audit tender process that was undertaken during the 2021/22 financial year, please refer to page 113 of the Audit & Risk Committee report.

Disclosure of Information to the Auditor

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

- So far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Annual General Meeting

The Company's AGM will be held on Friday 22 July 2022 at the offices of Addleshaw Goddard LLP, 1 St. Peter's Square, Manchester, M2 3DE. The notice of this year's AGM is included in a separate circular to shareholders. This notice will be available to view under the 'Investor Relations' section of the Company's website (www.jdplc.com/investor-relations). If, however, restrictions upon public gatherings are in place at the time of the AGM, the Board will consider the need to hold the AGM as a closed meeting or subject to other restrictions on attendance.

By order of the Board



Neil Greenhalgh
Chief Financial Officer

22 June 2022



**NEIL GREENHALGH
CHIEF FINANCIAL OFFICER**

The Board promotes the principles set out in the UK Corporate Governance Code 2018 as issued by the Financial Reporting Council ('FRC') (the 'Code'). This report sets out how the Company has applied the main principles set out in the Code. The statement of the Company's compliance with the relevant provisions of the Code is set out on page 105. This report includes relevant provisions of the Code, where appropriate. The full Code can be found on the FRC website (www.frc.org.uk).

Board Composition

At the financial year end, the Board comprised seven Directors: the former Executive Chair, the Chief Financial Officer and five Non-Executive Directors. The name, position and a brief profile of each Director is set out on page 92. Kath Smith was appointed as Senior Independent Non-Executive Director on 25 February 2022. The previous Senior Independent Director was Martin Davies who left the Board on 9 July 2021. There was no designated Senior Independent Non-Executive Director in between these dates.

Peter Cowgill had been in his role for more than nine years. At its 2021 AGM on 1 July 2021, the Group announced, with the support of Peter Cowgill, that it intended to divide the role of Executive Chair and Chief Executive Officer before the 2022 AGM. On 25 May 2022, the Group announced that it had decided to accelerate the separation of the roles of Chair and Chief Executive Officer. Peter Cowgill stood down as Executive Chair and Chief Executive Officer with immediate effect. Helen Ashton was appointed as Interim Non-Executive Chair and Kath Smith was appointed as Interim Chief Executive Officer. For further details, please see the Statement from the Board on page 4.

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

Matters Reserved for the Board

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

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

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

Board Leadership

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

The Board is responsible for the direction, management and performance of the Company. The Directors act together in the best interests of the Group via the Board and its Committees. The Board held 11 scheduled Board meetings during the year under review and ad hoc meetings were held in between scheduled meetings, where required. Director attendance at scheduled Board and Committee meetings is set out in the table on page 101.

Group Purpose

The Group's purpose is to be a leading international multichannel retailer of sports, fashion and outdoor brands with core values of connecting with consumers through continual investment in our store portfolio, nurturing our global branded supplier relationships and improving our sustainability and financial performance.

CORPORATE GOVERNANCE REPORT CONTINUED

How the Board contributes to the delivery of the Group's strategy and purpose:

- The Board receives appropriately detailed Board papers prior to considering major strategic decisions and tests each decision against the Group's strategic objectives.
- The Group's status as a premier strategic partner with international brands is an important factor in the strategy and success of the Group and the Group's relationship with these key brands is discussed at regular Board meetings. There are robust Board approval procedures in place to ensure that acquisitions and expansion into new territories align with the overall corporate strategy and further develop these brand relationships.
- The Chief Financial Officer, as ESG Committee Chair, is appraised of climate-related issues both informally and formally on a regular basis. The Chief Financial Officer will then provide updates as required during the regular Board meetings. Furthermore, the Board is informed of climate-related issues, updates and metrics via formal Board reports which are circulated on a monthly basis. Ad hoc sessions are also held where the ESG Committee will present updates regarding specific issues, achievements and metrics to the Non-Executive Directors.
- Representatives from our ESG Committee undertake regular engagement sessions with our largest third-party brands to monitor their continued global leadership with regards to sustainable product innovation, commitments to reduce the impact of climate change and supply chain transparency.
- It is the Board's strong belief that if colleagues feel supported, respected and empowered to achieve their ambitions regardless of background, this will ultimately promote the long-term success of the Group. The culture section provides further details regarding the Board's two-way dialogue with our colleagues and the Our People section on page 76 explains how we continue to promote wellbeing, diversity, inclusion and equality across the Group.

How the Group generates long-term sustainable value:

The Board considers that the following align with the Group's strategic objectives and generate long-term sustainable value:

- The Group operates from a stable financial base with a history of strong revenue and profit growth over a sustained period. The Group has delivered total shareholder returns ('TSR') with reference to the graph on page 126 which compares the Group's TSR with the FTSE All Share General Retailers Index over the past 10 years.
- On an annual basis, the future viability of the Group is internally assessed over a three-year period by considering the potential future impact

of key risks in the fast-paced retail environment in which the Group operates. This involves applying severe but plausible scenarios and assessing the impact on the financial position and performance of the Group. For further details see our Viability Reporting on page 33.

- The Group supports the economies in the territories in which it operates by providing employment both in the UK and internationally. At the financial year end, the Group employed 73,519 people (2021: 61,053).
- The Group takes a responsible approach to the management of taxes and aims to work transparently and collaboratively with all stakeholders. The Group is committed to paying the right amount of tax, in the right place, at the right time. It recognises the importance of respecting the spirit and letter of the law, including allocating value by reference to where it is created, managing it within the normal course of commercial activity and paying the associated tax.
- The Group's global empowerment section on page 84 explains how we promote our values through our global initiatives, supporting communities in the Group's international territories and beyond.

Culture

The Board strives to build a diverse and inclusive team who promote the values of the Group. We strive to create a workplace in which everyone is safe, supported and respected, treated fairly and taken care of, listened to and motivated to achieve their full potential. This is achieved by educating, informing and responding to our colleagues.

We assess and monitor culture in the following ways:

- Through the creation of a new Experience team within our People team. The focus of this team is to engage with all colleagues to ensure that all experiences, values and voices across the Group are provided with appropriate platforms to engage in meaningful two-way dialogue with the Board.
- Engagement and attendance at forums by Executive Directors to listen to the issues that are important to our colleagues. Issues are relayed back to the Board at the regular Board meetings supported by the Group's People Director.
- Inclusion of relevant information within the reporting packs that are circulated to the Board on a monthly basis.
- Annually reviewing the whistleblowing policy. The mechanisms for employees to access whistleblowing channels has been recently reviewed to ensure that they are effective.

During the year:

- We continued to promote the values that underpin the Group's culture through our global initiatives. Further details of some

of the initiatives undertaken in the year can be found on page 84 or on our corporate website at www.jdplc.com/esg/social/global-empowerment.

- The Group continued to achieve excellence in the areas of Health & Safety and the protection of our colleagues in their working environment. For the third successive year, the Group has received an award from the Royal Society for the Prevention of Accidents in recognition of our UK retail health and safety performance.
- As members of the British Retail Consortium, the Group was instrumental in obtaining the signature of the Home Secretary to support the legislation necessary to protect retail workers from violence against shopworkers nationwide.

As a result of the recent Non-Executive Director resignations and appointments, the Board is relatively new. Engagement will continue in the short term to embed the Group's culture and values with the aim of marrying the Group's entrepreneurial culture and competitive spirit with the planned improvements to ensure that an enhanced governance, risk and internal controls framework is in place. For further details on these planned improvements, please see the Audit & Risk Committee report on pages 108 to 113.

Succession Planning

The main focus of the Board's objectives this year has been succession planning in three key areas:

- the role of Chair/Chief Executive Officer;
- the composition of the Board; and
- the strength and development of the Senior Leadership Team.

Each succession programme has unique methods and objectives but ultimately is centred around securing the future long-term success of the Group's business. An overview of the Board's composition and succession activities, during the

course of this year, is set out on pages 106 and 107 of the Nominations Committee report.

The independence of the Non-Executives is carefully considered by the Board on a continual basis:

- Bert Hoyt was formerly appointed as Head of Europe for Nike, the Group's largest supplier. The Nominations Committee considered Bert's independence and was satisfied with this position given the gap of one year in between Bert leaving Nike and subsequently joining the Group as a Non-Executive Director.
- It is acknowledged that Kath Smith cannot currently act as Senior Independent Director following her appointment as Interim Chief Executive Officer on 25 May 2022. It is the Board's intention that she will revert back to her former role upon the appointment of a permanent Chief Executive Officer. Based on the current progress in this search, the Board expects that Kath Smith will resume her role as Senior Independent Director before the end of the financial year, meaning that the Group is compliant with this aspect of the UK Corporate Governance Code for the start of the next financial year.
- All other Non-Executives, save for Andy Long, are considered to be independent by the Board. Andy Long is an Executive Director at Pentland Group and is therefore not considered by the Board to be an independent Non-Executive Director.

The Board considers that all Directors are able to devote sufficient time to their duties as Directors of the Company. The brief biographical detail on pages 92 to 93 includes details of the former Executive Chair's other key external appointment. The Board was satisfied that the limited time commitment required for the former Executive Chair to perform his other appointments and roles did not conflict with his ability to carry out his role effectively for the Group.

Attendance at Board and Committee Meetings

Year to 29 January 2022	Board Meetings	Remuneration Committee	Audit & Risk Committee	Nominations Committee
Total number of meetings	11	2	4	4
P Cowgill	11	-	1*	4
N Greenhalgh	11	-	4*	-
A Leslie	7	-	1	1
M Davies	7	-	1	1
H Jackson	9	1	3	3
A Rubin	4	-	1	-
K Smith	11	2	4	4
A Long	7	1**	-	-
B Hoyt	3	1	1	1
H Ashton	2	1	1	1
M Sabetnia	1	1**	-	-

* P Cowgill and N Greenhalgh attended the meetings as annotated in the table above at the invitation of the members of those Committees in order to provide additional detail on day-to-day matters arising at such meetings and to assist the Committee members with the matters delegated to the Committee as deemed appropriate.

** These Non-Executive Directors were present during the meeting but as observers only.

CORPORATE GOVERNANCE REPORT CONTINUED

A summary of the rules that the Company has in place about the appointment and replacement of Directors is set out on page 96. Notwithstanding the provisions of the Company's Articles regarding the retirement of Directors, the Board determined that all Directors will retire at the 2022 AGM and offer themselves for re-election in accordance with the best practice recommendation of the UK Corporate Governance Code.

Board Diversity

An overview of the Board's composition with regards to diversity is set out on page 107 of the Nominations Committee report.

Activities of the Board During the Year

The Board has undertaken a number of activities during the year including:

- Approved a number of key strategic corporate acquisitions to further develop the international growth of the Group (see Note 11 of the financial statements).
- Appointing BDO LLP to undertake a review of the Group's compliance with the UK Corporate Governance Code. This review was led by a sub-committee of the Board including Senior Independent Director, Kath Smith and Helen Ashton, Chair of the Audit & Risk Committee. The sub-committee was chaired by Kath Smith. Further detail is provided in the Audit & Risk Committee report on page 109.
- Assessing the key regulatory risks posed to the Group and the various measures being implemented to counter this risk on an ongoing basis including in relation to regulatory frameworks such as competition law. Since the year end, the Board has engaged external advisors to carry out a number of independent investigations into certain matters including regulatory issues. For further details, please see page 108.

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

All Board members have full access to the Company Secretary who is a fully admitted solicitor and attends all Board and Committee meetings. The Company Secretary is responsible for advising the Board on all Corporate Governance and legal matters. In the event that the Company Secretary is not available, there are a number of other fully admitted solicitors in the wider legal team.

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

From time to time, the Non-Executive Directors met with the former Executive Chair without the other Director present to discuss Board performance and other matters considered appropriate.

Board Evaluation

As an externally facilitated Board evaluation was carried out during 2020/21, the Board deemed it appropriate to carry out an internal evaluation of its performance during 2021/22.

The evaluation exercise required the Board members to score themselves individually and the Board as a whole on topics such as:

- The Board's contribution to the shaping of the Group's strategy.
- An assessment of the effectiveness of the Group's risk management approach.
- The process of sharing information with the Board to allow appropriate and effective interaction between the Board and the rest of the Group.
- The Board's expertise and skills in the context of the Group.
- The effectiveness of the Committee and the relevant expertise and experience of Committee members.
- The decision making process adopted by the Board and the Senior Leadership Team.

All evaluation responses were collated and will be discussed at a future Board meeting.

Insurance Arrangements

The Company, through its majority shareholder Pentland Group, maintains Directors' and Officers' liability insurance, which is reviewed at appropriate intervals to ensure it remains fit for purpose.

Conflicts of Interest

The Company's Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or possibly could conflict, with the interests of the Company. The Board considers that the procedures it has in place for reporting and considering conflicts of interest are effective.

Board Committees

The Board delegates certain powers to Board Committees. There are three principal Board Committees to which the Board has delegated certain responsibilities. The terms of reference for all three Committees are reviewed by each Committee regularly and are available

for inspection on request or on the Group's corporate website www.jdplc.com.

Audit & Risk Committee

At the start of the financial year, the Audit & Risk Committee comprised three independent Non-Executive Directors; Martin Davies, Andrew Leslie and Heather Jackson. Martin Davies was the Chair of the Audit & Risk Committee until his resignation on 9 July 2021. Martin was replaced by Heather Jackson as Interim Chair until Helen Ashton's appointment on 15 November 2021. Following the Non-Executive Director resignations and appointments during the year, the Audit & Risk Committee currently comprises; Helen Ashton, Bert Hoyt and Kath Smith with Helen Ashton as the Chair.

The Board notes that it is a requirement of the DTRs and a recommendation of the Code that the Audit & Risk Committee as a whole shall have competence relevant to the sector in which the Company operates. This is something which was explored during the Board Evaluation process. The Board confirms that it considers the composition of the Audit & Risk Committee provides the requisite skills and experience. However, the Board and the Audit & Risk Committee considers it is prudent to keep this under continual review in order to ensure that it remains satisfied that the expertise of the membership of the Audit & Risk Committee remains appropriate. The brief biographical detail on page 92 and the skills table included in the Nominations Committee report on page 107 includes details of the experience and expertise of the Board.

The Audit & Risk Committee met four times during the year with the external auditor attending part of each meeting. Details of attendance at Audit & Risk Committee meetings are set out in the table on page 101. The Audit & Risk Committee has held four meetings to date in the current financial year.

Remuneration Committee

At the start of the financial year, the Remuneration Committee comprised four independent Non-Executive Directors; Andrew Leslie, Martin Davies, Heather Jackson and Kath Smith. Andrew Leslie was the Chair of the Remuneration Committee until his resignation on 1 July 2021. Kath Smith served as Interim Chair until Bert Hoyt was appointed as Interim Chair of the Remuneration Committee in February 2022. Following the Non-Executive Director resignations and appointments during the year, the Remuneration Committee currently comprises; Helen Ashton, Bert Hoyt and Kath Smith. Suzi Williams was appointed on 16 May 2022 as Non-Executive Director and will replace Bert Hoyt as Chair of the Remuneration Committee in due course.

The Committee's principal duties are to determine:

- Overall Group remuneration policy.
- Remuneration packages for Executive Directors and Senior Management.

- The terms of Executive Director service contracts as may be required from time to time.
- The terms of any performance-related and/or long term incentive schemes operated by the Group and awards thereunder.

The Remuneration Committee met twice during the year. Details of attendance at Remuneration Committee meetings are set out in the table on page 101. Further details about Directors' remuneration are set out in the Directors' Remuneration Report on pages 114 to 130.

Nominations Committee

At the start of the financial year, the Nominations Committee comprised; Peter Cowgill as Chair, Andrew Leslie, Martin Davies, Heather Jackson and Kath Smith. Following the Non-Executive Director resignations and appointments during the year, the Nominations Committee comprised Peter Cowgill (until his departure on 25 May 2022), Kath Smith, Bert Hoyt and Helen Ashton. Kath Smith was appointed as the Chair of the Nominations Committee with effect from 25 February 2022. Following Kath Smith's appointment as Interim Chief Executive Officer on 25 May 2022, the Board considered whether she should continue as Chair of the Nominations Committee but, to ensure compliance with the UK Corporate Governance Code, has concluded that this position should be held by the Interim Chair. This change was effective from 7 June 2022.

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

The Nominations Committee met four times during the year. Details of attendance at Nominations Committee meetings are set out in the table on page 101.

The gender balance of the Board, Senior Management team and the wider employee group is set out in the Our People section of the Corporate Social Responsibility Report on page 77.

Further details about the Nominations Committee and its activities are set out in the Nominations Committee Report on pages 106 to 107.

Audit, Risk & Internal Control

For further information on the Company's compliance with the Code provision relating to the Audit & Risk Committee and auditors, please refer to the Audit & Risk Committee Report on page 108. The Group's approach to internal audit, internal controls and risk is also detailed on page 110 of the Audit & Risk Committee Report.

CORPORATE GOVERNANCE REPORT CONTINUED

During the 2021/22 financial year, the FRC made a request for further information regarding the disclosures in the Group's 2021 Annual Report and Accounts as part of its regular review and assessment of the quality of corporate reporting in the UK. The letter focused on non-controlling interests, intangible assets, lease accounting, net debt to equity ratio, operating segments and corporate governance reporting. The Group provided various undertakings to the FRC to enhance the disclosures in these areas and the FRC subsequently closed their enquiries.

The FRC has requested that we make clear the limitations of its review. The FRC's review was based on the 2021 Annual Report and Accounts and, whilst it was conducted by staff who have an understanding of the relevant legal and regulatory framework, the FRC does not have detailed knowledge of the business or an understanding of the underlying transactions entered into. Communications from the FRC provide no assurance that the Group's 2021 Annual Report and Accounts are correct in all material aspects and are made on the basis that the FRC accepts no liability for reliance on them by the Company or any third-party, including but not limited to, investors and shareholders. The FRC's role is not to verify information provided but to consider compliance with reporting requirements.

AGM Resolutions

At the Company's AGM, all resolutions, save for the independent shareholder vote on resolution 6, were duly passed on a poll with the requisite majority. However, the Board acknowledges that in respect of the resolutions set out as follows, a more than 20% vote against was received:

- Approval of the Directors' Remuneration Report (Ordinary resolution).
- Approval of the Directors' Remuneration Policy (Ordinary resolution).
- Re-election of Andrew Leslie (Ordinary resolution)

Throughout the course of the year, the Company has been in regular dialogue with a wide range of investors and its other key stakeholders in order to understand their concerns regarding the remuneration related resolutions. During its ongoing engagement with shareholders, the Board has received very positive feedback from shareholders in respect of the changes made to its new remuneration policy, the material change being the addition of a share-based long-term incentive plan to ensure better alignment between Executive pay and long-term shareholder value. The Board has confirmed to its shareholders that there will be additional amendments to its remuneration structures, within the terms of the new remuneration policy, in the future which will further align Executive pay with the long-term interests of its shareholders. Page 120 of the Directors' Remuneration Report provides further details in the Consideration of Shareholder Views section.

It is acknowledged that, at the AGM in 2021, Andrew Leslie did not receive the requisite number of votes from the independent shareholders and was, therefore, not re-elected to the Board.

Shareholder Relations

Reflecting the importance of its shareholders, the Company's ongoing engagement with shareholders is led by a senior leadership team consisting of the Executive Directors, the Senior Independent Director, the Investor Relations Manager and the Company Secretary, who have engaged directly with shareholders over the course of the last financial year.

During this period, the senior leadership team have been in regular contact with many of the Company's shareholders and conducted multiple virtual meetings (including conference calls and investor road shows), particularly to seek shareholder views on matters such as corporate governance, Company business strategy and financial performance. The Executive Directors aim to provide the Company's shareholders with up to date and reliable information on these shareholder priority areas in a transparent and collaborative way, and encourages shareholders to contact them should they have any concerns they wish to discuss. The Investor Relations Manager supports the Executive Directors by being a key source of regular updates on analyst/broker market reaction, shareholder feedback and managing continuous engagement between the Company's shareholders and the Executive Directors.

In October 2021, the Group held its second Capital Markets Day event. This was done physically in London with a video link that enabled international investors to join. The purpose of this event was to demonstrate to shareholders the strength and depth of expertise across senior positions within the Group (including other territory trading divisions and Outdoor) and created direct engagement with these individuals.

Responding to shareholder feedback during the 2021/22 financial year, the Group has sought to address some of the key concerns raised, such as:

- Creating an improved Group investor website (www.jdplic.com) which provides increased information on Group financial performance and Environment, Social and Governance (ESG) issues in a more accessible way.
- Made significant progress regarding Board diversity by recruiting additional Non-Executive Directors, which has resulted in the Company being compliant with the initiatives on board diversity proposed by the Hampton-Alexander Review and the Parker Review.
- Following the resignations of Andrew Leslie, Martin Davies and Heather Jackson, the Group has recruited four new Independent Non-Executive Directors and has consequently appointed new Chairs for the Remuneration, Nominations and Audit & Risk Committees and a new Senior Independent Director.

- Commenced the process to split the current combined Chief Executive Officer and Executive Chair role in line with the recommendations of the UK Corporate Governance Code 2018.

Compliance with the code

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

- Code Provision 5: In relation to engagement with the workforce, the Group does not have a designated Director appointed to the Board from the workforce who is responsible for this engagement, nor does it have a formal workforce advisory panel or a designated Non-Executive Director responsible for this engagement. The former Executive Chair and the Chief Financial Officer had regular interactions and meetings with the Group People Director who updated them regularly about the views of the workforce. The former Executive Chair and the Chief Financial Officer subsequently reported these views back to the Board. The Board also receive updates about the workforce in an information pack circulated to all Board members prior to most Board meetings. The Group therefore considers that it has effective arrangements in place in this regard but plans to review this position before the end of the current financial year.
- Code Provision 9: The role of Chief Executive Officer and Executive Chair was undertaken by one person, Peter Cowgill, which has been the case for almost the last eight years. During this period, the Board believed that there was sufficient separation of responsibilities of the roles usually undertaken by the Chair and the Chief Executive Officer as decisions on certain key matters were specifically reserved for the Board and the former Executive Chair was subject to challenge from the Chief Financial Officer, the Non-Executive Directors and the Company's highly experienced Senior Management team. Notwithstanding this, during the year the Company commenced a process to split the role of the Chair and the Chief Executive Officer. Following the departure of the former Executive Chair on 25 May 2022, Helen Ashton was appointed as Interim Chair with Kath Smith appointed as Interim Chief Executive Officer. The Nominations Committee is in the process of recruiting a Group Chief Executive Officer and Independent Non-Executive Chair. The Nominations Committee Report on page 107 provides more information in relation to the work undertaken by the Company to date.
- Code Provision 12: There was no Senior Independent Non-Executive Director between 9 July 2021 and 25 February 2022. There were a number of new appointments made to the Board in this period and the Board wanted time to assess the skills and qualities of the new members to ensure it made the correct long-term appointment. As of 25 May 2022, the Company no longer has a Senior Independent Non-Executive Director, following the appointment of Kath Smith as Interim Chief Executive Officer. The Company is currently considering the correct long-term appointment and considers this position to be justifiable on a temporary basis given the exceptional circumstances. It is intended that the current Interim Chief Executive Officer will revert back to the role of Senior Independent Non-Executive Director following the appointment of a Group Chief Executive Officer.
- Code Provision 19: Peter Cowgill had been in his role for more than nine years. Peter received strong shareholder support and was subject to annual re-election. On 25 May 2022, the Group announced that it had decided to accelerate the separation of the roles of Chair and Chief Executive Officer. Peter Cowgill stood down as Executive Chair and Chief Executive Officer with immediate effect.
- Code Provision 24: There were less than three members on the Audit & Risk Committee between July and October 2021 and during this period at least one member did not have recent and relevant financial experience until Helen Ashton was appointed in November 2021. Andrew Leslie did not receive sufficient votes to be re-elected to the Board in July resulting in him stepping down from his position on the Audit & Risk Committee. The Board required time to consider carefully which of the new upcoming members of the Board held the requisite skills and qualities to become a long-term member of the Committee. Helen Ashton was appointed as Chair of the Audit & Risk Committee on 15 November 2021 and, as detailed in her biography on page 92, has recent and relevant financial experience. Further, Bert Hoyt has now been appointed to join the Audit & Risk Committee, alongside Helen and Kath. As of 25 May 2022, following Helen Ashton's appointment as Interim Chair of the Board, Helen Ashton serves as both Chair of the Board and Chair of the Audit & Risk Committee. The Company is currently considering the correct long-term appointment and considers this position to be justifiable on a temporary basis given the exceptional circumstances.
- Code Provision 32: Bert Hoyt was appointed as Interim Chair of the Remuneration Committee in February 2022. Bert has not previously served on a remuneration committee for at least 12 months. It is intended that Suzi Williams will replace Bert as Chair of the Remuneration Committee in due course and has previously served on a Remuneration Committee for at least 12 months.

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

Neil Greenhalgh
Chief Financial Officer

22 June 2022



HELEN ASHTON
CHAIR OF THE NOMINATIONS
COMMITTEE

“We are highly committed to Board excellence and leadership. Ensuring that the Board has the appropriate balance and depth of skills, knowledge, experience, market expertise, consumer insight, diversity and independence is of the utmost importance to the Committee. We are very pleased to have met the requirements for both the Parker Review and the FTSE Women Leaders: Improving gender balance in FTSE leadership.”

Committee Role and Membership

Current Members

- Helen Ashton (Chair of the Committee)
- Bert Hoyt

The Committee was previously chaired by the former Executive Chair but had been chaired by Kath Smith since 25 February 2022. On 25 May 2022, following the departure of Peter Cowgill, Kath Smith was appointed Interim Chief Executive Officer. The Board also considered whether she should continue as Chair of the Nominations Committee but, to ensure compliance with the UK Corporate Governance Code, has concluded that this position should be held by the Interim Chair. This change was effective from 7 June 2022.

In accordance with Provision 19 of the UK Corporate Governance Code, the majority of the members of the Nominations Committee are independent Non-Executive Directors.

Committee Role

The Nominations Committee's role and responsibilities are covered in its terms of reference which are available on our corporate website. Individual meeting attendance and changes to membership are referenced on pages 101 and 103 and more detailed information

on the skills and experience of all Committee members can be found on pages 92 and 93. The Committee's performance was reviewed as part of the 2021/22 internally facilitated Board Evaluation, which is covered on page 102.

Committee Activities 2021/22

Non-Executive Director Appointments

- Kath Smith was appointed as Interim Chair of the Remuneration Committee in July 2021 (a role that was subsequently taken over by Bert Hoyt in February 2022 when Kath became Senior Independent Non-Executive Director and Chair of the Nominations Committee).
- In 2021, Andy Rubin, Andrew Leslie, Martin Davies and Heather Jackson stepped down from the Board and the Board gave thanks for their service.
- The Board agreed that it was necessary to replace all of the Non-Executive Directors who had resigned and also to expand and diversify the Board.
- The Committee identified the need to appoint Non-Executive Directors with industry experience, audit and risk and remuneration experience as well as digital, data and technological expertise. The Board was advised of the availability of Bert Hoyt,

Board split by gender as at 29 January 2022



Board tenure as at 29 January 2022



myself, Mahbobe Sabetnia and more recently Suzi Williams and concluded that each of these individuals would enhance and bring important and, in some instances, new skills to the Board.

- Bert Hoyt brings considerable veteran industry experience. Bert's sector experience of multiple economic cycles, combined with Kath Smith's, can ensure that past lessons can inform the challenges of the future.
- I am a qualified chartered management accountant and, as the former CFO of ASOS Plc, have deep knowledge and experience of high-growth digital fashion. I have also been appointed to Chair the Audit & Risk Committee.
- Mahbobe Sabetnia has an extensive track record delivering digital growth in global organisations. Mahbobe's expertise enables the Board to better evaluate the opportunities and risks of digital, data and technology.
- Suzi Williams, our most recent addition to the Board, has significant consumer marketing and management experience and is a seasoned FTSE 250 Non-Executive Director and Remuneration Chair. It is expected that Suzi will take up the role of Remuneration Committee Chair in due course.
- All of the Board members appointed during the financial period ended 29 January 2022 have completed their full, formal and tailored induction programmes.

Succession Planning

Below is a skills matrix which sets out the core skills, experience, knowledge and diversity represented by our current Board members. We hope to expand the Board in due course and will use this matrix to help us in preparing role specifications and evaluation of potential new Board candidates.

External search consultants have been engaged to assist with the process for appointing Non-Executive Directors during the year. These external search consultants have no connection to the Group or any individual Directors.

Skills and experience	Number of Directors
Operational/Commercial	7
Listed Market experience and governance	3
CEO experience	4
Brand Marketing	3
Cyber Risk & Digital	3
Finance/Accounting	3
Property	1

Search for a New Group CEO and Chair

At its 2021 AGM on 1 July 2021, the Group announced, with the support of the former Executive Chair, that it intended to divide the role of Executive Chair and Chief Executive Officer before the 2022 Annual General Meeting. Subsequently, working with Spencer Stuart, it commenced a global search for a new Group Chief Executive Officer. The Group is also working with Spencer Stuart on the recruitment of a Chair to guide the business through its next phase of growth and evolution. These processes are ongoing and are being led by the Interim Chief Executive Officer, Interim Chair and one other independent Non-Executive Director who are all members of the Nominations Committee. The departure of the former Executive Chair on 25 May 2022 has not changed the approach to these searches and the Board will announce further details in due course.

Equality, Diversity and Inclusion

Our Equality, Diversity and Inclusion Policy is embedded in our approach to recruitment at all levels, including the Board. That policy is that all employees are treated fairly and equally regardless of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex or sexual orientation.

We are proud to have met the requirements of the Parker Review and the FTSE Women Leaders: Improving gender balance in FTSE leadership but we are not complacent. In July 2021, the Board comprised two female and five male Board members. As at the date of this report, there are four female and three male Board members following the appointment of Suzi Williams on 16 May 2022 and the departure of Peter Cowgill on 25 May 2022. We acknowledge the benefits of diversity in all its forms and we will continue to strive to make our Board and senior leadership teams more representative of our diverse workforce.

Future Aims

To ensure all of our new Board members become fundamentally engaged with the business and remain orientated to the future and work in a spirit of openness and transparency with the Executive team.

Helen Ashton
Chair of the Nominations Committee

22 June 2022



“The changes to the internal controls framework that we plan to implement in 2022 and 2023 will stand the Group in good stead for the reforms proposed by BEIS in their 2021 consultation.”

HELEN ASHTON
CHAIR OF THE AUDIT & RISK COMMITTEE

Composition

The composition of the Audit & Risk Committee ('Committee') is detailed on page 103 and full details of the skills, experience and qualifications (including recent and relevant financial experience) can be found in the biographies on pages 92 and 93 and the skills table on page 107. The Committee member meeting attendance table is shown on page 101.

Overview

This has been a time of significant transition for the Committee, the Board and the wider Group. The Group has performed extraordinarily well in managing both the supply chain disruption and frequent consumer channel shift through the COVID-19 pandemic. However, balancing the operational requirements of running and growing a business through a global pandemic with the obligations of elevating governance standards to those expected of a FTSE 100 listed business has been complex and not without challenge. A number of regulatory issues have arisen through this time which have highlighted the need for both greater relevant experience on the Board and more formalisation in governance systems, risk management recording, the documentation and appraisal of internal controls and the mechanisms for reporting relevant matters to the regulatory authorities where appropriate.

Since the year end, the Board has engaged external advisors to carry out a number of independent investigations into certain matters including these regulatory issues. Alongside these investigations, the Board has completed a review of the Group's Corporate Governance operating model and assessed its current compliance with the UK Corporate Governance Code. The Board is committed to making the necessary changes highlighted through these reviews and has formally agreed a rectification programme plan which aims to rebase the control, risk and compliance environment. This programme has four principal

workstreams with a three-month intensive programme of works to correct priority issues complemented by the development of longer term initiatives which will deliver the necessary compliance framework and embed this into operational practices. The Board are also committed to making the necessary resource available, internal and external, to ensure that these commitments are delivered.

CMA Regulatory Compliance

Issue: In December 2020, the Competition and Markets Authority ('CMA') opened an investigation into suspected anti-competitive behaviour, involving JD Sports and certain other parties, in relation to the price at which Rangers-branded replica football kit was sold in the United Kingdom between September 2017 and August 2020. The CMA subsequently also opened a formal investigation into conduct relating to Leicester City branded products in September 2021.

Remedy: Working with external advisors, the Group has already undertaken multiple training sessions for key business teams, including the senior leadership team. Further, having identified the core "building blocks" for a comprehensive compliance programme, the Group has a project plan which is part way through implementation:

- Short-term: Immediate actions include training sessions for Directors, senior management and subsidiary businesses together with the finalisation and roll out of a competition compliance policy.
- Long-term: Longer term initiatives include competition compliance built into the induction process, annual refresher training and scheduled regular independent monitoring of compliance including spot checks of higher risk areas via audit interviews/key word searches.

On 7 June 2022, the CMA announced that it had issued a Statement of Objections with regards to the sale of Rangers-branded replica football kit.

The CMA's findings are, at this stage, only provisional with the Group having the opportunity to respond to them. The CMA will then consider any representations that are made before issuing its final findings as to whether there has been a breach in competition law. Whilst the process to reach that final decision may take several months, the Board has reviewed the information available to it at this stage, including advice from third-party experts, and believes that it is appropriate to recognise a provision of £2.0 million.

Issue: In February 2022 the CMA imposed a penalty of £4.3 million on the Company for its failure to comply with certain provisions of the interim order issued by the CMA in May 2021 under section 81 of the Enterprise Act 2002 in connection with its acquisition of Footasylum Limited ('Footasylum'). Further, the CMA also imposed a penalty on Footasylum of £0.4 million.

Remedy: The Group took immediate action to implement additional measures to strengthen its processes surrounding its compliance with the interim order which went well beyond what was legally required by the CMA. This included a prohibition on all contact between the Management Teams other than that which was either undertaken by named individuals in the Group who had been designated as part of a 'clean team' or was a meeting attended by legal advisors on both sides with a formal agenda. These measures will remain in place until the divestment of Footasylum is complete.

FCA Regulatory Compliance

Issue: A number of companies in the UK have a limited permission credit broking licence from the Financial Conduct Authority ('FCA'). Principle 11 of the FCA regulations requires a firm to deal with its regulators in an open and cooperative way and to disclose to the FCA appropriately anything relating to the firm of which the FCA would reasonably expect notice. The Board has identified that there are certain historical facts and events which, with hindsight, should have been disclosed to the FCA under this obligation.

Remedy: The Group made the necessary retrospective disclosure on 17 June 2022 with a response expected from the FCA in due course. The Group is now working with specialist third-party advisors to deliver the necessary long-term compliance frameworks.

- **Short-term:** The immediate priority is to develop the relevant policies, procedures and training which will facilitate regulatory activities going forward. Further, the Group has also now commenced an application for a new named person who will have the designated Senior Management Functions with the FCA.

- **Long-term:** The Group has already commenced a process to recruit dedicated internal resource who will review compliance in the registered entities and provide training and guidance to these businesses as appropriate.

UK Corporate Governance Code

Issue: The Board engaged BDO LLP to undertake a review of the Group's Corporate Governance operating model and to assess current compliance with the UK Corporate Governance Code ('Code'). The outcome of the review is a number of improvements that will be underpinned by having strategic direction, purpose and values that are clearly articulated and commonly understood by Board members and Senior Management. In turn, these will need to be supported by strong governance structures and processes, and a culture that positively influences behaviours. It is the Board's expectation that these improvements will be delivered over a period of 18 months.

Remedy: The Board are committed to enhancing the Governance Framework and have already made a number of changes including:

- Since the departure of the former Executive Chair, that role has been split with the appointment of an Interim Chair and an Interim Chief Executive Officer. The process to fill both of these roles on a permanent basis is progressing positively.
- The appointment of Kath Smith as Senior Independent Director in February 2022. Whilst it is acknowledged that Kath Smith cannot currently act as Senior Independent Director following her appointment as Interim Chief Executive Officer, it is the Board's intention that she will revert back to her former role upon the appointment of a permanent Chief Executive Officer. Based on the current progress in this search, the Board expects that Kath Smith will be able to revert to her former role as Senior Independent Director before the end of the current financial year, meaning that the Group is compliant with this aspect of the Corporate Governance Code for the start of the next financial year.
- The appointment of Kath Smith as Chair of the Nominations Committee. This appointment was made whilst Kath Smith was a Non-Executive Director. The Board has considered whether she should continue as Chair of the Nominations Committee but, to ensure compliance with the UK Corporate Governance Code, has concluded that I should hold this position. This change was effective from 7 June 2022.

AUDIT & RISK COMMITTEE REPORT CONTINUED

The Group have also begun assessing the resource requirements necessary to support the delivery of these governance enhancements, which could involve appointing external service providers to support delivery.

- Short-term: The Group has already begun recruiting additional members for its General Counsel team who will focus on compliance. Further, the Board has engaged BDO LLP to conduct a Control, Risk and Compliance Target Operating Model ('TOM') review. The output from this will be a detailed plan and resource requirements assessment for an 18 month programme of works which will move the Group towards its target of fuller compliance with the Code.
- Long-term: The Board will regularly assess Code compliance and formally agree any areas of non-compliance with the aim of ensuring that the Group has the governance structures and processes which are appropriate to both its size and international complexity.

Risk Management and Internal Controls

Issue: The Group's recent growth has added volume and complexity to our domestic and international operations, systems and technologies. Accordingly, the Board has determined that an internal controls function should be established to ensure that the Group's system of internal controls continue to provide reasonable assurance against the risk of material misstatement or loss.

Remedy: In November 2021, the Group appointed a Head of Internal Controls who reports into the Chair of the Committee and the Chief Financial Officer. As a priority, this function is developing a roadmap to embed an Internal Control over Financial Reporting ('ICFR') framework across the Group in 2022 and 2023. Following a risk-based scoping exercise and a preliminary maturity assessment in key locations, the Group now has a deeper understanding of its ICFR maturity and the workstreams that are required to embed a risk-based framework in an internationally complex Group that has grown rapidly in recent times.

- Short-term: Phase 1 of designing an Enterprise Risk Management ('ERM') process will commence with immediate effect. An external partner has been selected to support this work which will determine the detailed action plans which will deliver a Risk Framework, policies, risk registers and the necessary resources to support JD Sports Risk Management capability for the future.
- Long-term: Embedding an ICFR and ERM framework across the Group presents a significant change programme and the Board is committed to resourcing it accordingly. The Group is therefore increasing the size of the Internal Controls team with Internal Controls

leads based in locations commensurate with material subsidiaries in the Group. These roles, supported by local management, will drive the changes required to the ICFR environments. The Group has also appointed an ICFR partner with a global presence necessary to bolster the Internal Controls team. The need for additional resource will remain under constant review throughout the programme. The Board is also committed to ensuring that there is effective testing of the Internal Control environment with the creation of a formal Internal Audit function at the appropriate time on this journey.

A Board Governance Committee ('Governance Committee') has been established to manage and monitor the key actions arising from the workstreams above. Membership of this Governance Committee includes the Chair of the Audit & Risk Committee, Chief Financial Officer, General Counsel, Head of Internal Controls and Programme Director. The Governance Committee will meet at least monthly and report on progress through to the regular Audit & Risk Committee meetings, at which the auditor will be in attendance.

In addition to these specific workstreams, the Governance Committee will also manage a wider process to review, and enhance where necessary, the policies and controls which ensure compliance with other regulators including the Information Commissioner's Office, the Advertising Standards Association and the Market Abuse Regulations of the FCA.

Further, the Board have accepted a recommendation from its external advisors that it should create a separate Disclosure Committee which would review matters and events in the Group and determine whether they are disclosable to the various regulatory bodies. Membership of this Governance Committee will include the Chair of the Audit & Risk Committee, Chief Financial Officer and General Counsel.

Other Principal Duties

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

Main Activities of the Audit & Risk Committee During the Year

The Committee's activities during the year included:

- Reviewing the Group's draft financial statements and interim results statement prior to Board approval and reviewing the external auditor's detailed reports thereon including internal controls.

- Reviewing Board papers prepared by management to document the significant accounting matters and key judgements in order to determine whether there is a clear basis for the conclusions reached.
- Regularly reviewing the potential impact on the Group's financial statements of certain matters such as the valuation of intangible assets and proposed International Accounting Standards.
- Reviewing the external auditor's plan for the audit of the Group's financial statements, key risks of misstatement in the financial statements, confirmations of auditor independence, audit fee and terms of engagement of the auditor.
- Reviewing the independence and effectiveness of the Group's external auditor.
- Completing the tender process in respect of the Group's external auditor.
- Reviewing the whistleblowing arrangements in place for employees to be able to raise concerns in confidence. Subsequently, the Committee has agreed to appoint an independent third-party to run the whistleblowing service to give employees additional confidence that concerns may be raised without fear of retribution.
- Consideration of the Company's risk register and internal controls.
- Assessment of the need for an internal audit function and the effectiveness of the Group's existing system of internal controls. This will be considered further in the forthcoming TOM review being undertaken by BDO LLP.

In addition, following the identification of the regulatory issues, a separate sub-committee of Non-Executive Directors was formed consisting of the Chair of the Audit & Risk Committee and the Senior Independent Director. This sub-committee was tasked with managing both the independent investigations into the regulatory issues and the assessment of the Group's compliance with the UK Corporate Governance Code. Whilst the Senior Independent Director was appointed as the Interim Chief Executive Officer prior to these investigations being completed, the Board believed that completion of these investigations was best served by continuity of membership in this sub-committee.

Financial Statements and Significant Accounting Matters

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

by the external auditor on the full-year and half-year results.

The following are material areas in which significant judgements have been applied and have been considered by the Committee during the year:

Valuation of Intangible Assets Recognised as Part of the Acquisition of DTLR Villa LLC ('DTLR')

The Committee approved the appointment of Kroll Advisory Ltd (previously known as Duff & Phelps Ltd) as the Group's formal advisor in respect of the estimation of the fair value and remaining useful life of certain tangible and intangible assets of DTLR.

The Committee has reviewed the acquisition accounting in relation to the purchase of DTLR and has considered the assumptions used in the intangible valuation model; primarily the budgets and forecasts, discount rates and royalty rates used. The external auditor provides to the Committee detailed explanations of their review of the acquisition accounting, including their assessment of the royalty rate utilised in the valuation of the DTLR Villa tradename and their challenge of management's key assumptions and discount rates. The Committee has also reviewed the disclosures in the financial statements including sensitivity analyses.

Valuation of the Genesis Topco Inc Put Option

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

Accruals

Given the recent strong performance of the Group there may be an incentive of management to manipulate the results and accruals has been identified as an area more susceptible to management bias. The Committee has reviewed a Board paper detailing the key judgements in respect of certain accruals and is comfortable that there is a clear basis for the conclusions reached supporting the existence, accuracy and presentation of accruals. The external auditor has provided to the Committee detailed explanations of their audit work in this area and the Committee has also reviewed the disclosures in the financial statements.

AUDIT & RISK COMMITTEE REPORT CONTINUED

Provisions

Given the breadth of regulatory responsibilities imposed on the Company, there is a risk in respect of non-compliance with such laws and regulations which could ultimately lead to financial penalties imposed on the Company. Consequently, there is also an inherent risk present in terms of the completeness and presentation of provisions and contingent liabilities. In particular, due to the element of estimation uncertainty applied, there is a risk that liabilities may be more akin to a provision rather than an accrual, the former having more extensive disclosure requirements in the financial statements. The Committee has reviewed the reports prepared by the external advisors in relation to the investigations referred to above and is comfortable that there is a clear basis for the conclusions reached. Further, the Committee have also made enquiries of:

- Material subsidiaries.
- Senior members of the General Counsel team.
- The Senior Leadership team.

In addition, the external auditor has provided to the Committee detailed explanations of their audit work in this area and the Committee has also reviewed the disclosures in the financial statements.

Internal Audit and Internal Controls

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

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

- Identification and monitoring of the business risks facing the Group, with major risks identified and reported to the Committee and the Board with in-depth quarterly updates and reviews as appropriate.
- Detailed appraisal and authorisation procedures for capital investment, which is documented in the Matters Reserved for the Board and the Group's Contract Authorisation Policy.
- Prompt preparation of comprehensive monthly management accounts providing relevant, reliable and up-to-date information. These allow for comparison with budget and previous year's results. Significant variances from approved budgets are investigated as appropriate.
- Preparation of comprehensive annual profit and cash flow budgets allowing management

to monitor business activities and major risks and the progress towards financial objectives in the short and medium-term.

- Monitoring of store procedures and the reporting and investigation of suspected fraudulent activities.
- Reconciliation and checking of all cash and stock balances and investigation of any material differences.

The Chair of the Committee has regular interaction with the Head of Internal Controls and senior members of the Group finance department in order to monitor and assess the effectiveness of the Group's system of internal controls.

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

There has been significant change in the composition of the Audit & Risk Committee and wider Board through the year. However, through the regular Board Meetings, there has still been a continuous assessment of the emerging and principal risks through the year. Further, the Board is satisfied that the internal controls have operated effectively through the year although they accept that there can be greater formality in these areas and so, as noted above, have determined that an internal controls function should be established to ensure that the Group's system of internal controls continue to provide reasonable assurance against the risk of material misstatement or loss as the Group continues to grow and expand. An 18-month implementation plan is being developed, with clear milestones and a governance structure to monitor progress and ultimately provide the Audit & Risk Committee with the visibility it requires for effective oversight. An update on this programme will be provided in next year's Annual Report and Accounts.

The non-ICFR activities of the Internal Controls function will be driven by the Group's risk management framework (see page 110).

The Committee will oversee all activities of the internal controls function and will receive regular updates on the progress of agreed activities.

In previous financial years, the Committee has determined that an internal audit function was not necessary given the work performed by existing business functions. However, as the roadmaps for risk management and internal controls begin to deliver their intended benefits, it is important that they are supported by a culture of continuous review and improvement. Therefore, it is expected

that, in due course the responsibilities of the internal controls function will evolve to include internal audit. Finally, the Committee believes that the changes we are implementing in 2022 and 2023 will stand the Group in good stead for the reforms proposed by the Department for Business, Energy and Industrial Strategy ('BEIS') in their 2021 consultation on 'Restoring trust in audit and corporate governance'.

Whistleblowing Policy

The Group has a formal whistleblowing policy in place which provides details of how employees can raise concerns in relation to the Group's activities or the actions of any employee of the Group on a confidential basis. The Group is evolving the reporting mechanism with the support of an independent third-party provider with regular review of reporting via the Audit & Risk Committee who are also responsible for reviewing the policy on an annual basis.

Anti-Bribery & Corruption Policy

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

The Group has appropriate processes in place through its Profit Protection team to audit compliance with its Anti-Bribery and Corruption Policy and its Gifts and Hospitality Policy, periodically.

External Auditor Fees

A breakdown of the audit and non-audit related fees are set out in Note 3 to the Consolidated Financial Statements on page 154.

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

- For individual pieces of work below £25,000: Approval by the Chief Financial Officer.

- For individual pieces of work between £25,000 and £50,000: Approval by the Chair of the Audit & Risk Committee.
- Work in excess of £50,000: Approval by the full Audit & Risk Committee.

External Audit Tender Process

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

During the 2021/22 financial year, the Committee concluded its tender process on the appointment of a new external auditor to replace KPMG LLP with Deloitte LLP providing the most compelling global proposal.

Subject to approval by shareholders at the 2022 Annual General Meeting, KPMG will report on the results to 28 January 2023. Thereafter, it is the Board's intention to recommend the appointment of Deloitte to shareholders at the 2023 Annual General Meeting with Deloitte's first report to members being on the results to 3 February 2024.

The Committee confirms that the Company otherwise complied throughout the financial year under review with The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

External Auditor Reappointment

The Audit & Risk Committee recommends that KPMG be reappointed as the Company's statutory auditor for the 2022/23 financial year. The Committee, after careful consideration including of the auditor's performance during their period in office, is satisfied with the level of independence and impartiality of the external auditor and is satisfied with the audit process and that the way it operates remains effective.

Helen Ashton
Chair of the Audit & Risk Committee

22 June 2022



"The Remuneration Committee continues to monitor the overall remuneration policy to ensure it remains fit for purpose in our high performing business."

**BERT HOYT
INTERIM CHAIR OF THE
REMUNERATION COMMITTEE**

**Annual Statement of the Chair
of the Remuneration Committee**

Dear Shareholder

As Interim Chair of the Remuneration Committee (the 'Committee'), I am pleased to present the Company's Remuneration Report for the 2021/22 financial year, my first since I took over as the Chair of the Remuneration Committee on 25 February 2022.

This Directors' Remuneration Report ('Report') summarises the activities of the Committee during the 2021/22 financial year. It sets out the remuneration details for the Executive and Non-Executive Directors of the Company during the year, as well as a summary of the shareholder-approved Directors' Remuneration Policy (the 'Policy'). This report has been prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) ('Regulations') and the requirements of the Listing Rules. The Companies Act 2006 requires the auditor to report to the shareholders on certain parts of the Report and to state whether, in their opinion, those parts of the report have been properly prepared in accordance with the Regulations. The parts of the Annual Report on Remuneration that are subject to audit are indicated in that report.

Key Highlights

There are three sections:

- This Annual Statement.
- The Policy Report which sets out a summary of the Company's remuneration policy for Directors which was approved by shareholders at the 2021 AGM on 1 July 2021.
- The Annual Report on Remuneration providing details on the Directors' remuneration in the 2021/22 financial year and how the Policy will be operated during the 2022/23 financial year.

This Annual Report on Remuneration, together with the Annual Statement, will be subject to an advisory shareholder vote at the 2022 AGM.

The following paragraphs summarise key highlights from the business performance during the 2021/22 financial year which informed the Committee activities:

- Record result for the year with profit before tax and exceptional items of £947.2 million, more than double the previous record set in the year to 1 February 2020 (2021: £421.3 million; 2020: £438.8 million) demonstrates management's capabilities in relation to managing both supply chain disruption and frequent consumer channel shift through the COVID-19 pandemic. This result includes £125.6 million of profit from the combination of acquisitions in the year and the annualisation period of businesses bought in the 52 weeks to 30 January 2021.
- Significant acquisitions in the period have further extended the Group's geographical reach.
- International development of JD in other markets continues to gain momentum.
- A major programme of work is being progressed to enhance the logistics network and fulfilment capabilities across the UK and Western Europe.

This financial year being the second year of the COVID-19 pandemic has been a year of recovery and unprecedented growth. During this period of recovery and growth, the Committee has focused on ensuring that its Executive Director and Senior Management remuneration continues to be aligned with the Group's short, medium and long-term strategic aims. Alongside the Committee, the Group have been focusing on a number of key areas including, but not limited to:

- the continuation of being well-equipped to deal with the different COVID-19 variants which may cause local and national lockdowns;
- Executive and Senior Manager remuneration; and

- colleague welfare, diversity, inclusion and social mobility.

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

COVID-19 Recovery & Growth

Key measures were taken in the previous financial year to protect the Group and its position during such challenging times which included:

- voluntary reductions in salary for several members of the Board and Senior Management team ranging from 20-30% of salary;
- voluntary reduction of 75% of salary for the former Executive Chair;
- a freeze to all pay rises outside of statutory required increases;
- deferral of all incentive payments including bonuses and LTIP's; and
- recruitment freezes outside of business-critical roles.

This demonstrated the commitment to the Group at the senior levels to recovery, whilst securing jobs and retaining colleagues. The safeguarding of employment for as many of our colleagues as possible during the pandemic, I believe, has directly contributed to the Group's ability to provide a strong financial performance throughout.

Reflecting the continuous success of the Group as a business, the Board has repaid £24.4 million of support that it has received from the Coronavirus Job Retention Scheme in the UK during the year. We believe that this demonstrates the strength of the Group's success and commitment to the retention of jobs as well as growth for the business as whole.

Executive and Senior Management Remuneration

As with previous years, the Committee is dedicated to ensuring that the remuneration packages seek to retain and motivate the Executive Directors and Senior Management team members (consisting of the Group's core management team, excluding the Board of Directors) who are a fundamental part of the Group's success and the Board's succession and future growth plans. Throughout the period, the Group strived to ensure best market practice as well as to ensure that the remuneration remains competitive within the Remuneration Policy.

To continue the progress made in the previous years, the Group have undertaken numerous activities as detailed below.

Benchmarking

An annual market review of the basic salary and total earnings of the Chief Financial Officer has been undertaken. This is to ensure that remuneration remains appropriate for the market in which the Group operates. As per previous exercises, this was based on publicly available information from FTSE 100 companies as well as companies within the retail industry who may fall outside of the FTSE 100 listing but have made annual report disclosures.

This includes the following businesses:

- Next
- ASOS
- M&S
- ABF
- John Lewis
- BT Group
- Tesco
- Unilever
- Diageo
- Burberry Group

In addition, for this year's review, the Group have also engaged with external remuneration consultants for a more in-depth benchmarking exercise across the industry for the Executive Directors and intend to extend such professional review to the Senior Management team in the future years.

The results of both activities illustrated that we continue to pay at low-mid quartile levels despite the exponential year-on-year growth in profit and shareholder returns. In this context, the Committee agreed a salary increase for the Chief Financial Officer to £450,000 (currently £350,000). Although the increase for the Chief Financial Officer is at a materially higher rate than those given to the wider workforce, the Committee believes that it is pivotal that he continues to remain motivated to deliver superior performance for the Group by a fair remuneration package based on the size and complexity of the role.

The Committee also agreed a standard increase of 5.0% for the former Executive Chair in line with the wider workforce percentage increases (an additional £43,000 from £863,000 to £906,000).

2021/22 Annual Bonus Outcome

The Group has demonstrated exceptional business performance during the financial year despite extremely challenging commercial and financial factors globally. As a result the formulaic commercial and strategic outcome was 100% of maximum. However, corporate governance issues, as noted in the governance section on page 108, were brought to the attention of the Committee and the Committee exercised discretion to reduce the annual bonus payout as noted on page 124. Bonus payments remain subject to the ongoing Remuneration Policy.

DIRECTORS' REMUNERATION REPORT CONTINUED

Share-based Remuneration

We have successfully implemented the new share-based long-term incentive plan (the 'LTIP') as approved by shareholders at the 2021 AGM with the grant of the first awards during the 2021/22 financial year. The terms of the LTIP awards were reviewed by external advisors as well as internal finance and tax teams to ensure they were market competitive and compliant with relevant regulations.

In line with investor feedback, from the 2022/23 financial year, the proportion of the share-based element of the Chief Financial Officer's annual LTIP award will increase from 33% to 50% of the maximum opportunity.

Succession Planning

As disclosed on 25 May 2022, the Group has accelerated the separation of the roles of Chair and Chief Executive Officer as a consequence of an ongoing review of its internal governance and controls. As a result, the Group are in the process of recruiting a permanent Chief Executive Officer and Non-Executive Chair.

In this context, the Committee continues to review the appropriateness and alignment of the current Policy to ensure that it remains fit for purpose and facilitates the recruitment and retention of these roles.

Further details regarding Board composition are provided on page 92.

Welfare, Diversity, Inclusion and Social Mobility

The Group has taken steps to move forward in the areas of welfare, diversity, inclusion and social mobility as detailed in Our People section on page 76.

The Group continues to review and monitor the remuneration of the wider workforce as part of our annual pay review. Our pay review considers the remuneration strategy for the wider workforce including statutory increases and bonus payments linked to the Group and individual performance as well the cost of living increase.

Over the course of the coming financial year the Group is also reviewing the current pay strategy, including discussing with colleagues at the Engagement Forums alternative remuneration approaches that could be beneficial for them.

The Group has also focused significantly on creating a wide-ranging number of roles and pathways available to new colleagues across the Group, particularly in the areas of diversity of employability and early careers. As a result, we now offer employment and apprenticeship opportunities to an even wider variety of people.



Bert Hoyt

Interim Chair of the Remuneration Committee

22 June 2022

DIRECTORS' REMUNERATION POLICY (UNAUDITED)

The Policy was approved by shareholders on 1 July 2021. The Policy will apply for a maximum of three years until the 2024 AGM. A summary of the Policy is set out below. The full Policy is set out in the 2021 Directors' Remuneration Report as part of our 2021 Annual Report which can be found on our website www.jdplc.com/reports-presentations.

Changes to the Existing Directors' Remuneration Policy

The Committee believes that the overall structure of the Policy remains fit for purpose and is not proposing to make any change to the Policy as part of this report. This may be reviewed as part of the succession planning in the future.

How the element supports our short and long-term strategic objectives	Operation	Maximum opportunity	Performance targets
Base salary Provides a competitive fixed level of remuneration to attract and retain Executive Directors of the necessary calibre to execute the Group's strategy and deliver shareholder value.	<p>Base salaries for the Executive Directors are normally reviewed annually by the Committee.</p> <p>The following factors are taken into account when determining base salary levels:</p> <ul style="list-style-type: none"> - Remuneration levels at comparable quoted UK retail companies. - The need for salaries to be competitive. - The performance of the individual Executive Director. - Experience and responsibilities of the individual Executive Director. - Pay for other employees in the Group. - The total remuneration available to the Executive Directors and the components thereof and the cost to the Group. 	<p>Base salaries will normally be reviewed annually, but the Committee reserves the right to review fees on a discretionary basis if it believes an adjustment is required to reflect market rates or performance.</p> <p>There is no prescribed maximum annual increase.</p> <p>The Committee is guided by the general increase for the broader employee population but on occasion may need to recognise, for example, an increase in the scale, scope or responsibility of the role, as well as market rates.</p>	None
Benefits Ensures the overall package is competitive for Executive Directors.	<p>The current benefit provision is detailed on page 121.</p> <p>Other benefits may be provided where appropriate, including health insurance, life insurance/death in service, travel and relocation expenses.</p>	<p>The Committee determines the appropriate level taking into account market practice and individual circumstances.</p>	None
Pensions Provides market competitive post-retirement benefits for Executive Directors.	<p>Payments are made into a defined contribution pension scheme with company contributions set as a percentage of base salary.</p> <p>The Committee has the discretion to pay a cash amount in lieu of a pension contribution. Any such payment would not form part of the salary for the purposes of determining the extent of participation in the Group's incentive arrangements.</p>	<p>The maximum pension provision is 8% of salary.</p>	None

DIRECTORS' REMUNERATION REPORT CONTINUED

How the element supports our short and long-term strategic objectives	Operation	Maximum opportunity	Performance targets
Annual Bonus Provides Executive Directors with the opportunity to earn performance-related bonuses based on the achievement of financial targets and key performance indicators which incentivise the achievement of the business strategy.	<p>The bonus is paid annually in cash and is non-pensionable. Clawback and malus provisions apply to the bonus.</p> <p>The Committee can use its discretion to reduce, cancel or impose further conditions on the awards where it considers such action is appropriate. This includes where there has been a material misstatement of the Group's audited financial results, a serious failure of risk management or serious reputational damage.</p> <p>On change of control, the Committee may pay bonuses on a pro-rata basis measured on performance up to the date of change of control.</p>	<p>The maximum bonus opportunity may be up to 200% of salary.</p>	<p>The targets are set by the Committee each year and are based on a combination of financial and strategic KPIs, with target and maximum levels. Two thirds of the annual bonus will be linked to financial targets.</p> <p>The Committee retains the discretion to adjust the performance targets in the event of significant corporate activity during the year.</p> <p>The Committee will review the Group's overall performance before determining final bonus levels.</p> <p>The Committee may, in exceptional circumstances amend the bonus pay-out should this not, in the view of the Committee, reflect the overall business performance or individual contribution.</p> <p>The Committee is of the opinion that, given the commercial sensitivity arising in relation to the detailed targets used for the annual bonus, disclosing precise targets for the bonus plan in advance would not be in shareholder interests. Actual targets, performance achieved and awards made will be published in the following year's Annual Report so that shareholders can fully assess the basis for any pay-outs under the annual bonus.</p>
Long Term Incentive Plan (LTIP) Provides the Executive Directors with the opportunity to earn competitive rewards. Aligns the Executive Directors' interests more closely with those of shareholders. Focuses the Executive Directors on sustaining and improving the long-term financial performance of the Group and rewards them appropriately for doing so.	<p>Both the cash and share award will be subject to a three-year performance period. If met, the cash element will vest after three years. Any share-based elements will vest after five years.</p> <p>Malus and clawback provisions apply to unvested awards.</p> <p>The Committee can use its discretion to reduce, cancel or impose further conditions on the awards where it considers such action is appropriate. This includes where there has been a material misstatement of the Group's audited financial results, a serious failure of risk management or serious reputational damage.</p> <p>LTIP awards track the Group's share price and/or a measure of Group profit.</p>	<p>Base award on grant equal to 100% of salary.</p> <p>Pay-out is capped at 250% of salary.</p> <p>This applies to the total value of both cash and share-based elements combined.</p>	<p>Subject to performance criteria being met, the value of the base award will trigger from the agreed financial performance metrics.</p> <p>The final value of the award is linked to the change in profits and/or share price, subject to the overall cap.</p> <p>Targets will be disclosed in the Annual Report for the year following a performance period.</p>

How the element supports our short and long-term strategic objectives	Operation	Maximum opportunity	Performance targets
Non-Executive Director fees Provides a level of fees to reflect the time commitment and contributions that are expected from the Non-Executive Directors.	The Board as a whole is responsible for setting the remuneration of the Non-Executive Directors, other than the Chair whose remuneration is considered by the Committee and recommended to the Board. Non-Executive Directors are paid a base fee in cash. Additional fees may be paid for additional responsibilities such as acting as Senior Independent Director or the Chair of a Committee of the Board. Fee levels are reviewed annually. The Non-Executive Directors do not participate in the Group's incentive arrangements and no pension contributions are made in respect of them. Reasonable travel and subsistence expenses may be paid or reimbursed by the Group.	The fees paid to Non-Executive Directors normally will be reviewed annually, but the Committee reserves the right to review fees on a discretionary basis if it believes an adjustment is required to reflect market rates, scope of responsibilities or performance. There is no prescribed maximum increase, but in general the level of fee increase for the Non-Executive Directors will be set taking account of any change in responsibility and the general rise in salaries across the UK workforce.	None

Service Contracts

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

Name	Date of contract	Notice period (months)	Unexpired Term
Peter Cowgill	16 March 2004	12	Rolling 12 months
Neil Greenhalgh	1 November 2018	12	Rolling 12 months

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

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

Non-Executive Directors

The Non-Executive Directors have entered into Letters of Appointment with the Group which are terminable by the Non-Executive Director or the Group on not less than three months' notice.

In 2021/22 we have appointed four new Non-Executive Directors. These appointments will positively contribute to the global development and momentum of the Group as well as increasing the gender, ethnic and cultural diversity of the Board.

Payments for Loss of Office

In the event of early termination, the Group may make a termination payment not exceeding one year's salary and benefits. Incidental expenses may also be payable where appropriate. It is at the discretion of the Committee as to whether departing Directors would be paid a bonus. In exercising its discretion on determining the amount payable to an Executive Director on termination of employment, the Board would consider each instance on an individual basis and take into account contractual terms, circumstances of the termination and the commercial interests of the Group. When determining whether a bonus or any other payment should be made to a departing Director, the Committee will ensure that no 'reward for failure' is made. The Committee may make a payment to a departing Director for agreeing to enter into enhanced restrictive covenants following termination where it considers that it is in the best interests of the Group to do so.

In the event of gross misconduct, the Group may terminate the service contract of an Executive Director immediately and with no liability to make further payments other than in respect of amounts accrued at the date of termination.

The current Executive Director service contracts permit the Group to put an Executive Director on garden leave for the duration of the notice period.

DIRECTORS' REMUNERATION REPORT CONTINUED

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

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

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

Change of Control

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

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

Statement of Employee Conditions Elsewhere in the Group

Remuneration arrangements are determined throughout the Group based on the same principle that reward should be achieved for delivery of the Group's business strategy and should be competitive within the market to attract and retain high-calibre talent, without paying more than is necessary.

Senior Managers below Board level with a significant ability to influence Group results may participate in an annual bonus plan and LTIP which reward both performance and loyalty and are designed to retain and motivate. The current share-based LTIP for the Executive Chair and the Chief Financial Officer will be rolled out to the Senior Management team in the coming years.

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

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

- The introduction of an employee welfare committee.
- Global campaign for diversity and inclusion.
- Employee engagement forums.
- Apprentice and Kickstart scheme initiatives.

Consideration of Shareholder Views

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

In previous years, shareholders were concerned that the LTIP scheme implemented did not go far enough to align remuneration with shareholder interests. As such, the Committee implemented a significant change to the LTIP scheme from 2021/22 for Executive Directors by granting share-based LTIP awards. Currently this has been rolled out to the Executive Directors but more members of the Senior Management team will become eligible for participation. For 2022/23, awards will be granted as a hybrid of cash and share-based awards for the Chief Financial Officer, with a greater emphasis on the share-based element than in 2021/22.

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

Annual Report on Remuneration

Single Total Figure of Remuneration (Audited)

The table below sets out the single total figure of remuneration and breakdown for each Executive and Non-Executive Director in respect of the 2021/22 financial year. Comparative figures for the 2020/21 financial year have also been provided. Figures provided have been calculated in accordance with the UK disclosure requirements: Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and the requirements of the Listing Rules.

Name	Salary / Fee (£'000)		Benefits (£'000)		Bonus (£'000)		LTIP (£'000)		Pension (£'000)		Others (£'000)		Total Fixed Remuneration (£'000)		Total Variable Remuneration (£'000)	
	2021/ 22	2020/ 21	2021/ 22	2020/ 21	2021/ 22	2020/ 21	2021/ 22	2020/ 21	2021/ 22	2020/ 21	2021/ 22	2020/ 21	2021/ 22	2020/ 21	2021/ 22	2020/ 21
Peter Cowgill	863	701	3	3	1,553	1,295	-	-	-	-	-	3,000	866	704	1,553	4,295
Neil Greenhalgh	333	278	12	12	367	300	600	259	23	22	-	-	368	312	967	559
Andrew Leslie	31	52	-	-	-	-	-	-	-	-	-	-	31	52	-	-
Martin Davies	35	58	-	-	-	-	-	-	-	-	-	-	35	58	-	-
Heather Jackson	46	45	-	-	-	-	-	-	-	-	-	-	46	45	-	-
Kath Smith	58	45	-	-	-	-	-	-	-	-	-	-	58	45	-	-
Andy Rubin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Andy Long	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bert Hoyt	25	-	-	-	-	-	-	-	-	-	-	-	25	-	-	-
Helen Ashton	17	-	-	-	-	-	-	-	-	-	-	-	17	-	-	-
Mahbobe Sabetnia	10	-	-	-	-	-	-	-	-	-	-	-	10	-	-	-

Notes:

- (1) Both the former Executive Chair and the Chief Financial Officer are in the lower quartile of total remuneration (when compared to publicly available information of other FTSE 100 businesses). As a result, an increase to the salary of the Chief Financial Officer was given after the salary reduction during the 2020/21 financial year due to COVID-19 and the former Executive Chair's salary level was restored to its 2019/20 level. Salary reviews are effective annually from 1 April 2021.
- (2) With effect from April 2021, Neil Greenhalgh's annual salary was increased by £50,000.
- (3) The 2021/2022 fee figure for Bert Hoyt (commenced 8 September 2021), Helen Ashton (commenced 15 November 2021) and Mahbobe Sabetnia (commenced 29 November 2021) represents a part-year figure based on when they commenced their role. Andy Long joined the Board on 6 May 2021 but does not receive any remuneration in connection with his directorship.
- (4) The 2021/22 salary figure for Andrew Leslie (resigned 1 July 2021), Martin Davies (resigned 9 July 2021) and Heather Jackson (resigned 29 November 2021) are also part-year, based on their leave date. Andy Rubin left the Board on 6 May 2021 and did not receive any remuneration in connection with his directorship.
- (5) The basis of calculation has been updated to ensure all figures are based on year to date values.
- (6) Neil Greenhalgh's pension value is provided by means of a pension allowance salary supplement and an Employers Pension Scheme contribution. The values for 2021/22 have been updated to reflect what was paid during the financial year 2021/22. Peter Cowgill did not receive a pension contribution.

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

Pension contributions were:

- Peter Cowgill - 0% of salary; and
- Neil Greenhalgh - 8% of salary.

DIRECTORS' REMUNERATION REPORT CONTINUED

Additional Information Regarding the Single Figure Table (Audited)

2021/22 Annual Bonus Awards

Under the Directors' Remuneration Policy, the maximum bonus awards for Executive Directors are up to 200% of salary. Based on an assessment of the relative roles and responsibilities, the Committee determined that the maximum bonus opportunities for 2021/22 would be 200% of salary for the former Executive Chair and 120% of salary for the Chief Financial Officer.

The annual bonuses for the Executive Directors were based on a mix of financial targets (66.7%) and strategic/non-financial performance objectives (33.3%). The Committee maintains the view that this is an appropriate method of incentivising the Executive Directors to focus their efforts on the fundamental drivers for growth and exceptional performance during the course of the financial year. The apportioning and determination of the award values for the 2021/22 annual bonus values were measured against the following criteria:

	Weighting	Criteria	Target Outcome	Actual performance	% vesting
Profit Before Tax and Exceptional Items (proforma IAS 17 basis)	67%	£460.1 million	£483 million	£957.9 million	100%
People	6.7%	Promote and expand the succession planning and development of people within the Group.	Identify a succession plan for the senior leadership team. Ensure that the targets are met in line with the Hampton-Alexander Davies review and the Parker review. Provide an infrastructure that supports development and mobility.	All senior leadership team members have a succession plan to develop the appropriate skills and leadership to step into business-critical roles and have highlighted pathway planning strategies for the forthcoming financial year. Changes to infrastructures have been put in place to allow for growth of apprenticeships, skills training, qualifications and engagement in government initiatives whilst focusing on diversity, equality and inclusion and social mobility.	100%
Environmental	6.7%	Maintain 'leading' sector-level performance on critical environmental issues including climate change and water stewardship. Demonstrate sector-level of ESG performance with regards to: i) advocacy to reduce the impact of climate change; ii) support for major climate change initiatives; and iii) TCFD compliance and improved transparency of environmental data.	Independent, verifiable reports demonstrating that the Group remains a sector-level 'leader' for environmental/climate change performance. Deliver climate change training and education across our directly-controlled supply chain, with a primary focus on private label manufacturing. Delivery of a TCFD-compliant 2021/22 Annual Report.	In December 2021, the Group achieved its second successive 'A-' grade for the Carbon Disclosure Project ('CDP'), two grades higher than the average for the retail sector. The Group also retained a strong 'B' grade within the CDP 'Water Stewardship', reflecting the continued progress of our private label team and site operational efficiencies. CDP scoring metrics intensified from the prior period 'A- grade' achievement requiring significant year-on-year improvements, such as verification of Scope 1 and 2 Science Based Target initiatives, which we have achieved against the 1.5c scenario. The Group is a participating member and advocate of the RE100, United Nations 'Road to Zero', Better Cotton and Textile 2030 initiatives, each of which underlines our ESG credentials during this first TCFD reporting year.	100%

	Weighting	Criteria	Target Outcome	Actual performance	% vesting
Sustainability	6.7%	<p>Provide an overarching, risk and outcome assessment demonstrating Group prioritisation of sustainability/ and environmental based activities.</p>	<p>Provide internal colleagues and external stakeholders (suppliers, investors and customers) with a transparent view of (independently-assessed) Group climate-related risks and opportunities via both our TCFD disclosure and re-launched corporate website.</p> <p>Increase engagement with strategic private label suppliers and the Group's largest brand suppliers on ESG-related engagements.</p>	<p>Our Corporate website re-launch further improved our ESG-related disclosures and communication.</p> <p>We undertook our largest ever consumer ESG survey, attracting almost 10,000 responses to further inform our future strategy.</p> <p>Our TCFD disclosure is included within the ESG section of this report. During the period, the Group received an (independently assessed) A- score for our CDP Climate Change survey. Our Group Science Based Targets for Scope 1-3 have been validated by the Science Based Target Initiative Board. Accordingly, documented Group climate risks and opportunities have been reviewed and approved by the ESG Committee Chair prior to publication. During the period, detailed climate-related content has been added to the ESG section of our corporate website, providing further confidence for customers, colleagues and investors alike.</p> <p>During the period, the Group increased the frequency of ESG engagement with adidas, Nike, Puma and Under Armour, whilst also engaging private label suppliers on the topic of climate change and renewable energy use.</p>	100%
Governance (of climate change)	6.7%	<p>Recognising the importance of climate change, the governance of the activities to reduce the impact of climate change were selected for this metric. This reflects the importance of protecting workers within the supply chain through education, communication and disclosures.</p>	<p>Active participation and leadership within sector/industry initiatives to promote 'circular economy' principles, to reduce the impact of the fashion industry on the environment.</p>	<p>The Group launched its '#IAMSUSTAINABLE' training programme within the year, accessible to over 20,000 colleagues. Our training materials were shared with, and advised upon, by strategic brand partners. The Group '#IAMSUSTAINABLE' project has been submitted to the Chartered Institute of Procurement and Supply (CIPS) 'Excellence in Procurement' awards for 'Best Sustainability Project of the Year'.</p> <p>The Group is a member of Textiles 2030 – WRAP's expert-led initiative to accelerate the fashion/textiles industry move towards circularity and system change. The Group has also joined the advisory group for this initiative.</p>	100%

DIRECTORS' REMUNERATION REPORT CONTINUED

	Weighting	Criteria	Target Outcome	Actual performance	% vesting
Digital Innovation	6.7%	Ensure that the business continues to innovate and embrace technology to maximise online consumer adoption and defend market position.	Increased customer adoption driven via digital innovations. Flexibility provided in the online driven B2C supply chain to increase capacity, throughput and consumer choice.	The capability of the digital/online platforms were leveraged to enable scaling of the B2C supply chain. This provided additional consumer choice and increased online sales against the previous inflated COVID-19 year when much store demand had switched online. Introduction of allocation and routing technology enabled multiple distribution centres to be provisioned and competitive customer service level agreements to be maintained throughout the peak trading period. The online consumer proposition was further expanded via the addition of new territories and online businesses.	100%

As a result of this performance, the Committee determined that the following bonuses were appropriate:

The formulaic outcome under the annual bonus leads to a 100% of maximum pay out for both the former Executive Chair and the Chief Financial Officer. The outcome takes into account the exceptional financial performance (108.2% increase in profit before tax and exceptional items on a pro-forma IAS 17 basis), strong shareholder returns (18% TSR) and the repayment of furlough monies during the year.

Nevertheless, recognising events within the year that resulted in a CMA fine, the Committee determined that discretion should be applied to reduce the formulaic bonus outcomes by 10%. The Group will continue to further strengthen corporate governance and intends to specifically measure an element of the 2022/23 annual bonus on corporate governance related issues. As a result, the final annual bonus outcome is equivalent to 90% of maximum; equivalent to 180% of salary for the former Executive Chair and 108% of salary for the Chief Financial Officer.

LTIP Awards with Performance Periods Ended During 2021/22

The LTIP payments that Neil Greenhalgh became entitled to during the year were granted under the Executive Director LTIP in April 2019 in respect of performance during the three financial years from 3 February 2019 to 29 January 2022. Full details of this LTIP can be found within the final year of 2014 AGM notice at www.jdpcl.com.

Neil Greenhalgh's awards were subject to the following performance targets relating to the Group's Profit Before Tax and Exceptionals on a pro-forma IAS 17 basis.

Pro-forma IAS 17 Profit Before Tax and Exceptionals for each Relevant Year in the Performance Period	Percentage of the relevant proportion of the Award which Vests
Less than Threshold	0%
Threshold Target	25%
Maximum Target	100%
Between Threshold and Maximum	Pro-rata on a straight-line basis

Relevant Year	Threshold	Maximum	Actual IAS 17 Profit Before Tax & Exceptionals
2019/20	£355 million	£370 million	£465.6 million
2020/21	£370 million	£385 million	£460.1 million
2021/22	£385 million	£400 million	£957.9 million

As the actual Profit Before Tax and Exceptionals on a pro-forma IAS 17 basis exceeded the maximum levels in each year of the performance period, 100% of Neil Greenhalgh's April 2019 LTIP award vested in April 2022.

Long Term Incentives Granted During 2021/22

The Executive Directors were granted the following awards under the LTIP:

Name	Grant Date	% of salary	Form of award (% of total award value)		Number of shares underlying the share-based award ⁽¹⁾	Vesting Date
			Cash-based	Share-based (nil-cost options) ⁽²⁾		
Peter Cowgill	20 October 2021	100%	-	100%	81,855 ⁽¹⁾	20 October 2026
Neil Greenhalgh	20 October 2021	100% ⁽³⁾	67%	33%	10,645 ⁽¹⁾	20 October 2026 (share-based) 20 October 2024 (cash-based)

(1) Based on the share price of £10.54, being the middle-market quotation on the dealing day prior to the grant date. Subsequent to the grant of these shares, the Company completed a sub-division of the Company's issued share capital on a 5:1 basis. As a result, the number of shares granted to Peter Cowgill was 409,275 and for Neil Greenhalgh this is 53,225.

(2) Malus and clawback provisions apply to all share-based awards. The Committee can use its discretion to reduce, cancel or impose further conditions on the awards where it considers such action is appropriate. This includes where there has been a material misstatement of the Company's audited financial results, a serious failure of risk management or serious reputational damage.

(3) The total value of the awards which can be paid to the Chief Financial Officer at vesting is capped at 250% of base salary calculated as at the grant date. The amount of the cash-based award will be reduced to the extent the total exceeds the cap, and if/when the share-based award vests, the sum of the cash-based award already vested and the market value of the shares that vest exceeds the cap, then the vesting of the share-based award will be reduced accordingly.

Awards will generally only vest or become exercisable subject to the satisfaction of a performance condition measured over a three-year performance period. Awards will vest dependent on the satisfaction of performance conditions over the performance period, with the targets determined by the Committee prior to the date of grant. The performance conditions must contain objective conditions, which must be related to the underlying financial performance of the Company.

The vesting level of the awards granted to the Executive Directors on 20 October 2021 will be based on the extent to which the Group PBT at the end of the three-year performance period commencing on 1 February 2021 exceeds the minimum PBT target set by the Committee prior to the date of grant. Details of the specific PBT targets are considered commercially sensitive and will be disclosed in the Directors Remuneration Report following the end of the performance period.

Following the departure of Peter Cowgill, as announced on 25 May 2022, this LTIP award will lapse on cessation in accordance with the Policy.

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

Statement of Directors' Shareholdings and Share Interests (Audited)

The interests of the Directors who held office at 29 January 2022 and persons closely associated with them in the Company's ordinary shares are shown below:

Director	Unvested and subject to performance conditions	Unvested and subject to continued employment ⁽²⁾	Vested but not yet exercised	29 January 2022	30 January 2021 (restated) ⁽⁴⁾
Peter Cowgill	81,855 ⁽³⁾	-	-	9,714,670	19,464,670
Neil Greenhalgh	10,645 ⁽³⁾	-	-	10,000	10,000

(1) No options were exercised by the Directors during the year to 29 January 2022.

(2) Refers to any unvested options under the LTIP for which the three-year performance period has expired.

(3) Following the 5 for 1 share split that took effect on 30 November 2021, the number of shares underlying the award granted to Peter Cowgill was adjusted to 409,275 and the award granted to Neil Greenhalgh was adjusted to 53,225.

(4) The comparative figures have been restated for the 5:1 share split that was effective from 30 November 2021.

Following the departure of Peter Cowgill, as announced on 25 May 2022, the LTIP award granted during the year will lapse on cessation in accordance with the Policy and therefore Peter Cowgill has no share interests that are unvested and subject to performance conditions. There have been no other changes in the interests of the Directors or persons closely associated with them between 29 January 2022 and the latest practicable date prior to the publication of this report. The holdings stated above are held directly by the Directors and persons closely associated with them are not subject to any performance targets. The Directors have no other interests in Company shares.

Stock Ownership Guidelines

There are currently no minimum share ownership guidelines applicable to the Executive Directors. As the share-based element of the LTIP is a new basis of remuneration for the Group, the intention is to allow the LTIP to mature prior to setting minimum share ownership guidelines for the Executive Directors. Over time, the Group will be working towards Executive Directors holding a minimum percentage of base salary in the shares of the Company.

DIRECTORS' REMUNERATION REPORT CONTINUED

At the discretion of the Committee this may also include post-employment termination periods. It is not intended that this will be reviewed during the duration of the current Policy, although this may be subject to review or change at the direction of the Committee.

Details of Scheme Interests

See page 125 for details of LTIP awards granted during 2021/22. The Directors hold no other outstanding scheme interests in shares.

Payments to Past Directors (Audited)

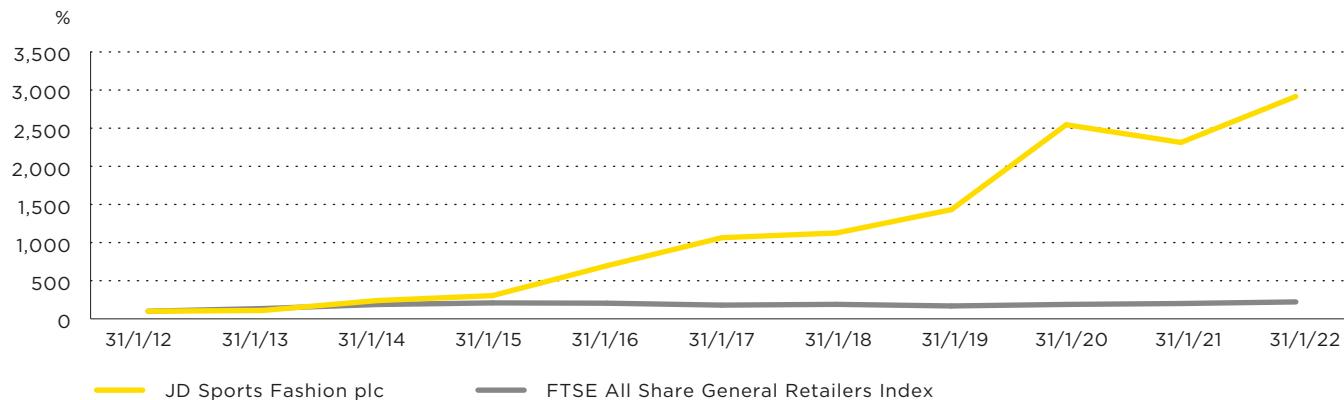
No such payments were made.

Payments for Loss of Office (Audited)

No such payments were made.

Total Shareholder Return (Unaudited)

The following graph shows the Total Shareholder Return ('TSR') of the Group in comparison to the FTSE All Share General Retailers Index over the past ten years. The Committee consider the FTSE All Share General Retailers Index a relevant index for total shareholder return comparison disclosure required under the Regulations as the index represents the broad range of UK quoted retailers. TSR is calculated for each financial year-end relative to the base date of 31 January 2012 by taking the percentage change of the market price over the relevant period, reinvesting any dividends at the ex-dividend rate.



Former Executive Chair's Remuneration Over Past Ten years (Unaudited)

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

	Year ended									
	Jan 2013	Jan 2014	Jan 2015	Jan 2016	Jan 2017	Jan 2018	Jan 2019	Jan 2020	Jan 2021	Jan 2022
Salary										
Total remuneration £m	2.0	3.1	2.0	2.7	2.8	2.3	2.6	5.6	5.0	2.4
Annual bonus %	37	100	100	200	200	200	200	200	150	180
LTIP vesting %	100	n/a	n/a*	n/a*	100*	n/a	n/a	n/a	n/a	n/a

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

LTIP vesting is n/a for certain years as the former Executive Chair was not awarded an LTIP and therefore no LTIP vested.

Percentage Change in Executive and Non-Executive Directors' Remuneration (Unaudited)

The table below shows the percentage change in the Executive and Non-Executive Directors' salary and annual bonus between financial years ended on 29 January 2022 and 30 January 2021 compared to UK Head Office employees in the JD and Size? businesses, being deemed by the Board as the most appropriate comparator group based on the Group as they are remunerated in the most comparable way within the Group. For this table we use the Head office employees average data as including the retail data would skew the results.

	% change from 2019/20 to 2020/21	% change from 2020/21 to 2021/22
Salary		
Former Executive Chair	(18.77%)	23.11%
Chief Financial Officer	(3.47%)	19.78%
Non-Executive Director - Martin Davies	(18.31%)	(39.66%)
Non-Executive Director - Andrew Leslie	(17.46%)	(40.38%)
Non-Executive Director - Heather Jackson	(19.64%)	2.22%
Non-Executive Director - Kath Smith	12.50%	28.89%
UK Head Office employee average	1.28%	16.80%
Benefits		
Former Executive Chair	3.05%	3.99%
Chief Financial Officer	0%	0.00%
Non-Executive Director - Martin Davies	0%	0.00%
Non-Executive Director - Andrew Leslie	0%	0.00%
Non-Executive Director - Heather Jackson	0%	0.00%
Non-Executive Director - Kath Smith	0%	0.00%
UK Head Office employee average	(18.86%)	(0.69%)
Annual bonus		
Former Executive Chair	(24.97%)	19.92%
Chief Financial Officer	0%	22.33%
Non-Executive Director- Martin Davies	0%	0.00%
Non-Executive Director- Andrew Leslie	0%	0.00%
Non-Executive Director- Heather Jackson	0%	0.00%
Non-Executive Director- Kath Smith	0%	0.00%
UK Head Office employee average	4.53%	37.21%

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

The variation in salary and bonus for the former Executive Chair represents a restoration of salary to a pre-COVID-19 level and the bonus paid remains below that of the 2019/20 year.

The Non-Executive Director changes reflect changes to roles, remits and changes in members during the financial year.

CEO Pay Ratio (Unaudited)

Set out below are ratios which compare the total remuneration of the former Executive Chair (as included in the single figure table on page 121 to the remuneration of the 25th, 50th and 75th percentile of our UK employees.

Financial year end	Method used	25th Percentile Ratio	50th Percentile Ratio	75th Percentile Ratio
2019/20	B	348:1	310:1	304:1
		25th Percentile Remuneration	50th Percentile Remuneration	75th Percentile Remuneration
Base Salary		£16,067	£17,877	£17,981
Total Remuneration		£16,067	£18,299	£18,366
Financial year end	Method used	25th Percentile Ratio	50th Percentile Ratio	75th Percentile Ratio
2020/21	B	251:1	183:1	140:1

DIRECTORS' REMUNERATION REPORT CONTINUED

	25th Percentile Remuneration	50th Percentile Remuneration	75th Percentile Remuneration	
Base Salary	£15,624	£21,174	£27,929	
Total Remuneration	£15,624	£21,511	£28,139	
Method used	25th Percentile Ratio	50th Percentile Ratio	75th Percentile Ratio	
Financial year end 2021/22	B	351:1	191:1	110:1
25th Percentile Remuneration	50th Percentile Remuneration	75th Percentile Remuneration		
Base Salary	£10,373	£19,064	£32,531	
Total Remuneration	£10,405	£19,064	£33,232	

We have used Option B in the legislation to identify the 25th, 50th and 75th percentile UK employees. This has utilised the most recent data from our UK gender pay gap reporting for April 2021.

The Group has elected to utilise this approach for this year as to prepare individual employee calculations across a vast employee base would be overly complicated. In line with published guidelines, any employee receiving a furlough payment in the period was excluded as they are not considered a full pay relevant employee.

By utilising the gender pay gap data we have identified the employees at the three percentiles. To then calculate total remuneration for these individuals, we have used the same methodology applied in the single figure calculation.

The largest population of employees within the Group are store colleagues and warehouse operatives and the individuals represented at the 25th, 50th and 75th percentile were identified by the use of the gender pay data. It is important to note that when completing the Gender Pay Gap data, we removed any individuals in receipt of furlough as this would mean that they are not full pay employees and therefore do not meet the requirement to be included in the report. As stores opened in April 2021 we still had an element of Flexible Furlough for that month which was also our snapshot date for the report per the guidelines. Although the Gender Pay Gap Analysis was undertaken on a smaller sample, we believe these ratios, and the individuals, are representative and appropriate given the guidelines that we have been required to apply.

All comparator employees were full-time for this year's calculation, as such we have now converted any hourly rate of pay into the equivalent 40-hour week.

As the former Executive Chair was in receipt of variable pay that is linked to the Group's performance, the level of remuneration will vary vastly from year-to-year and this, combined with the factors above, contribute to the level of the ratios.

Relative Importance of the Spend on Pay (Unaudited)

The following table shows the Group's actual spend on pay (for all employees) relative to dividends, tax and retained profits:

	2022 (£m)	2021 (£m)	% change
Staff costs	1,142.0	785.9	45.3%
Dividends	14.9	-	-
Tax	195.1	94.8	105.8%
Retained profits	459.6	229.2	100.5%

Implementation of Remuneration Policy in Financial Year 2022/23 (Unaudited)

The Committee proposes to implement the policy for 2022/23 as set out below:

Salaries and Benefits

Salaries for the Executive Directors, effective 1 April 2022, are set out below:

	April 2022	April 2021	% increase
Former Executive Chair	£906,000	£862,750	5.0%
Chief Financial Officer	£450,000	£340,000	32.4%

Senior Management teams and the wider workforce may receive an increase in line with Policy.

As part of the annual pay review and in line with the pay increases for the wider workforce, we increased the former Executive Chair's salary by 5.0%.

Whilst the increase for the Chief Financial Officer is at a materially higher percentage than those given to the wider workforce, the Committee believes that this increase delivers a fair remuneration package for a Chief Financial Officer (with additional operational responsibilities) operating in a business of this size and complexity.

Benefits and pension will be provided in line with the Directors' Remuneration Policy.

The following salary/fees will be paid to the Chief Financial Officer effective from 25 May 2022:

Chief Financial Officer: A responsibility allowance will be paid of £250,000 per annum (pro-rated monthly for as long as required) to reflect the enhanced responsibilities and duties of the role during the period of transition following the separation of the Chair and Chief Executive Officer roles and prior to the appointment of permanent roles.

Non-Executive Director Fees (Unaudited)

As detailed in the Audit & Risk Committee report which commences on page 108, it was determined that extensive work should be undertaken to fully review and improve the Group's corporate governance, risk and controls processes. It was agreed that two of the Non-Executive Directors (being Kath Smith and Helen Ashton) form a Governance Committee with specific Terms of Reference to lead the governance review, supported by various advisors. In recognition of the complexity of such additional responsibilities and the additional time commitment, which extend beyond the normal responsibilities of Non-Executive Directors, during the period of 30 January 2022 to 24 May 2022, additional remuneration was considered. It was agreed by the former Executive Chair (acting in the capacity of Chair and Chief Executive Officer) that the Non-Executive Directors would receive fees at £3,500 per additional day worked. In total as at 24 May 2022, they had received gross fees of £80,755 for Kath Smith and £89,795 for Helen Ashton, in addition to their normal Non-Executive Director fees. These amounts will also be reported in the Single Total Figure for 2022/23 as part of the Group's next Annual Report and Accounts.

In addition, following the announcement on the 25 May 2022 regarding the appointment of Helen Ashton as Interim Chair and Kath Smith as Interim Chief Executive Officer, the following fees have been agreed:

- The Interim Chief Executive Officer will receive an annual fee of £1.2 million on a pro rata basis. Kath Smith will serve the role on a full-time basis whilst a permanent appointment is sought. No variable pay or benefits will be paid.
- The Interim Non-Executive Chair will receive a basic annual fee of £425,000 on a pro-rata basis for her duties in that role. Helen Ashton is expected to devote two days per week for her role as Interim Chair, and will receive additional fees for any further days worked. No variable pay or benefits will be paid.

As noted, the current intention is that they would both step back into their permanent Non-Executive Director roles as soon as practicable following the commencement of permanent replacements.

LTIP

The Committee intends to grant awards under the LTIP for the 2022/23 financial year to the Chief Financial Officer, consistent with the approach taken in 2021/22 financial year as set out in page 125, in accordance with the Remuneration Policy.

The face value of the awards will be 100% of salary for the Chief Financial Officer. The exact number of share-based awards to be granted is to be determined with reference to the prevailing mid-market share price the day before the date of grant. The Chief Financial Officer's grant will consist of 50% cash-based and 50% share-based awards.

The award will be subject to performance linked to Profit Before Tax over a three-year period. Specific targets will be disclosed in the annual report on remuneration following the end of the relevant performance period. Cash-based awards will vest three years after grant, and share-based awards will vest five years after grant. The awards will be subject to malus and clawback provisions.

2022/23 Annual Bonus Awards

The annual bonus maximum, as a percentage of base salary, is as follows:

Chief Financial Officer	200%
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Financial Targets and Strategic Objectives for the Annual Bonus Awards in 2022/23

The split between financial targets and strategic objectives will remain two thirds and one third respectively. The financial targets will include a minimum threshold below which no bonus will be payable.

The strategic objectives will be set against criteria in the following categories:

1. People - focused on succession planning and development of people within the Group.
2. Environmental - focused on maintaining performance on issues such as climate change and water stewardship
3. Sustainability - focused on providing an overarching risk and outcome assessment demonstrating Group prioritisation of sustainability.
4. Governance - focused on the strengthening and delivery of corporate governance controls and processes.
5. Digital Innovation - innovation and embracing technology to maximise online consumer adoption.

The Board considers that both the financial targets and the strategic objectives for the financial year to 28 January 2023 are commercially sensitive and so will be disclosed in the next Annual Report.

DIRECTORS' REMUNERATION REPORT CONTINUED

Statement of Voting at Annual General Meeting (Unaudited)

At the 2021 AGM, the Directors' Remuneration Report received the following votes from shareholders:

For	Against	Withheld
609,424,422	280,316,172	6,184,469
68.49%	31.51%	

At the 2021 AGM, the Directors' Remuneration Policy received the following votes from shareholders:

For	Against	Withheld
712,912,592	178,373,866	4,638,605
79.99%	20.01%	

Composition of the Committee and Advisors (Unaudited)

The current composition of the Remuneration Committee and details of the changes to the composition during the financial year are detailed on page 103. The Committee has met twice during the year under review and details of attendance at the Committee meetings is set out on page 101.

In addition to the meetings noted above, the Committee met several times on an informal basis following the financial year end, including two further formal Committee meetings for which the Remuneration Committee attended to discuss remuneration in the context of the new leadership roles and structure.

The Committee assists the Board in determining the Group's policy on Executive Directors' remuneration and determines the specific remuneration packages for Senior Executives, including the Executive Directors, on behalf of the Board. Peter Cowgill, the former Executive Chair and Neil Greenhalgh, the Chief Financial Officer, have assisted the Committee when requested with regards to matters concerning key Executives below Board level.

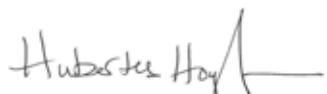
The Committee can obtain independent and objective advice at the Company's expense where they consider it appropriate and in order to perform their duties. PwC have provided advice in relation to the Policy application and reporting and the Company also engaged with Freshfields LLP and Addleshaw Goddard LLP in relation to the above. The Committee is satisfied that the advice received from the external consultants was independent and objective. The Company incurred fees of approximately £45,000 excluding VAT during 2021/22 for such advice taken from these external advisors.

The Committee is formally constituted with written terms of reference, which are available on the Company's corporate website www.jdplc.com. The Committee engages with the major shareholders or other representative groups where appropriate concerning remuneration matters.

The Committee is mindful of the Company's social, ethical and environmental responsibilities and is satisfied that the current remuneration arrangements and policies do not encourage irresponsible behaviour.

Members of senior management, including the Group People Director and the independent advisor to the Committee are invited to attend meetings where appropriate. The Group Company Secretary and General Counsel is the secretary to the Committee. Attendees are not involved in any decisions and are not present in any discussions involving their own remuneration.

Following the AGM, we propose the appointment of a permanent Remuneration Committee Chair. Together with our advisors it has been agreed that they will continue to monitor changes within corporate governance developments relevant to the Group and best practice to determine any revisions to the remuneration policy to ensure it is fit for purpose going forward. We are always keen to listen to shareholder feedback and very much look forward to engaging with shareholders in the future.



Bert Hoyt
Interim Chair of the Remuneration Committee

22 June 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework. In addition the Group financial statements are required under the UK Disclosure Guidance and Transparency Rules to be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRSs as adopted by the EU").

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable, relevant and reliable.
- State whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Group financial statements, International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the UK-adopted international accounting standards.
- Assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

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

Responsibility Statement of the Directors in Respect of the Annual Financial Report

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.
- The Strategic Report and Directors' Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. This responsibility statement was approved by the Board of Directors on 22 June 2022 and is signed on its behalf by:



Neil Greenhalgh
Chief Financial Officer

22 June 2022

INDEPENDENT AUDITOR'S REPORT



to the members of JD Sports Fashion plc

1. Our Opinion is Unmodified

We have audited the financial statements of JD Sports Fashion Plc ('the Group') for the year ended 29 January 2022 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Balance Sheet, the Company Statement of Changes in Equity and the related notes, including the accounting policies in Note 1 to the consolidated financial statements and Note C1 to the company financial statements.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 29 January 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK- adopted international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit & Risk Committee.

We were first appointed as auditor by the shareholders in March 1996. The period of total uninterrupted engagement is for the 26 financial years ended 29 January 2022. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: Group financial statements as a whole	£30m (2021: £16.5m) 3.2% (2021: 4.1%) of normalised profit before tax	
Coverage	88.6% (2021: 84.8%) of Group absolute profit before tax	
Key audit matters		vs 2021
New risks	Group: Management override of controls Group: Valuation of the separately identifiable tradename intangible recognised as part of the DTLR Villa acquisition Group and Parent: Existence, accuracy and presentation of accruals Group and Parent: Completeness and presentation of provisions and contingent liabilities	▲ - ▲ ▲

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

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

The risk	Our response	
Management override of controls Refer to page 108 (Audit & Risk Committee Report)	<p>We assessed an increased risk of potential management override of controls due to fraud given the dominance of a small number of Executive Directors in a unique position to manipulate accounting records, together with certain matters arising during the year and up to the date of our audit report, relating to the culture of, and actions taken by, those individuals, including:</p> <ul style="list-style-type: none"> - Anticompetitive behaviour in relation to the sale of football club replica kit and the resulting CMA investigations as discussed in Note 23. - Breach of the CMA's hold separate order in respect of the Footasylum acquisition by the Group, (see Note 3 and Note 32). - Lack of required declaration to the FCA under Principle 11 of the FCA Handbook. - Completeness of related party transactions disclosed during the course of the audit, (see Note 31). <p>In addition, in the course of our current year audit we noted that the Directors had failed to make us aware of certain facts related to anticompetitive behaviour that were known to the Directors at the date of our audit report on the prior year financial statements. There is a risk that the prior year financial statements are materially misstated as a result.</p> <p>Since the year end, the Board has engaged advisors to carry out a number of investigations into actions taken by senior management, including those noted above. Alongside these investigations, the Board has completed a review of the Group's Corporate Governance operating model and assessed its current compliance with the UK Corporate Governance Code. Additional background to this review and the matters noted can be found in the Audit & Risk Committee report on page 108.</p> <p>In addition to our response set out here, our separate KAMs on accruals, provisions and contingent liabilities describe further procedures in response to these matters and our work in respect of laws and regulations is described in Section 6 of our audit report.</p>	<p>Our response included increasing the number of components in scope for Group audit purposes, reducing materiality as a percentage of the benchmark for the Group financial statements as a whole and revisiting our risk assessment. We also undertook a series of additional audit procedures, which included:</p>

Extended scope: for all in scope components carried out additional, focused journal testing to look for journals that we considered had characteristics of being indicative of management override of control. These characteristics included key word searches;

Enquiry of personnel: for all in scope components made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other judgements;

Enquiry of management: for all in scope components expanded our enquires of senior management in respect of compliance matters, including a walkthrough of procedures in place to identify non-compliance with laws and regulations and associated accounting analysis;

Extended scope: undertook additional testing in respect of key supplier arrangements, including obtaining third party confirmations of certain rebates recognised in the year;

Accounting analysis: assessed accounting estimates for bias and evaluated whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud.

Use of specialists: with the assistance of our forensic specialists we challenged the scope of review carried out by the advisors appointed by the Board to investigate certain actions taken by senior management;

Third party confirmations: completed a circularisation of the related party that had not been disclosed to us and that sits outside the Group to confirm transactions undertaken during the current and prior year;

Accounting analysis: considered management's approach to deciding which audit differences were recorded and considered if this presented any management bias;

Board representations: assessed the enhancement in the Board's approach to approving the Group's representations following our challenge given as part of the audit finalisation process and considered whether this would prevent or detect if an incomplete representation was given;

Accounting analysis: assessed whether any material prior period error existed in respect of information that was known or could reasonably have been known to the Directors at the date of authorisation of the financial statements for the prior period ended 30 January 2021; and

Assessing transparency: assessed the disclosures made in the Audit & Risk Committee Report in relation to the investigations undertaken by the Board in respect of actions taken by senior management and the related regulatory matters for consistency with our knowledge and understanding acquired during the audit.

Our results

Following these additional procedures and corrected audit adjustments we determined that the financial statements are not materially misstated as a result of management override.

INDEPENDENT AUDITOR'S REPORT CONTINUED

The risk	Our response
<p>Valuation of the separately identifiable tradename intangible recognised as part of the DTLR Villa acquisition Group (£101.6 million; 2021: N/A)</p> <p>Refer to page 111 (Audit & Risk Committee Report), page 160 (accounting policy) and page 161 (financial disclosures).</p>	<p>Subjective estimate On 17 March 2021, the Group acquired the entire issued shareholding of DTLR Villa LLC, a US company. The purchase price allocation valuation is subject to estimation uncertainty. The fair value of the DTLR Villa tradename has been identified as the significant estimate in the purchase price allocation, and specifically the royalty rate used in deriving this value. The effect of these matters is that, as part of our risk assessment, we determined that the royalty rate used has a high degree of estimation uncertainty, with a potential range of outcomes greater than our materiality for the financial statements as a whole. The financial statements (Note 1) disclose the sensitivity estimated by the Group.</p> <p>Our procedures included: Methodology choice: with the assistance of our valuation specialists both at a group and component level, we assessed the results of the valuation by checking that the valuation was in accordance with relevant accounting standards and acceptable valuation practice;</p> <p>Benchmarking assumptions: with the assistance of our valuation specialists, we challenged the key assumptions used in the valuation, in particular the royalty rate used by comparing them to externally derived data and comparable transactions;</p> <p>Sensitivity analysis: we performed sensitivity analysis on the key assumptions noted above;</p> <p>Our sector experience: assessing whether the key assumptions used, in particular the royalty rate, reflect our knowledge of the business and industry; and</p> <p>Assessing transparency: assessing the appropriateness of the Group's disclosures in respect of the valuation of separately identifiable intangible assets recognised on acquisition of DTLR Villa.</p> <p>Our results We found the valuation of the DTLR Villa tradename to be acceptable.</p>
<p>Existence, accuracy and presentation of accruals Group: £502.8m (FY21: £350.3m)</p> <p>Parent Company: £206.4m (FY21: £229.7m)</p> <p>Refer to page 111 (Audit & Risk Committee Report) and page 195 (financial disclosures).</p>	<p>Accounting treatment The recent strong performance of the Group and Company may provide management an incentive to manipulate the Group and Company's results. As a result, accruals may be an area more susceptible to management bias. As described above, we also assessed there to be an increased potential management override risk. As noted within our provisions KAM, there is increased risk over the presentation of accruals versus provisions given historically there have been a number of balances recognised as accruals which should have been classified as provisions.</p> <p>Our procedures included: Test of details: we discussed with management the rationale for a sample of accruals and agreed to supporting invoices, calculations and/or third party correspondence as appropriate. We also performed analytical procedures on other balances where appropriate expectations could be set;</p> <p>Accounting analysis: we retained a particular focus on the classification between accruals and provisions and challenged management to provide rationale where a reclassification appears to be required; and</p> <p>Assessing transparency: we assessed the adequacy of the Group and Company's classification in respect of accruals.</p> <p>Our results We consider the existence, accuracy and presentation of accruals to be acceptable.</p>

The risk	Our response	
<p>Completeness and presentation of provisions and contingent liabilities Group: £33.1m (FY21: £5.8m) Parent Company: £19.8m (FY21: £Nil). Refer to page 112 (Audit & Risk Committee Report), page 199 (accounting policy) and page 199 (financial disclosures).</p>	<p>Accounting treatment Given the breadth of regulatory responsibilities imposed on the Group and Company, there is a risk in respect of non-compliance with such laws and regulations which could ultimately lead to financial penalties imposed on the Group and Company along with a risk of wider reputational consequence.</p> <p>Completeness of the disclosed and identified breaches in laws and regulations by the Group and Company impacts the completeness of any provisions and/or contingent liabilities.</p> <p>Determining the likelihood and magnitude of an unfavourable outcome in these matters involves significant management judgement.</p> <p>As described above, we also assessed there to be an increased potential management override risk.</p> <p>Completeness of provisions and their presentation is also an increased risk given historically there have been a number of balances recognised as accruals which have been reclassified as provisions in the current year.</p>	<p>Given the nature of the balance, we would expect to obtain audit evidence primarily through the detailed procedures detailed below rather than seeking to rely on any of the Group and Company's controls. As a result of the increased risk identified, our substantive work described below was expanded, for example by increasing the items tested.</p>

Changes to key audit matters

Going concern

In the prior year, we reported a key audit matter in respect of going concern given the uncertainty that surrounded the retail industry due to COVID-19 and the possibility of future lockdowns. However, due to the country's recovery from the pandemic we have not deemed this to be a key audit matter but it still remains an other focus area in the audit.

Inventory Valuation

The valuation of Group and Parent Company inventory was a significant risk and key audit matter in the prior period. However, following the COVID-19 pandemic the Group and Parent Company have experienced strong performance, including conversions to online sales, which has reduced the risk of obsolete inventory. Therefore this is not separately identified in our audit report this but still remains an other focus area in the audit.

Impairment of Intangibles

The valuation of the recoverable amount of the Go Outdoors and Footasylum CGUs was a significant risk in the prior period. However, due to the impairment charges booked by management with respect to these CGUs in the prior year we have not assessed this as one of our most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

Valuation of the Separately Identifiable Intangible Assets recognised as part of the Shoe Palace acquisition

The valuation of separately identifiable intangible assets recognised in the Shoe Palace acquisition is not a significant risk or a KAM in the current year. The risk in how its valued is an issue on recognition and after the initial year it is no longer a significant risk.

INDEPENDENT AUDITOR'S REPORT CONTINUED

3. Our Application of Materiality and an Overview of the Scope of our Audit

Materiality for the Group financial statements as a whole was set at £30m (2021: £16.5m), determined with reference to a benchmark of Group normalised profit before tax, normalised to exclude this year's DTLR insurance settlement receivable of £16.6m and the movement in fair value of Genesis and ISRG put options of £290.3m as disclosed in Note 4 (2021: Normalised to exclude impairment of Go Outdoors of £33.3m, Footasylum impairment of £55.6m and movement in fair value of Sport Zone put options of £18.6m and by averaging over the last three years), of which it represents 3.2% (2021: 4.1%) in response to the matters set out in the Management override of controls KAM in section 2.

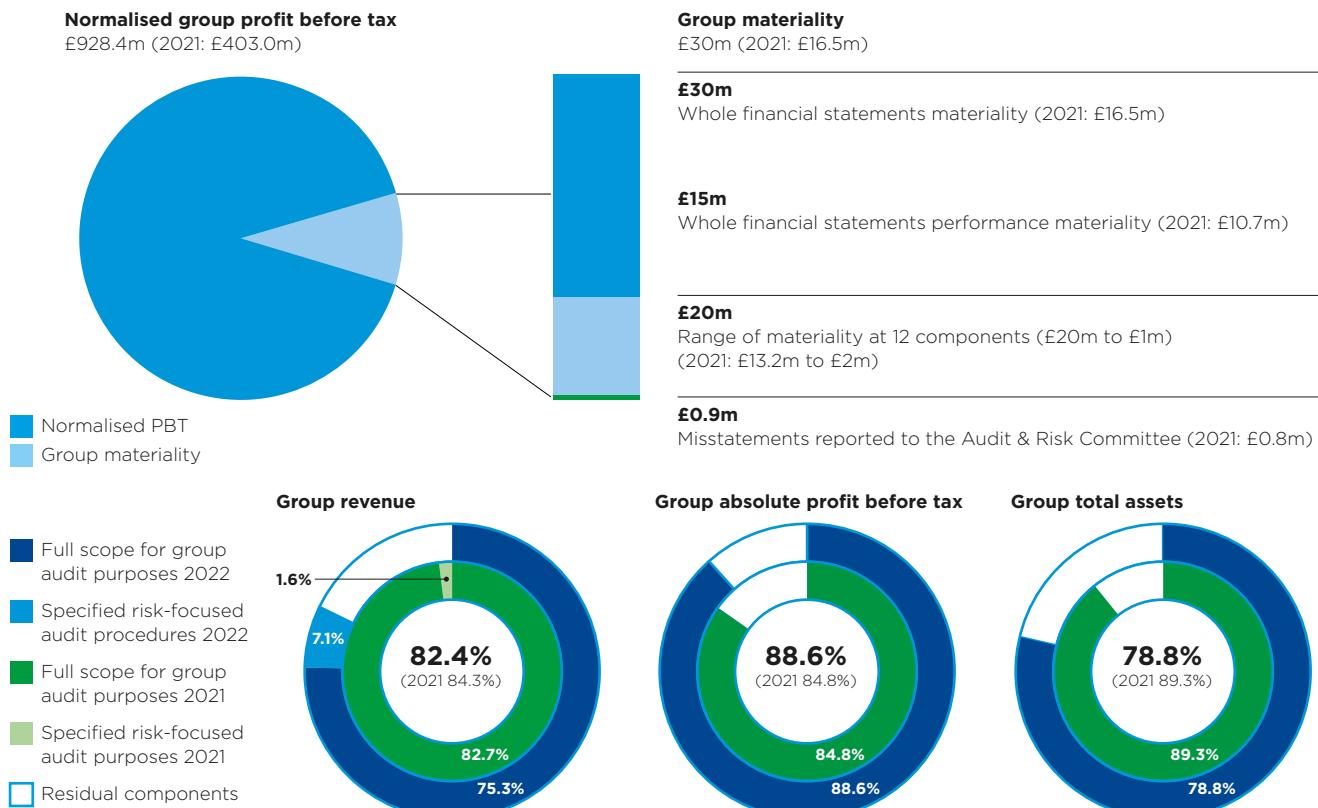
Materiality for the Parent Company financial statements as a whole was set at £11.5m (2021: £11.1m), determined with reference to a benchmark of Company's PBT (2021: normalised by averaging over the last three years), of which it represents 3.5% (2021: 4.2%), in response to the matters set out in the Management override of controls KAM in Section 2.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 50% (2021: 65%) of materiality for the Group financial statements as a whole, which equates to £15m (2021: £10.7m) and £5.8m (2021: £7.2m) for the Parent Company financial statements. We applied this percentage in our determination of performance materiality based on the level of identified misstatements and control deficiencies during the prior period. We have reduced this threshold to 50% from prior year to account for the increased risk in the wider control environment and Corporate Governance matters noted during the year.

We agreed to report to the Audit & Risk Committee any corrected or uncorrected identified misstatements exceeding £0.9m (2021: £0.8m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 87 (2021: 79) reporting components, we subjected 9 (2021: 10) to full scope audits for group purposes and, 3 (2021: 1) components to specified risk-focused audit procedures. We subjected 2 (2021: 1) components to specific risk-focused procedures over revenue, cash and journals (Focus and MIG (2021: Focus) and 1 (2021: 0) component to specific risk-focused procedures over revenue, cash, journals and inventory (France).



The components within the scope of our work accounted for the percentages illustrated above. The group team performed procedures on the items excluded from normalised Group profit before tax.

3. Our Application of Materiality and an Overview of the Scope of our Audit (continued)

The remaining 17.6% (2021: 15.7%) of total Group revenue, 11.4% (2021: 13.4%) of the total profits and losses that made up Group profit before tax and 21.2% (2021: 9.7%) of total Group assets is represented by 75 (2021: 68) of reporting components, none of which individually represented more than 3% (2021: 3%) of any of total Group revenue, Group profit before tax or total Group assets. For these components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The group team approved the component materialities, which ranged from £20.0m to £1.0m (2021: £13.2m to £2.0m), having regard to the mix of size and risk profile of the Group across the components. The work on 6 of the 12 components (2021: 7 of the 11 components) was performed by component auditors and the rest, including the audit of the Parent Company, was performed by the group team.

The scope of the audit work performed was predominately substantive as we did not rely upon the Group's internal control over financial reporting.

The group team visited 1 (2021: 0) component location in the United States to assess the audit risk and strategy. Further, the group team attended video and telephone conference meetings with 6 (2021: 6) component teams from Spain, Portugal, USA, France, Australia and Footasylum to assess the audit risk and strategy. At this visit and these meetings, the findings reported to the group team were discussed in more detail, and any further work required by the group team was then performed by the component auditor.

4. The Impact of Climate Change on our Audit

In planning our audit, we have considered the potential impact of risks arising from climate change on the Group's business and its financial statements.

Further information on the Group's commitments is provided in the Group's Task Force for Climate-Related Financial Disclosures ('TCFD') recommended disclosures on page 55.

As part of our audit we have performed a risk assessment, including making enquiries of management, reading board meeting minutes and applying our knowledge of the Group and sector in which it operates to understand the extent of the potential impact of climate change risk on the Group's financial statements. Taking into account the nature of the business and the extent of the headroom in impairment testing, we have not assessed climate related risk to be significant to our audit this year. There was no impact on our key audit matters.

We have read the Group's TCFD in the front half of the Annual Report and considered consistency with the financial statements and our audit knowledge.

We have not been engaged to provide assurance over the accuracy of the climate risk disclosures set out on pages 55 to 59 in the Annual Report.

5. Going Concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ('the going concern period').

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and the Parent Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and the Parent Company's available financial resources and metrics relevant to debt covenants over this period were:

- A material and unexpected reduction in demand due to future events such as a pandemic or economic downturn.
- Supply chain issues, a reduction in the allocation of stock or business interruption impacting the availability of stock from one of the Group's key Sports Fashion suppliers.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the Director's sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Our procedures included:

- Critically assessing assumptions in the base case and downside scenarios relevant to liquidity and covenant metrics, in particular by comparing to economic forecasts, approved budgets and our knowledge of the Group and the sector in which it operates;
- Assessing whether downside scenarios applied mutually consistent and severe assumptions in aggregate, using our assessment of the possible range of each key assumption and our knowledge of inter-dependencies;
- We also compared past budgets to actual results to assess the Directors' track record of budgeting accurately.

We also assessed the completeness of the going concern disclosure. Our conclusions based on this work are:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the Directors' statement in Note 1 to the Financial Statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and the Parent Company's use of that basis for the going concern period, and we found the going concern disclosure in Note 1 to be acceptable; and
- the related statement under the Listing Rules set out on page 33 is materially consistent with the Financial Statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent Company will continue in operation.

6. Fraud and Breaches of Laws and Regulations – Ability to Detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors, the Audit & Risk Committee and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit & Risk Committee meeting minutes.
- Considering remuneration incentive schemes and performance targets for management and Directors including the profit target for management remuneration.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Involving our forensic specialists in our risk assessment and assisting us in identifying key fraud risks. This included attending the Risk Assessment and Planning Discussion, holding a discussion with the engagement partner and engagement quality control reviewer, and assisting with designing relevant audit procedures to respond to the identified fraud risks. They also attended meetings with both Executive and Non-Executive Directors and external advisors and assisted with certain procedures including shadowing investigations ongoing during the course of our audit.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the group to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, and taking into account the dominance of a small number of Executive Directors and the potential for management bias given the strong performance in the year, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries.

We identified "Management override of controls" as a separate KAM this year (see section 2) as a result of the matters described in that KAM.

Further to this, we have identified additional fraud risks in relation to the existence, accuracy and presentation of accruals and the completeness and presentation of provisions and contingent liabilities. Further detail in respect of these areas is set out in the key audit matter disclosures in section 2 of this report.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls, together with the matters described in the KAM regarding Management override of controls.

Our work in respect of these matters is described in section 2.

We discussed with the Audit & Risk Committee other matters related to actual or suspected fraud, for which disclosure is not necessary, and considered any implications for our audit.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence, and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the group to full- scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at group.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: laws and regulations of various bodies that regulate the Group's activities including the Competition and Market Authority (CMA), the Financial Conduct Authority ('FCA') (in respect of the provision of consumer credit) and the Information Commissioners Office ('ICO'). Further we identified the following areas of laws and regulations: health and safety laws, data protection laws, competition law, market abuse regulation, bribery and corruption requirements, advertising standards, employment law and certain aspects of company legislation recognising the regulated nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management, and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Further detail in respect of our audit work over completeness and presentation of accruals and completeness and presentation of provisions and contingent liabilities is set out in the key audit matter disclosures in section 2 of this report.

For the matters described in the Audit & Risk Committee Report on page 108 to 110 and in Note 23 and 33, we assessed these disclosures against our understanding from legal correspondence and enquiry of the Group's legal advisors on the matter and enquiry of the Directors.

We discussed with the Audit & Risk Committee the following matters related to actual or suspected breaches of laws or regulations and considered any implications for our audit. Our work in respect of these matters is described in section 2, together with inspection of correspondence with regulatory bodies and discussion with management's advisors to each key matter:

1. Known anticompetitive behaviour in relation to football club replica kit and the resulting CMA investigation as discussed in Note 23.
2. Breach of the CMA's hold separate order in respect of the Footasylum acquisition by the Group (see Note 3 and Note 32).
3. Lack of required declaration to the FCA under Principle 11 of the FCA Handbook (see Audit & Risk Committee Report page 109).

We also discussed with the Audit & Risk Committee other matters related to actual or suspected breaches of laws or regulations, for which disclosure is not necessary, and considered any implications for our audit.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7. We Have Nothing to Report on the Other Information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability statement that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated;
- the Directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement, set out on page 33 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit & Risk Committee, including the significant issues that the Audit & Risk Committee considered in relation to the financial statements, and how these issues were addressed; and

- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems;

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in this respect.

8. We Have Nothing to Report on the Other Matters on Which We Are Required to Report by Exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

9. Respective Responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 131, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specifies in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Frances Simpson (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 St Peter's Square, Manchester M2 3AE

22 June 2022

CONSOLIDATED INCOME STATEMENT

For the 52 weeks ended 29 January 2022

	Note	52 weeks to 29 January 2022 £m	52 weeks to 30 January 2021 £m
Revenue		8,563.0	6,167.3
Cost of sales		(4,355.0)	(3,205.7)
Gross profit		4,208.0	2,961.6
Selling and distribution expenses		(2,808.1)	(2,126.4)
Administrative expenses - normal		(413.4)	(381.2)
Administrative expenses - exceptional	4	(292.5)	(97.3)
Administrative expenses - total		(705.9)	(478.5)
Sales commission		10.6	15.2
Other operating income		16.6	13.1
Operating profit before financing		721.2	385.0
Before exceptional items		1,013.7	482.3
Exceptional items	4	(292.5)	(97.3)
Financial income	7	1.4	1.5
Financial expenses	8	(67.9)	(62.5)
Net financial expense		(66.5)	(61.0)
Profit before tax	3	654.7	324.0
Income tax expense	9	(195.1)	(94.8)
Profit for the period		459.6	229.2
Attributable to equity holders of the parent		369.7	224.3
Attributable to non-controlling interest	26	89.9	4.9
Basic earnings per ordinary share*	10	7.17p	4.61p
Diluted earnings per ordinary share*	10	7.17p	4.61p

* Basic and diluted earnings per ordinary share have been restated for year ended 30 January 2021 following a share sub-division in the year ended 29 January 2022. Further details can be found in Note 25.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 52 weeks ended 29 January 2022

		52 weeks to 29 January 2022 £m	52 weeks to 30 January 2021 £m
Profit for the period		459.6	229.2
Other comprehensive income:			
Items that may be classified subsequently to the Consolidated Income Statement:			
Exchange differences on translation of foreign operations		(34.9)	(20.0)
Total other comprehensive income for the period		(34.9)	(20.0)
Total comprehensive income and expense for the period (net of income tax)		424.7	209.2
Attributable to equity holders of the parent		357.3	200.7
Attributable to non-controlling interest		67.4	8.5

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 29 January 2022

	Note	As at 29 January 2022 £m	As at 30 January 2021 £m
Assets			
Intangible assets	12	1,473.6	819.7
Property, plant and equipment	13	688.5	564.0
Right-of-use assets	14	2,032.6	1,752.4
Investments in associates and joint ventures	15	56.2	2.7
Other assets	16	57.0	63.2
Forward contract asset		2.5	-
Deferred tax assets	24	81.7	40.6
Total non-current assets		4,392.1	3,242.6
Inventories	17	989.4	813.7
Right of return assets		12.5	-
Trade and other receivables	18	202.9	141.2
Income tax receivables		0.6	-
Assets held-for-sale	32	157.1	-
Cash and cash equivalents	19	1,314.0	964.4
Total current assets		2,676.5	1,919.3
Total assets		7,068.6	5,161.9
Liabilities			
Interest-bearing loans and borrowings	20	(72.6)	(120.9)
Lease liabilities	14	(379.0)	(301.8)
Trade and other payables	22	(1,279.5)	(1,102.0)
Liabilities directly associated with assets held-for-sale	32	(142.6)	-
Provisions	23	(13.2)	(0.7)
Income tax liabilities		-	(29.5)
Total current liabilities		(1,886.9)	(1,554.9)
Interest-bearing loans and borrowings	20	(55.5)	(48.1)
Lease liabilities	14	(1,863.9)	(1,628.0)
Other payables	22	(775.4)	(374.4)
Provisions	23	(19.9)	(5.1)
Deferred tax liabilities	24	(127.4)	(55.0)
Total non-current liabilities		(2,842.1)	(2,110.6)
Total liabilities		(4,729.0)	(3,665.5)
Total assets less total liabilities		2,339.6	1,496.4
Capital and reserves			
Issued ordinary share capital	25	2.5	2.4
Share premium		467.5	11.7
Retained earnings		1,910.6	1,560.8
Other reserves		(454.6)	(336.2)
Total equity attributable to equity holders of the parent		1,926.0	1,238.7
Non-controlling interest	26	413.6	257.7
Total equity		2,339.6	1,496.4

The accompanying notes form part of these financial statements.

These financial statements were approved by the Board of Directors on 22 June 2022 and were signed on its behalf by:

N Greenhalgh
Director

Registered number: 1888425

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 52 weeks ended 29 January 2022

	Ordinary share capital £m	Share premium £m	Retained earnings £m	Other equity £m	Share- based payment reserve £m	Foreign currency translation reserve £m	Total equity attributable to equity holders of the parent £m	Non- controlling interest £m	Total equity £m
Balance at 1 February 2020	2.4	11.7	1,245.7	(36.4)	-	(4.2)	1,219.2	70.0	1,289.2
Profit for the period	-	-	224.3	-	-	-	224.3	4.9	229.2
Other comprehensive income:									
Exchange differences on translation of foreign operations	-	-	-	-	-	(23.6)	(23.6)	3.6	(20.0)
Total other comprehensive income	-	-	-	-	-	(23.6)	(23.6)	3.6	(20.0)
Total comprehensive income for the period	-	-	224.3	-	-	(23.6)	200.7	8.5	209.2
Dividends to equity holders	-	-	-	-	-	-	-	(1.2)	(1.2)
Put options held by non- controlling interests	-	-	-	(272.0)	-	-	(272.0)	-	(272.0)
Acquisition of non-controlling interest	-	-	(3.7)	-	-	-	(3.7)	(1.7)	(5.4)
Divestment of non-controlling interest	-	-	94.5	-	-	-	94.5	181.4	275.9
Non-controlling interest arising on acquisition	-	-	-	-	-	-	-	0.4	0.4
Non-controlling interest share capital issued	-	-	-	-	-	-	-	0.3	0.3
Balance at 30 January 2021	2.4	11.7	1,560.8	(308.4)	-	(27.8)	1,238.7	257.7	1,496.4
Profit for the period	-	-	369.7	-	-	-	369.7	89.9	459.6
Other comprehensive income:									
Exchange differences on translation of foreign operations	-	-	-	-	-	(12.4)	(12.4)	(22.5)	(34.9)
Total other comprehensive income	-	-	-	-	-	(12.4)	(12.4)	(22.5)	(34.9)
Total comprehensive income for the period	-	-	369.7	-	-	(12.4)	357.3	67.4	424.7
Dividends to equity holders	-	-	(14.9)	-	-	-	(14.9)	(1.8)	(16.7)
Put options held by non-controlling interests	-	-	-	(106.1)	-	-	(106.1)	-	(106.1)
Share capital issued	0.1	455.8	-	-	-	-	455.9	-	455.9
Acquisition of non-controlling interest	-	-	0.4	-	-	-	0.4	(0.5)	(0.1)
Divestment of non-controlling interest	-	-	(5.4)	-	-	-	(5.4)	48.0	42.6
Non-controlling interest arising on acquisition	-	-	-	-	-	-	-	42.8	42.8
Share-based payment charge	-	-	-	-	0.1	-	0.1	-	0.1
Balance at 29 January 2022	2.5	467.5	1,910.6	(414.5)	0.1	(40.2)	1,926.0	413.6	2,339.6

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the 52 weeks ended 29 January 2022

	Note	52 weeks to 29 January 2022 £m	52 weeks to 30 January 2021 £m
Cash flows from operating activities			
Profit for the period		459.6	229.2
Income tax expense	9	195.1	94.8
Financial expenses	8	67.9	62.5
Financial income	7	(1.4)	(1.5)
Depreciation and amortisation of non-current assets	3	579.9	499.2
Forex (losses)/gains on monetary assets and liabilities		(2.1)	3.6
Impairment of other intangibles and non-current assets (non-exceptional)	3	13.2	8.7
Loss on disposal of non-current assets	3	3.5	1.2
Other exceptional items		287.0	2.9
Impairment of goodwill and fascia names (exceptional)	3, 4	-	89.5
Impairment of non-current assets (exceptional)	3, 4	5.5	4.9
Share of profit of equity-accounted investees, net of tax	15	(3.2)	-
(Increase)/decrease in inventories		(31.8)	63.5
(Increase)/decrease in trade and other receivables		(69.3)	46.2
Increase in trade and other payables		75.0	149.5
Interest paid	8	(8.4)	(7.6)
Lease interest	8, 14	(59.5)	(54.9)
Income taxes paid		(244.1)	(130.4)
Net cash from operating activities		1,266.9	1,061.3
Cash flows from investing activities			
Interest received	8	1.4	1.5
Proceeds from sale of non-current assets		7.8	2.1
Investment in software	12	(14.9)	(19.1)
Acquisition of property, plant and equipment	13	(227.3)	(105.2)
Acquisition of other non-current other assets	16	(5.7)	(3.9)
Acquisition of other intangibles	12	(5.2)	(3.8)
Draw down of finance lease liabilities	30	5.4	4.7
Dividends received from equity-accounted investees		6.9	-
Acquisition of subsidiaries, net of cash acquired		(616.5)	(206.3)
Net cash used in investing activities		(848.1)	(330.0)
Cash flows from financing activities			
Repayment of interest-bearing loans and borrowings		(513.3)	(391.5)
Draw down of interest-bearing loans and borrowings		303.7	443.1
Repayment of finance lease liabilities	30	(6.1)	(3.4)
Repayment of lease liabilities	14, 30	(350.1)	(285.2)
Subsidiary shares issued in the period		-	0.3
Proceeds received from issue of shares		455.9	-
Divestment of non-controlling interests		43.0	-
Acquisition of non-controlling interests		-	(5.2)
Equity dividends paid	27	(14.9)	-
Dividends paid to non-controlling interests in subsidiaries		(1.8)	(1.2)
Net cash used in financing activities		(83.6)	(243.1)
Net increase in cash and cash equivalents	30	335.2	488.2
Cash and cash equivalents at the beginning of the period	30	948.7	460.3
Foreign exchange (losses)/gains on cash and cash equivalents	30	(3.5)	0.2
Cash and cash equivalents at the end of the period	30	1,280.4	948.7

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Preparation

General Information

JD Sports Fashion Plc (the 'Company') is a company incorporated and domiciled in the United Kingdom. The financial statements for the 52 week period ended 29 January 2022 represent those of the Company and its subsidiaries (together referred to as the 'Group').

The financial statements were authorised for issue by the Board of Directors on 22 June 2022.

Basis of Preparation

These Group financial statements were prepared in accordance with International Accounting Standards ('IAS') in conformity with the requirements of the Companies Act 2006 and in accordance with UK-adopted International Accounting Standards.

The financial statements are presented in Pounds Sterling, rounded to the nearest tenth of a million.

The financial statements have been prepared under the historical cost convention, as modified for financial assets and liabilities (including derivative instruments) at fair value through the Consolidated Income Statement and also put options held by the non-controlling interests.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods present in these financial statements and have been applied consistently by all Group entities.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Interim Non-Executive Chair's Statement and Business & Financial Review on pages 7 to 11 and 34 to 41 respectively. In addition, details of financial instruments and exposures to interest rate, foreign currency, credit and liquidity risks are outlined in Note 21.

Going Concern

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

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

At 29 January 2022, the Group had net cash balances of £1,185.9 million (2021: £795.4 million) including loans of £128.1 million (2021: £169.0 million) with available committed UK borrowing facilities of £700 million (2021: £700 million) of which £nil (2021: £nil) has been drawn down (see Note 20) and US facilities of approximately \$300 million of which \$nil was drawn down (2021: \$nil). These facilities are subject to certain covenants (see Note 20). With a UK facility of £700 million available up to 6 November 2026 and a US facility of approximately \$300 million available up until 24 September 2026, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Group had net cash of £946.1 million as at 30 May 2022.

The Directors have prepared cash flow forecasts for the Group covering a period of at least 12 months from the date of approval of these financial statements, which indicate that the Group will be able to operate within the level of its agreed facilities and covenant compliance. For the purposes of both Viability and Going Concern Reporting, the Directors have prepared severe but plausible downside scenarios which cover the same period as the base case, including specific consideration of a range of impacts that could arise from geopolitical tensions and the actual and potential impact on supply chains, inflationary cost pressures and business interruption impacting the availability of stock from the Group's key Sports Fashion suppliers, as well as the ongoing impact of the COVID-19 pandemic. These scenarios included a two month store closure in Winter 2023/24 and a 20% reduction in sales. As part of this analysis, mitigating actions within the Group's control, should these severe but plausible scenarios occur, have also been considered. These forecast cash flows indicate that there remains sufficient headroom for the Group to operate within the committed facilities and to comply with all relevant banking covenants during the forecast period.

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

Basis of Consolidation

I. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

1. Basis of Preparation (continued)

Basis of Consolidation (continued)

I. Subsidiaries (continued)

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the equity attributable to holders of the parent. Non-controlling interests consist of the amount of those interests at the date that control commences and the attributable share of changes in equity subsequent to that date.

II. Associates and Joint Ventures

The Group's interests in equity-accounted investees comprise interests in associates and interests in joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control over the financial and operating policies based on a contractual arrangement.

Interests in associates and joint ventures are accounted for using the equity method and are initially recognised at cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

III. Transactions Eliminated on Consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Changes in Ownership Interest Without a Loss of Control

In accordance with IFRS 10 'Consolidated Financial Statements', upon a change in ownership interest in a subsidiary without a loss of control, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent. Acquisitions or disposals of non-controlling interests are therefore accounted for as transactions with owners in their capacity as owners and no goodwill is recognised as a result of such transactions. Associated transaction costs are accounted for within equity.

Alternative Performance Measures

The Directors measure the performance of the Group based on a range of financial measures, including measures not recognised by International Accounting Standards ('IAS') in conformity with the requirements of the Companies Act 2006 and in accordance with UK-adopted International Accounting Standards. 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 trading 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 when they are considered unusual in nature and not reflective of the trading performance and profitability of the Group. The separate reporting of exceptional items, which are presented as exceptional within the relevant category in the Consolidated Income Statement, helps provide an indication of the Group's trading performance. An explanation as to why items have been classified as Exceptional is given in Note 4.

Further information can be found in the Alternative Performance Measures section on page 42.

Adoption of New and Revised Standards

The following amendments to accounting standards and interpretations, issued by the International Accounting Standards Board ('IASB'), have been adopted for the first time by the Group in the period with no significant impact on the consolidated results or financial position:

- Amendments to IFRS 3 'Business Combinations'.
- Amendments to IAS 16 'Property, Plant and Equipment'.
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.
- Amendments to IAS 38 'Intangible Assets' – Configuration of Customisation Costs in a Cloud Computing Arrangement.
- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.
- Annual Improvements – Cycle 2018–2020.

Other

The Group continues to monitor the potential impact of other new standards and interpretations which may be endorsed and require adoption by the Group in future reporting periods. The Group does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1. Basis of Preparation (continued)

Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and judgements disclosed below are those which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities. All other accounting estimates and judgements are disclosed within the relevant accounting policy in the notes to the financial statements.

Changes to Critical Accounting Estimates

Determination of the Fair Value of Assets and Liabilities on Acquisition

Included within critical accounting policies in the current year is the valuation of the intangible assets recognised as part of the acquisition of DTLR Villa LLC ('DTLR') (see Note 11). The estimates used in the valuation of the intangible assets are considered to have a significant risk of causing a material misstatement; specifically the estimation of future cash flows, the useful economic life of the asset, the selection of suitable royalty relief rates and the selection of a suitable discount rate. The key assumption used by management in the valuation of the fascia name was the royalty rate. The royalty rate assumption used in the valuation was estimated based on published comparable licence fees in the sports fashion market and a calculation of the expected return on assets of the DTLR business. If the royalty rate used in the valuation was 1% higher or lower, this would lead to a change in the fascia name valuation of plus or minus £25.4 million. 1% was determined to be a reasonable royalty rate sensitivity by comparing the royalty rate used with publicly disclosed licensing transactions related to the retail of sportswear and footwear.

Changes to Critical Accounting Judgements

Provisions and Contingent Liabilities

The activities of the Group are overseen by a number of regulators around the world and, whilst the Group strives to ensure full compliance with all its regulatory obligations, periodic reviews are inevitable which may result in a financial penalty. If the risk of a financial penalty arising from one of these reviews is more than remote but not probable or cannot be measured reliably then the Group will disclose this matter as a contingent liability. If the risk of a financial penalty is considered probable and can be measured reliably then the Group would make a provision for this matter.

Critical Accounting Estimates

Put Options (Genesis Topco Inc put option £520.3 million)

Put options are in place over all or part of the remaining non-controlling interest shareholding in various subsidiaries and these options are required to be fair valued at each accounting period date. Put options held by non-controlling interests are accounted for using the present access method. The present value of the non-controlling interests' put options is estimated using Board approved forecasts multiplied by an earnings multiple. The option formula and multiple are usually stated in the put option agreement; however, in the absence of a specified formula or multiple, we would estimate this based on current evidence in the Mergers & Acquisitions market and our past experience of multiples paid for similar businesses.

These forecast cash flows are discounted using a discount rate reflecting the current market assessment of the time value of money and any specific risk premiums relevant to the individual businesses involved. These discount rates are considered to be equivalent to the rates a market participant would use. Sensitivity analysis has been performed over the key variable inputs to the valuation of the significant put options, being the discount rate and the approved forecasts, and this has been disclosed in Note 22 on page 196.

Other Accounting Judgements

Footasylum Disposal

This judgement has been revised due to changes during the financial period. On 4 November 2021, the final ruling from the CMA was that it had again prohibited the Group's acquisition of Footasylum. The final CMA undertakings were issued on 14 January 2022, which was effectively the start date for the Footasylum sale process. Footasylum has been presented as held-for-sale at 29 January 2022 and full details are provided in Note 32.

Other Accounting Estimates

Impairment of Goodwill (carrying value of the Shoe Palace CGU £546.7 million)

Goodwill arising on acquisition is allocated to groups of cash-generating units ('Group CGUs'), that are expected to benefit from the synergies of the business combination from which goodwill arose, being portfolios of stores or individual businesses. The cash-generating units used to monitor goodwill and test it for impairment are therefore the store portfolios and individual businesses rather than individual stores, as the cash flows of individual stores are not considered to be independent. These cash-generating units are referred to throughout the Annual Report as Group CGUs. The recoverable amounts of these Group CGUs are determined based on value-in-use calculations.

1. Basis of Preparation (continued)

Other Accounting Estimates (continued)

Impairment of Goodwill (carrying value of the Shoe Palace CGU £546.7 million) (continued)

The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the Group CGU and the choice of a suitable discount rate in order to calculate the present value. See Note 12 for further disclosure on impairment of goodwill and review of the key assumptions used.

Impairment of Other Intangible Assets with Definite Lives (carrying value of the Go Outdoors CGU £77.0 million and the Shoe Palace CGU £546.7 million)

The Group is required to assess whether there is an indication that other intangible assets with a definite useful economic life have suffered any impairment. The recoverable amount of brand names is based on an estimation of future sales and the choice of a suitable royalty and discount rate in order to calculate the present value, when this method is deemed the most appropriate. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the asset over its useful economic life and the choice of a suitable discount rate in order to calculate the present value. Impairment losses are recognised in the Consolidated Income Statement. Note 12 provides further disclosure on impairment of other intangible assets with definite lives, including a review of the key assumptions used.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of price discounts and sales related taxes.

Goods Sold Through Retail Stores and Trading Websites

In the case of goods sold through the retail stores and trading websites, revenue is recognised when goods are sold and the title has passed, less provision for returns. A separate right of return asset is recognised on the face of the Statement of Financial Position which represents the right to recover product from the customer. Accumulated experience is used to estimate and provide for such returns at the time of the sale. The refund liability due to customers on return of their goods was recognised within accruals in the prior year and has been reclassified to a separate refund liability category in the current year. Retail sales are usually in cash, by debit card or by credit card.

- For online sales, title is deemed to have passed when the goods are delivered to the customer.
- For online sales and click and collect orders, where the customer pays online but collects in store, title is deemed to have passed when the goods are collected by the customer.
- For reserve and collect, where the customer reserves online but pays at the point of collection from the store, the title is deemed to have passed when the goods are collected by the customer.

Wholesale Revenue

Wholesale revenue is recognised when goods are dispatched and the title and control over a product have passed to the customer. In some instances, goods are sold with a right of return. Where wholesale goods are sold with a right of return, a provision is made to estimate the expected level of returns based on accumulated experience and historical rates. A separate right of return asset is recognised on the face of the Statement of Financial Position which represents the right to recover product from the customer. The provision for returns was included within accruals in the prior year and has been reclassified to a separate refund liability category in the current year. Wholesale sales are either settled by cash received in advance of the goods being dispatched or made on agreed credit terms.

Gym Membership Revenue

Revenue from the sale of fitness club memberships is recognised in the period the membership relates to. Where there are specific obligations attached to joining fees, the income related to this is recognised in the period in which membership commences since the performance obligation attached to that income is satisfied in that period. Where there are no specific performance obligations attached to joining fees, these are recognised over time, on a straight-line basis over the expected duration of the membership. For new club openings, memberships are sold and joining fees are collected in the period before the new club is opened. Membership income received in advance of the club opening is deferred until the club is open and then recognised on an accruals basis over the related membership period.

Discount Card Revenue

Income from the sale of annual discount cards is accounted for on a systematic basis over the 12 month life of the card which best matches the profile of the spend on these cards.

Gift Cards

The initial sale of a gift card is treated as an exchange of tender with the revenue recognised when the cards are redeemed by the customer. Revenue from gift card breakage is recognised when the likelihood of the customer utilising the gift card becomes remote.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1. Basis of Preparation (continued)

Other Accounting Policies

Sales Commission

Sales commission is presented separately in the Consolidated Income Statement and is received in relation to products advertised on Group trading websites where the goods are delivered to the customer directly by the third-party supplier.

Provisions to Write Inventories Down to Net Realisable Value

The Group makes provisions for obsolescence, mark downs and shrinkage based on historical experience, the quality of the current season buy, market trends and management estimates of future events. The provision requires estimates for shrinkage, the expected future selling price of items and identification of aged and obsolete items.

Government Support

Government support is recognised in the Consolidated Financial Statements when it can be reliably measured, which the Group considers to be on receipt. In accordance with IAS 20 'Government Grants', furlough income received by the Group's UK subsidiaries of £24.4 million (2021: £61.6 million) and £7.5 million received by the Group's international subsidiaries (2021: £24.5 million) has been shown as a deduction from employed staff costs. Further, £31.0 million (2021: £58.8 million) of rates relief received by the Group's UK subsidiaries has been shown as a deduction from selling and distribution costs. After the financial period end, the Group repaid the £24.4 million of furlough income that it received from the UK Government in the year ended 29 January 2022. The repayment was accrued for as at 29 January 2022 and is shown as an expense within employed staff costs.

Valuation of Rolling Leases

In initially applying IFRS 16 '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.

Share-Based Payments

The Executive Directors receive an element of remuneration in the form of share-based payments. Share-based payments are measured at fair value at the grant date which is determined by the share price on that date. The cost of share-based payments is recognised as an expense, together with a corresponding increase in equity, on a straight-line basis over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. Further information is available in the Directors' Remuneration Report on page 125 and Note 5.

Supplier Rebates

Supplier rebates such as volume-related rebates, promotional cost contributions and defective allowances are recognised in the Consolidated Financial Statements when they are contractually agreed with the supplier and can be reliably measured, which the Group considers to be on receipt. Contributions towards store fixtures are recognised by way of a reduction in the related capital expenditure. All significant rebates are agreed with suppliers retrospectively and after the end of the relevant supplier's financial year. An element of volume-related supplier rebates is deferred and recognised within inventory and released on a straight-line basis over the six-month period following the financial year end as the related inventory is sold.

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 Chair of JD Sports Fashion Plc.

Information reported to the Chief Operating Decision Maker is focused on the nature of the businesses within the Group. The Group's operating and reportable segments under IFRS 8 are Sports Fashion and Outdoor. In accordance with IFRS 8.12, we have aggregated several operating segments with similar economic characteristics into a larger Sports Fashion operating segment and concluded that, in doing so, the aggregation is still consistent with the core principles of IFRS 8.

When aggregating the operating segments into the larger Sports Fashion operating segment, we have primarily taken into consideration:

- IFRS 8.12.a the nature of products or services;
- IFRS 8.12.c type or class of customer; and
- IFRS 8.12.d the methods used to distribute their products.

2. Segmental Analysis (continued)

The entities included in the Sports Fashion operating segment have similar characteristics as well-established, leading retailers or wholesalers of footwear, apparel and accessories from a mix of international sports fashion brands and private labels. When determining what to include within the Sports Fashion segment, we have considered that the fascias all target a similar demographic in terms of both age range and an aspiration to achieve a certain style, whether the product is to be used for lifestyle wear or active sports participation. The entities typically have similar economic characteristics in terms of sales metrics, long-term average gross margins, levels of capital investment and operating cash flows. The Outdoor segment differs from the Sports Fashion segment in that Outdoor is focused on retailing specialist apparel, footwear and technical products for outdoor pursuits. Further, the Outdoor segment typically appeals to an older and/or family-oriented demographic as compared with the younger and more style-focused demographic targeted by the Sports Fashion businesses.

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 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 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.

The Board considers that certain items are cross-divisional in nature and cannot be allocated between the segments on a meaningful basis. Certain net funding costs and taxation are treated as unallocated, reflecting the nature of the Group's syndicated borrowing facilities and its tax group. A deferred tax asset of £81.7 million (2021: £40.6 million), a deferred tax liability of £127.4 million (2021: £55.0 million) and an income tax receivable of £0.6 million (2021: liability of £29.5 million) are included within the unallocated segment.

Each segment is shown net of intercompany transactions and balances within that segment. The eliminations remove intercompany transactions and balances between different segments which primarily relate to the net draw 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. Inter-segment transactions are undertaken in the ordinary course of business on arm's length terms.

Information regarding the Group's reportable operating segments for the 52 weeks to 29 January 2022 is shown below:

Income statement	Sports Fashion £m	Outdoor £m	Unallocated £m	Total £m	
Gross revenue	8,049.7	513.3	-	8,563.0	
Inter-segment revenue	(0.1)	0.1	-	-	
Revenue	8,049.6	513.4	-	8,563.0	
Gross profit %	49.5%	43.9%	-	49.1%	
Operating profit before exceptional items	985.5	28.2	-	1,013.7	
Exceptional items	(292.5)	-	-	(292.5)	
Operating profit	693.0	28.2	-	721.2	
Financial income	-	-	1.4	1.4	
Financial expenses	(57.2)	(2.3)	(8.4)	(67.9)	
Profit/(loss) before tax	635.8	25.9	(7.0)	654.7	
Income tax expense				(195.1)	
Profit for the period				459.6	
Total assets and liabilities	Sports Fashion £m	Outdoor £m	Unallocated £m	Total £m	
Total assets	6,681.4	420.9	82.3	(116.0)	7,068.6
Total liabilities	(4,390.4)	(327.2)	(127.4)	116.0	(4,729.0)
Total segment net assets/(liabilities)	2,291.0	93.7	(45.1)	-	2,339.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. Segmental Analysis (continued)

Other segment information	Sports Fashion £m	Outdoor £m	Total £m
Capital expenditure:			
Software development	14.9	-	14.9
Brand licences	5.2	-	5.2
Property, plant and equipment	221.8	5.5	227.3
Right-of-use assets	467.6	54.4	522.0
Non-current other assets	5.7	-	5.7
Depreciation, amortisation and impairments:			
Amortisation of intangible assets	59.4	4.0	63.4
Depreciation of property, plant and equipment	149.3	8.9	158.2
Amortisation of non-current other assets	0.1	-	0.1
Depreciation of right-of-use assets	341.6	16.6	358.2
Impairment of non-current assets (exceptional items)	5.5	-	5.5
Impairment of non-current assets (non-exceptional items)	12.0	1.2	13.2

The comparative segmental results for the 52 weeks to 30 January 2021 are shown below:

Income statement	Sports Fashion £m	Outdoor £m	Unallocated £m	Total £m
Gross revenue	5,808.2	359.1	-	6,167.3
Inter-segment revenue	(0.2)	0.2	-	-
Revenue	5,808.0	359.3	-	6,167.3
Gross profit %	48.4%	42.2%	-	48.0%
Operating profit/(loss) before exceptional items	484.7	(2.4)	-	482.3
Exceptional items	(76.9)	(20.4)	-	(97.3)
Operating profit/(loss)	407.8	(22.8)	-	385.0
Financial income	-	-	1.5	1.5
Financial expenses	(51.2)	(3.7)	(7.6)	(62.5)
Profit/(loss) before tax	356.6	(26.5)	(6.1)	324.0
Income tax expense				(94.8)
Profit for the period				229.2

Total assets and liabilities	Sports Fashion £m	Outdoor £m	Unallocated £m	Eliminations £m	Total £m
Total assets	4,940.2	293.2	40.6	(112.1)	5,161.9
Total liabilities	(3,420.3)	(272.8)	(84.5)	112.1	(3,665.5)
Total segment net assets/(liabilities)	1,519.9	20.4	(43.9)	-	1,496.4

Other segment information	Sports Fashion £m	Outdoor £m	Total £m
Capital expenditure:			
Software development	19.1	-	19.1
Property, plant and equipment	102.1	3.1	105.2
Right-of-use assets	168.3	46.6	214.9
Non-current other assets	7.7	-	7.7
Depreciation, amortisation and impairments:			
Amortisation of intangible assets	36.4	4.6	41.0
Depreciation of property, plant and equipment	125.4	11.4	136.8
Depreciation of right-of-use assets	301.5	19.9	321.4
Impairment of goodwill and fascia names (exceptional items)	56.2	33.3	89.5
Impairment of non-current assets (exceptional items)	-	4.9	4.9
Impairment of non-current assets (non-exceptional items)	7.3	1.4	8.7

2. Segmental Analysis (continued)

Geographical Information

The Group's operations are located in the UK, Australia, Austria, Belgium, Bulgaria, Canada, Cyprus, Czech Republic, Denmark, Dubai, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, India, Indonesia, Israel, Italy, Latvia, Lithuania, Malaysia, the Netherlands, New Zealand, Poland, Portugal, Republic of Ireland ('ROI'), Romania, Singapore, Slovakia, South Korea, Spain and the Canary Islands, Sweden, Thailand and the US.

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

	52 weeks to 29 January 2022 £m	52 weeks to 30 January 2021 £m
Revenue		
UK & ROI	3,578.5	2,527.0
Europe	2,046.7	1,579.4
North America	2,609.2	1,780.5
Rest of world	328.6	280.4
	8,563.0	6,167.3

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

Revenue by channel

	52 weeks to 29 January 2022 £m	52 weeks to 30 January 2021 £m
Revenue		
Retail stores	5,668.5	3,524.9
Multichannel	2,623.1	2,465.2
Other	271.4	177.2
	8,563.0	6,167.3

Revenue by product type

	52 weeks to 29 January 2022 £m	52 weeks to 30 January 2021 £m
Revenue		
Footwear	4,590.4	3,499.8
Apparel	3,199.9	2,200.5
Accessories	540.6	326.0
Other	232.1	141.0
	8,563.0	6,167.3

The following is an analysis of the carrying amount of segmental non-current assets by the geographical area in which the assets are located. Taxation is treated as unallocated, reflecting the nature of the Group's tax group.

	52 weeks to 29 January 2022 £m	52 weeks to 30 January 2021 £m
Non-current assets		
UK & ROI	1,217.4	1,011.0
Europe	1,329.7	1,003.4
North America	1,607.8	1,078.6
Rest of world	155.5	109.0
Unallocated	81.7	40.6
	4,392.1	3,242.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3. Profit Before Tax

	52 weeks to 29 January 2022 £m	52 weeks to 30 January 2021 £m
Profit before tax is stated after charging:		
Auditor's remuneration:		
Audit of these financial statements (KPMG LLP)	2.2	0.4
Amounts receivable by the Company's Auditor (KPMG LLP) and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	2.1	1.5
Interim review	0.1	0.1
Depreciation and amortisation of non-current assets:		
Depreciation of property, plant and equipment	158.2	136.8
Depreciation of right-of-use asset	358.2	321.4
Amortisation of intangible assets	63.4	41.0
Amortisation of non-current other assets - owned	0.1	-
Impairments of non-current assets:		
Property, plant and equipment (exceptional)	2.5	4.9
Property, plant and equipment (non-exceptional)	4.8	5.2
Right-of-use asset (non-exceptional)	3.1	3.4
Goodwill and fascia names (exceptional)	-	89.5
Goodwill and fascia names (non-exceptional)	2.4	-
Other intangible assets (non-exceptional)	2.9	0.1
Other non-current assets (exceptional)	3.0	-
Loss on disposal of non-current assets	3.5	1.2
Rentals payable under non-cancellable operating leases for:		
Land and buildings - variable lease payments	86.6	37.9
Land and buildings - short-term and low-value leases	5.2	3.4
Plant and equipment - short-term and low-value leases	4.3	0.5
Movement in the fair value of forward contracts	-	31.5
Provision related to ongoing CMA investigation into the sale of the Rangers FC branded replica football shirts (see Note 23)	2.0	-
The penalty decision issued by the CMA in relation to a breach of the Interim Order imposed as part of the CMA's review of the Group's acquisition of Footasylum Ltd	4.7	-
Profit before tax is stated after crediting:		
Sales commission received	10.6	15.2
Other operating income	16.6	13.1
Movement in the fair value of forward contracts	37.0	-
Foreign exchange gain recognised	11.6	18.5

The auditor's remuneration in respect of the 2021/22 financial statements includes £1.6 million for the additional work performed in relation to the matters outlined in the Audit & Risk Committee report commencing on page 108. Fees of £0.1 million (2021: £0.1 million) were incurred and paid to KPMG LLP by Pentland Group Limited in relation to the non-coterminous audit of the Group for the purpose of inclusion in its consolidated financial statements for the 12 month period to December 2021. In addition, fees of £10,000 were incurred and paid to KPMG LLP for non-audit services in relation to certification of turnover for the Group's Australian subsidiary, JD Sports Fashion Aus Pty.

Other non-current assets comprise key money and store deposits associated with the acquisition of leasehold interests (see Note 16).

Since transition to IFRS 16 on 2 February 2019, only lease rentals in relation to variable lease payments, low value assets or short-term leases have been charged to the Income Statement. The variable lease payments shown above relate to turnover rents which are impacted by changes in sales at certain stores where the lease includes an element of turnover rent.

4. Exceptional Items

The Group exercises judgement in assessing whether items should be classified as exceptional. This assessment covers the nature of the item, cause of occurrence and scale of impact of that item on the reported performance. In determining whether an item should be presented as exceptional, the Group considers items which are significant because of either their size or their nature, and which are non-recurring. In order for an item to be presented as exceptional, it should typically meet at least one of the following criteria:

- It is a significant item, which may cross more than one accounting period.
- It has been directly incurred as a result of either an acquisition or a divestment, or arises from a major business change or restructuring programme.
- It is unusual in nature or outside the normal course of business.

The separate reporting of items, which are presented as exceptional within the relevant category in the Consolidated Income Statement, helps provide an indication of the Group's trading performance in the normal course of business.

	52 weeks to 29 January 2022 £m	52 weeks to 30 January 2021 £m
Movement in fair value of put options ⁽¹⁾	292.7	20.7
Insurance settlement for DTLR ⁽²⁾	(16.6)	-
Restructuring of Spodis SA ⁽³⁾	16.4	-
Impairment of goodwill and fascia names ⁽⁴⁾	-	56.2
Restructuring of Go Outdoors ⁽⁵⁾	-	20.4
Administrative expenses – exceptional	292.5	97.3

- (1) Movement in the fair value of the liabilities in respect of the put options as re-measured at each reporting date (see Note 22) (Genesis Topco Inc: charge of £258.7 million, Iberian Sports Retail Group: charge of £31.6 million, Marketing Investment Group S.A: charge of £1.7 million, Other: charge of £0.7 million). The increase in the fair value of the put options attributable to Genesis Topco Inc. includes £71.0 million consequent to the transfer of DTLR into the Genesis sub-group. The movement in the fair value of the put option liabilities is presented as exceptional as it is a significant item that is outside of the normal course of business.
- (2) Insurance settlement proceeds related to a pre-acquisition claim for business interruption by DTLR Villa LLC. As the claim was a contingent asset at the date of acquisition, this was not recognised in the assets acquired in the fair value table in Note 11. These insurance proceeds are presented as exceptional as they are unusual in nature and are outside of the normal course of business.
- (3) The impact consequent to the restructuring of Spodis SA in the period, including a charge of £5.5 million in relation to the impairment of tangible assets and business restructuring costs of £10.9 million. This item is presented as exceptional as it related to a non-recurring restructuring project.
- (4) The impairment in the prior period primarily relates to the impairment of goodwill and fascia name arising in prior years on the acquisition of Footasylum (£55.6 million). The impairment is presented as exceptional as it is a significant item that is outside of the normal course of business.
- (5) The net impact consequent to the restructuring of Go Outdoors in the prior period, including a charge of £33.3 million in relation to the impairment of intangible assets, a charge of £4.9 million in relation to the impairment of leasehold improvements and a credit of £17.8 million in relation to the extinguishment of lease commitments. This item is presented as exceptional as it related to a non-recurring restructuring project.

5. Remuneration of Directors

The Executive Directors' Remuneration Policy, approved at the Annual General Meeting on 1 July 2021, states that the Long-term Incentive Plan ('LTIP') awards will be a hybrid of cash and share awards. On 20 October 2021, the Executive Directors were granted awards under the JD Sports Fashion Plc LTIP 2021 as follows:

Executive Director	No of shares granted	Share price at the grant date (p)
Peter Cowgill	409,275	210.8
Neil Greenhalgh	53,225	210.8

These options will vest on the fifth anniversary of the grant date. The total expense recognised in the period arising from equity-settled share-based payment transactions was £0.1 million.

On 20 October 2021, Peter Cowgill was granted 81,855 shares and Neil Greenhalgh was granted 10,645 shares. The number of shares disclosed in the table above have been restated to reflect the 5:1 share sub-division effective 30 November 2021. Following his departure, as announced on 25 May 2022, the LTIP award for Peter Cowgill lapsed on cessation in accordance with the Directors' Remuneration Policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5. Remuneration of Directors (continued)

The remuneration of the Executive Directors also includes provision for future LTIP cash payments of £0.6 million (2021: £0.3 million).

Further information on Directors' emoluments is shown in the Directors' Remuneration Report on pages 114 to 130.

In the opinion of the Board, the key management as defined under revised IAS 24 'Related Party Disclosures' are the Executive and Non-Executive Directors. Page 96 of the Directors' Report provides the details of the Directors who served during the financial year. During the year there was one (2021: one) Director within the defined contribution pension scheme. Full disclosure of the Directors' remuneration is given in the Directors' Remuneration Report on page 114 to 130.

	52 weeks to 29 January 2022 £m	52 weeks to 30 January 2021 £m
Directors' emoluments:		
As Non-Executive Directors	0.2	0.2
As Executive Directors	3.8	5.9
Pension contributions	-	-
	4.0	6.1

6. Staff Numbers and Costs

The average number of persons employed by the Group (including Directors) during the period, analysed by category, was as follows:

	2022	2021
Sales and distribution	65,127	52,234
Administration	2,704	2,151
Total average staff employed	67,831	54,385
Full-time equivalents	44,488	37,297

The aggregate payroll costs of these persons were as follows:

	52 weeks to 29 January 2022 £m	52 weeks to 30 January 2021 £m
Wages and salaries	1,007.8	682.8
Social security costs	107.6	79.8
Pension costs	16.8	14.7
Other employed staff costs	9.8	8.6
	1,142.0	785.9

7. Financial Income

Financial income comprises interest receivable on funds invested. Financial income is recognised in the Consolidated Income Statement on an effective interest method.

	52 weeks to 29 January 2022 £m	52 weeks to 30 January 2021 £m
Financial income	1.4	1.5
Bank interest		

8. Financial Expenses

Financial expenses comprise interest payable on interest-bearing loans and borrowings. Financial expenses are recognised in the Consolidated Income Statement on an effective interest method.

	52 weeks to 29 January 2022 £m	52 weeks to 30 January 2021 £m
On bank loans and overdrafts	5.6	5.7
Amortisation of facility fees	1.4	1.5
Lease interest	59.5	54.9
Other interest	1.4	0.4
Financial expenses	67.9	62.5

9. Income Tax Expense

Tax on the profit or loss for the year comprises current and deferred tax.

Current Income Tax

Current income tax expense is calculated using the tax rates which have been enacted or substantively enacted by the reporting date, adjusted for any tax paid in respect of prior years.

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- Goodwill not deductible for tax purposes.
- The initial recognition of assets or liabilities that affect neither accounting nor taxable profit.
- Differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

9. Income Tax Expense (continued)

	52 weeks to 29 January 2022 £m	52 weeks to 30 January 2021 £m
Current tax		
UK corporation tax at 19.0% (2021: 19.0%)	220.0	129.8
Adjustment relating to prior periods	(7.3)	(3.6)
Total current tax charge	212.7	126.2
Deferred tax		
Deferred tax (origination and reversal of temporary differences)	(12.9)	(28.0)
Adjustment relating to prior periods	(4.7)	(3.4)
Total deferred tax credit	(17.6)	(31.4)
Income tax expense	195.1	94.8
Profit before tax multiplied by the standard rate of corporation tax 19.0% (2021: 19.0%)	124.4	61.6
Effects of:		
Expenses not deductible	5.3	7.0
Put option movement not deductible ⁽¹⁾	55.7	3.9
Depreciation and impairment of non-qualifying non-current assets (including brand names arising on consolidation)	2.9	8.6
Non-taxable income	(1.1)	(0.5)
Effect of tax rates in foreign jurisdictions ⁽²⁾	10.5	6.8
Research and development tax credits and other allowances	(3.2)	(0.3)
Recognition of previously unrecognised tax losses	(7.1)	-
Change in tax rate ⁽³⁾	(4.4)	0.5
Non-qualifying impairment of goodwill on consolidation	0.4	-
Change in unrecognised temporary differences	5.9	5.6
Over-provided in prior periods ⁽⁴⁾	(12.0)	(7.0)
Other taxes due ⁽⁵⁾	17.8	8.6
Income tax expense	195.1	94.8

(1) The movement in the put options per Note 22 is non-deductible for corporate tax.

(2) The growing proportion of overseas profits, predominantly in the US, arise in jurisdictions with a higher tax rate than the UK mainstream corporation rate of 19%, thereby driving an adjusting item.

(3) The movement reflects the change in the UK deferred tax rate from an opening rate of 19% to a closing rate of 25%.

(4) Prior year adjustments represent UK R&D claims (0.3%), trading loss claims (0.3%) and other movements arising on the finalisation of the corporation tax returns (0.4%) in conjunction with changes to the US opening deferred tax position (0.4%).

(5) Other taxes due are primarily in respect of US state taxes but also include other taxes payable in overseas jurisdictions.

10. Earnings Per Ordinary Share

Basic and Adjusted Earnings Per Ordinary Share

On 3 February 2021, JD Sports Fashion Plc completed the placing of new ordinary shares in the capital of the Company.

A total of 58,393,989 new ordinary shares were issued, increasing the total ordinary shares in issue to 1,031,627,149.

The shares were placed at an issue price of 795 pence per share with a par value of 25 pence leading to share capital of £0.1 million and share premium of £455.8 million being recognised on issue (this is net of £8.3 million of costs incurred).

Following an ordinary resolution on 30 November 2021, a share split occurred whereby five ordinary shares were issued for each ordinary share. In accordance with IAS 33, the number of shares outstanding before the event has been adjusted for the proportionate change as if the event had occurred at the beginning of the earliest period presented.

The calculation of basic earnings per ordinary share at 29 January 2022 is based on the profit for the period attributable to equity holders of the parent of £369.7 million (2021: £224.3 million) and a weighted average number of ordinary shares outstanding during the 52 week period ended 29 January 2022 of 5,158,135,745 (2021: restated 4,866,165,800).

Adjusted 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 trading performance and profitability of the Group.

	52 weeks to 29 January 2022 millions	52 weeks to 30 January 2021 millions
Issued ordinary shares at beginning of period (restated)	4,866.2	4,866.2
Ordinary shares issued on 3 February 2021 (restated)	291.9	-
Issued ordinary shares at end of period	5,158.1	4,866.2

	52 weeks to 29 January 2022 £m	52 weeks to 30 January 2021 restated £m
Note		
Profit for the period attributable to equity holders of the parent	369.7	224.3
Exceptional items	4 292.5	97.3
Tax relating to exceptional items	0.3	(8.3)
Profit for the period attributable to equity holders of the parent excluding exceptional items	662.5	313.3
Adjusted earnings per ordinary share	12.84p	6.44p
Basic earnings per ordinary share	7.17p	4.61p

Diluted Earnings Per Ordinary Share

Diluted earnings per ordinary share is 7.17p (2021: 4.61p restated). Diluted adjusted earnings per share is 12.84p (2021: 6.44p restated).

The calculation of diluted earnings per ordinary share at 29 January 2022 is based on the profit for the period attributable to equity holders of the parent of £369.7 million (2021: £224.3 million) and a weighted average number of ordinary shares outstanding during the period after adjusting for the effects of all dilutive potential ordinary shares calculated as follows:

	52 weeks to 29 January 2022 millions	52 weeks to 30 January 2021 millions
Issued ordinary shares at end of period	5,158.1	4,866.2
Shares granted on 20 October 2021 under the JD Sports Fashion Plc LTIP 2021 (see Note 5)	0.1	-
Issued ordinary shares at end of period	5,158.2	4,866.2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

11. Acquisitions

Business Combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect the returns through its power over the entity.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment; however, any resulting impairment will not be tax deductible. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the Consolidated Income Statement.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and the settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the Consolidated Income Statement.

The valuation techniques used for measuring the fair value of material assets acquired are as follows:

- Assembled workforce – In accordance with IAS 38, the assembled workforce is not recognised as a separate intangible asset but is subsumed within goodwill. The assembled workforce is valued using the cost savings method which estimates the costs saved by the acquirer from purchasing the asset vs. building or developing the asset internally.
- Intangible assets (computer software) – The cost approach is used which reflects the amount that would be required to currently replace the service capacity of an asset (often referred to as current replacement cost).
- Intangible assets (fascia names and brand names) – The relief from royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the intangible assets being owned.
- Inventories – The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to sell the inventories.
- Leases – A right-of-use asset and lease liability are recognised, measured as if the acquired lease were a new lease at the date of acquisition. The fair value of the acquired leases is estimated by comparing the annual rent to a normalised rent level based on a market-oriented occupancy rate. The difference is calculated over the remaining lease term and discounted at the estimated pre-tax discount rate, adjusting the value of the right-of-use asset recognised under IFRS 16 ‘Leases’. The lease liability recognised is measured at the present value of the remaining lease payments, using a discount rate determined in accordance with IFRS 16 at the date of acquisition.
- Owned property – The cost approach considers the cost to replace the existing improvements, less accrued depreciation, plus the fair value of the land. The value of the properties is derived by adding the estimated value of the land to the cost of constructing a reproduction or replacement for the improvements and then subtracting the amount of depreciation.
- Property, plant and equipment – The depreciated replacement cost new valuation approach is utilised, reflecting adjustments for physical deterioration as well as functional and economic obsolescence.
- Customer relationships – The excess earnings method is used to value these intangible assets on acquisition. This method considers the use of other assets in the generation of the projected cash flows of a specific asset to isolate the economic benefit generated by the subject intangible asset. The contribution of other assets, such as fixed assets, working capital, workforce, and other intangible assets, to overall cash flows is estimated through contributory asset ‘capital charges’. The latter adjustment is made to separate the value of the particular intangible asset from the portion of the purchase price that has already been allocated to the net tangible assets and other intangible assets employed. Therefore, the value of the intangible asset is the present value of the after-tax cash flows potentially attributable to it, net of the return on fair value attributable to tangible and other intangible assets.

11. Acquisitions (continued)

Current Period – Significant Acquisitions

Acquisitions are presented as significant when they are considered significant in terms of total consideration, the size of the store base and/or geographical reach.

DTLR Villa LLC

Initial acquisition

On 17 March 2021, JD Sports Fashion Plc ('JD') acquired 100% of the issued share capital of DTLR Villa LLC, via a wholly owned intermediate holding company in the US. Total cash consideration was £305.2 million, split between £117.9 million debt funding and £187.3 million equity funding.

DTLR is based in Baltimore, Maryland and is a hyperlocal athletic footwear and apparel streetwear retailer operating from 247 stores across 19 states on acquisition. The acquisition of DTLR, with its differentiated consumer proposition, will enhance the Group's neighbourhood presence in the North and East of the US.

The existing DTLR management team has also reinvested a portion of its proceeds back into DTLR in exchange for a new minority stake of 1.5%. Put and call options, to enable future exit opportunities for the management team, have also been agreed and become exercisable after a minimum period of three years. A valuation of these put options has been performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £4.2 million has been recognised with the corresponding entry to Other Equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £101.6 million representing the DTLR fascia name and an intangible asset of £3.8 million representing the customer relationships arising from the loyalty scheme in place. The Board believes that the excess of consideration paid over net assets on acquisition of £212.0 million is best considered as goodwill on acquisition representing future operating synergies. The goodwill calculation is summarised on the next page. As at the date of this report, the period in which measurement adjustments could be made has now closed on this acquisition and no further fair value measurement adjustments have been made.

Subsequent intra-group transfer

On 2 July 2021, JD completed the transfer of the intermediate Parent Company and DTLR to Genesis Topco Inc ('Genesis'), which is an existing 80.0% subsidiary based in the US and Parent Company of the sub-group which contains Finish Line Inc. and the Shoe Palace Corporation. It was always the intention for DTLR to be part of the Genesis sub-group, but the requirement for speed and certainty of execution on the original transaction meant that it was more appropriate for the Group to initially acquire DTLR directly. This transfer to Genesis now brings all of the Group's businesses in the US into one sub-group, which will enhance the future operational collaboration between them. However, as the parent to Genesis, JD will continue to make strategic decisions regarding the Company's future. The consideration payable by Genesis to JD in relation to the transfer was the same as the total consideration paid by JD on the original acquisition.

By virtue of the fact that JD only owns 80% of Genesis, JD effectively disposed of a proportion of its investment in DTLR to the four Mersh Brothers ('the Mershos') who, with their 20% aggregate shareholding in Genesis, are jointly a related party of JD. In order to maintain their shareholding in Genesis at the current level, the Mershos invested their pro-rata element of the equity consideration of \$52.0 million into Genesis. This transfer has taken place on an arm's length basis and reflects the net assets acquired as at the original acquisition date of 17 March 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

11. Acquisitions (continued)

Current Period - Significant Acquisitions (continued)

DTLR Villa LLC (continued)

	Book value £m	Measurement adjustments £m	Fair value at 17 March 2021 £m
Acquiree's net assets at acquisition date:			
Intangible assets	43.7	62.9	106.6
Property, plant and equipment	53.7	(4.4)	49.3
Other non-current assets	0.5	(0.2)	0.3
Right-of-use assets	-	139.9	139.9
Inventories	40.3	-	40.3
Cash and cash equivalents	95.2	-	95.2
Trade and other receivables	7.6	(3.3)	4.3
Income tax asset	0.4	-	0.4
Trade and other payables	(37.6)	(0.9)	(38.5)
Bank loans and overdrafts	(140.2)	-	(140.2)
Deferred tax liability	(3.3)	(21.2)	(24.5)
Lease liabilities	(11.8)	(128.1)	(139.9)
Net identifiable assets	48.5	44.7	93.2
Goodwill on acquisition			212.0
Total consideration			305.2

Included in the 52 week period ended 29 January 2022 is revenue of £382.8 million and a profit before tax of £63.9 million in respect of DTLR.

Marketing Investment Group S.A.

On 30 April 2021, JD Sports Fashion Plc acquired 60% of the issued share capital of Marketing Investment Group S.A. ('MIG') for total consideration of £66.0 million. Total consideration comprises cash consideration of £63.6 million and £2.4 million of deferred consideration that is subject to customary closing conditions and expected to be paid in 2022.

MIG operated 410 stores on acquisition along with the associated trading websites in nine countries in Central and Eastern Europe. The acquisition of MIG provided the platform to develop the JD fascia in Central and Eastern Europe. The MIG team has been instrumental in the opening of the first JD stores in Eastern Europe with stores at Poznan, Poland, and Constanta, Romania. Since the period end, the Group has opened four further JD stores in Poland, one additional store in Romania and a first store in Hungary, at the Árkád Shopping Centre in Budapest. We would anticipate further openings for the JD fascia across Eastern Europe in the new financial year although events in Ukraine do drive some caution.

Put and call options to enable future exit opportunities for the 40% shareholders have also been agreed and become exercisable after the year ending January 2025. A valuation of these put options has been performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £50.2 million has been recognised with the corresponding entry to Other Equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £25.1 million representing the Sizeer fascia name and an intangible asset of £4.1 million representing the 50 Style fascia name. The Board believes that the excess of consideration paid over net assets on acquisition of £41.4 million is best considered as goodwill on acquisition representing future operating synergies. As at the date of this report, the period in which measurement adjustments could be made has now closed on this acquisition and no further fair value measurement adjustments have been made. The goodwill calculation is summarised on the next page.

11. Acquisitions (continued)

Current Period – Significant Acquisitions (continued)

Marketing Investment Group S.A. (continued)

	Book value £m	Measurement adjustments £m	Fair value at 30 April 2021 £m
Acquiree's net assets at acquisition date:			
Intangible assets	2.6	29.2	31.8
Property, plant and equipment	16.6	-	16.6
Other non-current assets	1.1	-	1.1
Right-of-use assets	-	66.2	66.2
Inventories	69.1	(1.9)	67.2
Cash and cash equivalents	6.5	-	6.5
Trade and other receivables	4.9	1.1	6.0
Income tax asset	0.1	-	0.1
Trade and other payables	(58.6)	1.7	(56.9)
Bank loans and overdrafts	(27.0)	-	(27.0)
Deferred tax asset/(liability)	1.0	(5.5)	(4.5)
Lease liabilities	-	(66.2)	(66.2)
Net identifiable assets	16.3	24.6	40.9
Non-controlling interest (40%)	(6.5)	(9.8)	(16.3)
Goodwill on acquisition			41.4
Consideration – satisfied in cash			63.6
Consideration – deferred			2.4
Total consideration			66.0

Included in the 52 week period ended 29 January 2022 is revenue of £175.0 million and a profit before tax of £6.0 million in respect of MIG.

Deporvillage S.L.

On 25 June 2021, Iberian Sports Retail Group S.L. ('ISRG'), the Group's existing intermediate holding company in Spain, exchanged contracts on the conditional acquisition of Deporvillage S.L. ('Deporvillage'), which is based in Manresa, Catalonia. ISRG is a leading operator in the sporting goods market across Iberia through its Sprinter and Sport Zone fascias with the acquisition of Deporvillage, an online retailer of specialist sports equipment with country specific websites in six European countries, giving additional depth and expertise in the key categories of cycling, running and outdoor. The transaction was subject to certain conditions, principally relating to anti-trust clearance, with formal completion taking place on 3 August 2021. Total maximum cash consideration for the acquisition of an initial 80% holding is £119.6 million of which a maximum of £34.5 million has been deferred and will be paid contingent on achieving certain future performance criteria. As at the date of the acquisition and the January 2022 year-end, the fair value of the contingent consideration was determined to be £19.0 million.

Put and call options to enable future exit opportunities for the 20% shareholders have also been agreed and become exercisable from 2024 onwards. A valuation of these put options has been performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £11.2 million has been recognised with the corresponding entry to Other Equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £38.8 million representing the Deporvillage online fascia name and an intangible asset of £2.9 million representing the fair value of the customer base.

The Board believes that the excess of consideration paid over net assets on acquisition of £70.4 million is best considered as goodwill on acquisition representing future operating synergies. The provisional goodwill calculation is summarised on the next page.

Included in the 52 week period ended 29 January 2022 is revenue of £67.8 million and a profit before tax of £2.5 million in respect of Deporvillage.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

11. Acquisitions (continued)

Current Period - Significant Acquisitions (continued)

Deporvillage S.L. (continued)

	Book value £m	Measurement adjustments £m	Provisional fair value at 3 August 2021 £m
Acquiree's net assets at acquisition date:			
Intangible assets	0.9	48.4	49.3
Property, plant and equipment	0.3	-	0.3
Right-of-use assets	-	1.1	1.1
Inventories	28.6	-	28.6
Cash and cash equivalents	2.4	-	2.4
Trade and other receivables	4.7	-	4.7
Trade and other payables	(29.3)	-	(29.3)
Bank loans and overdrafts	(1.3)	-	(1.3)
Income tax liability	(1.0)	-	(1.0)
Deferred tax asset/(liability)	0.6	(12.1)	(11.5)
Lease liabilities	-	(1.1)	(1.1)
Net identifiable assets	5.9	36.3	42.2
Non-controlling interest (20%)	(1.2)	(7.3)	(8.5)
Goodwill on acquisition			70.4
Consideration - satisfied in cash			85.1
Consideration - deferred			19.0
Total consideration			104.1

Cosmos Sport S.A.

On 21 October 2021, the Group acquired 80% of the issued share capital of Cosmos Sport S.A. ('Cosmos') for cash consideration of £65.0 million. At acquisition Cosmos operated 58 stores in Greece and three in Cyprus under a variety of retail banners and associated trading websites. The two main fascias are Cosmos, which is the core fascia of the business and has an elevated sporting goods and lifestyle proposition, and Sneaker 10, which has a more premium footwear offer.

Put and call options to enable future exit opportunities for the 20% shareholders have also been agreed and become exercisable from 2025 onwards. A valuation of these put options has been performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £10.0 million has been recognised with the corresponding entry to Other Equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £9.1 million representing the Cosmos fascia name and an intangible asset of £4.2 million representing the Sneaker 10 fascia name. The Board believes that the excess of consideration paid over net assets on acquisition of £39.5 million is best considered as goodwill on acquisition representing future operating synergies. The provisional goodwill calculation is summarised on the next page.

Included in the 52 week period ended 29 January 2022 is revenue of £26.0 million and a profit before tax of £0.9 million in respect of Cosmos.

11. Acquisitions (continued)

Current Period – Significant Acquisitions (continued)

Cosmos Sport S.A. (continued)

	Book value £m	Measurement adjustments £m	Provisional fair value at 21 October 2021 £m
Acquiree's net assets at acquisition date:			
Intangible assets	-	13.3	13.3
Property, plant and equipment	14.0	-	14.0
Other non-current assets	1.0	-	1.0
Right-of-use assets	-	38.2	38.2
Inventories	24.3	-	24.3
Cash and cash equivalents	13.2	-	13.2
Trade and other receivables	5.7	-	5.7
Income tax asset	0.3	-	0.3
Trade and other payables	(27.9)	-	(27.9)
Bank loans and overdrafts	(8.5)	-	(8.5)
Deferred tax liability	(0.3)	(3.2)	(3.5)
Lease liabilities	-	(38.2)	(38.2)
Net identifiable assets	21.8	10.1	31.9
Non-controlling interest (20%)	(4.4)	(2.0)	(6.4)
Goodwill on acquisition			39.5
Total consideration			65.0

Current Period – Other Acquisitions

The aggregate impact of the other acquisitions in the current period is as follows with further details provided in the narrative on pages 166 to 168:

	Fair values acquired £m
Acquiree's net assets at acquisition date:	
Intangible assets	34.4
Property, plant and equipment	8.5
Right-of-use assets	26.3
Other non-current assets	0.2
Inventories	31.6
Cash and cash equivalents	35.3
Trade and other receivables	9.6
Trade and other payables	(24.5)
Bank loans and overdrafts	(6.2)
Income tax liabilities	(4.4)
Deferred tax liabilities	(6.6)
Lease liabilities	(26.3)
Net identifiable assets	77.9
Non-controlling interest (various)	(11.6)
Goodwill on acquisition	126.7
Consideration – satisfied in cash	174.3
Consideration – deferred	18.7
Total consideration	193.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

11. Acquisitions (continued)

Current Period – Other Acquisitions (continued)

80s Casual Classics Limited

On 2 March 2021, JD Sports Fashion Plc acquired 70% of the issued share capital of 80s Casual Classics Limited ('80s CC') for cash consideration of £15.4 million. 80s CC is predominantly an online retailer of retro and original clothing from brands such as adidas and Sergio Tacchini, inspired by the British subculture of the '70s, '80s and '90s. The acquisition included put and call options over the remaining 30% of shares, exercisable in annual tranches after a minimum period of three years.

Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £1.0 million representing the 80s CC fascia name. The Board believes that the excess of consideration paid over net assets on acquisition of £9.0 million is best considered as goodwill representing future operating synergies. As at the date of this report, the period in which measurement adjustments could be made has now closed on this acquisition and no further fair value measurement adjustments have been made.

Included in the 52 week period ended 29 January 2022 is revenue of £13.0 million and a profit before tax of £3.9 million in respect of 80s Casual Classics.

Uggbugg Fashion Limited

On 18 June 2021, JD Sports Fashion Plc acquired 51% of the issued share capital of Uggbugg Fashion Limited, including a wholly owned subsidiary, Missy Empire Limited (together 'Missy Empire'), for initial cash consideration of £11.7 million. Additional consideration of up to £2.2 million is payable if certain performance criteria are achieved. The fair value of the contingent consideration as at the acquisition date and as at 29 January 2022 was determined to be £nil.

Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £0.9 million representing the Missy Empire fascia name. The Board believes that the excess of consideration paid over net assets on acquisition of £9.6 million is best considered as goodwill on acquisition representing future operating synergies.

Put and call options over 9% of the remaining 49% shareholding have also been agreed and become exercisable after the year ending January 2025. A valuation of these put options has been performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £1.4 million has been recognised with the corresponding entry to Other Equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

Included in the 52 week period ended 29 January 2022 is revenue of £6.2 million and a break even result in respect of Missy Empire.

The Watch Shop Holdings Limited and Watch Shop Logistics Ltd

On 18 June 2021, JD Sports Fashion Plc acquired 100% of the issued share capital of The Watch Shop Holdings Limited and Watch Shop Logistics Ltd (together 'WatchShop') via a wholly owned intermediate holding company. Total cash consideration paid was £26.2 million. Contingent consideration is payable subject to certain criteria being met. The fair value of the contingent consideration as at the acquisition date and as at 29 January 2022 was determined to be £nil.

WatchShop is an online retailer of designer fashion watches from brands such as Armani, Michael Kors and Hugo Boss. Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £2.5 million representing the WatchShop fascia name. The Board believes that the excess of consideration paid over net assets on acquisition of £10.6 million is best considered as goodwill on acquisition representing future operating synergies.

Included in the 52 week period ended 29 January 2022 is revenue of £19.2 million and a loss before tax of £0.7 million in respect of WatchShop.

Bodytone International Sport S.L.

On 3 August 2021, ISRG, the Group's existing intermediate holding company in Spain, acquired 50.1% of the issued share capital of Bodytone International Sport S.L. ('Bodytone') for initial cash consideration of £8.9 million. Additional consideration of up to £3.1 million is payable if certain performance criteria are achieved and the fair value of this contingent consideration as at the acquisition date and as at 29 January 2022 was determined to be £2.9 million.

Based in Murcia in Spain, Bodytone manufactures and distributes professional fitness equipment with a presence in over 40 countries worldwide. ISRG believes that the acquisition of Bodytone will enhance its product categories and improve its specialised sporting goods offer. Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £4.9 million representing the Bodytone name. The Board believes that the excess of consideration paid over net assets on acquisition of £8.8 million is best considered as goodwill on acquisition representing future operating synergies.

11. Acquisitions (continued)

Current Period – Other Acquisitions (continued)

Put and call options over the remaining 49.9% shareholding have also been agreed and become exercisable in tranches from 2024 onwards. A valuation of these put options has been performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £11.3 million has been recognised with the corresponding entry to Other Equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

Included in the 52 week period ended 29 January 2022 is revenue of £7.5 million and a profit before tax of £1.0 million in respect of Bodytone.

Hairburst Holding Group Limited

On 17 September 2021, JD Sports Fashion Plc acquired 75% of the issued share capital of Hairburst Holding Group Limited, including three wholly owned subsidiaries (together ‘Hairburst’) for cash consideration of £26.2 million.

Hairburst retails own label haircare products and vitamins via a direct to consumer website and as a wholesaler both in the UK and internationally. Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £6.6 million representing the Hairburst name. The Board believes that the excess of consideration paid over net assets on acquisition of £18.1 million is best considered as goodwill on acquisition representing future operating synergies.

Put and call options over the remaining 25% shareholding have also been agreed and become exercisable in tranches from 2025 onwards. A valuation of these put options has been performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £8.4 million has been recognised with the corresponding entry to Other Equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

Included in the 52 week period ended 29 January 2022 is revenue of £6.3 million and a profit before tax of £0.1 million in respect of Hairburst.

Wheelbase Lakeland Limited

On 3 June 2021, JD Sports Fashion Plc exchanged contracts on the conditional acquisition of 77.5% of the issued share capital of Wheelbase Lakeland Limited ('Wheelbase'). Completion of the acquisition was subject to obtaining consent for the change in control from the Financial Conduct Authority. This was obtained, the acquisition subsequently completed on 30 September 2021 and the cash consideration paid was £22.2 million.

Operating from three stores on acquisition and a trading website, Wheelbase is firmly established as one of the premier cycling retailers in the UK, and the product offering centres on premium cycles and accessories from key brands such as Cube, Cannondale, Trek and Specialized. Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £1.4 million representing the Wheelbase fascia name. The Board believes that the excess of consideration paid over net assets on acquisition of £18.7 million is best considered as goodwill on acquisition representing future operating synergies.

Put and call options over the remaining 22.5% shareholding have also been agreed and become exercisable in tranches from 2025 onwards. A valuation of these put options has been performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £4.0 million has been recognised with the corresponding entry to Other Equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

Included in the 52 week period ended 29 January 2022 is revenue of £4.0 million and a profit before tax of £0.2 million in respect of Wheelbase.

XLR8 Sports Limited

On 19 November 2021, JD Sports Fashion Plc acquired 100% of XLR8 Sports Limited trading as Leisure Lakes Bikes ('Leisure Lakes') for initial cash consideration of £25.6 million plus additional consideration up to a maximum of £15.0 million if certain performance criteria are achieved. The fair value of this contingent consideration as at the acquisition date and as at 29 January 2022 was determined to be £11.2 million.

Operating from 10 stores and a trading website, Leisure Lakes is considered to be one of the leading omnichannel retailers of bicycles and bicycle parts, equipment, clothing and accessories, and is a key partner for most of the major brands including Trek, Cube and Specialized. Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £2.5 million representing the Leisure Lakes fascia name. The Board believes that the excess of consideration paid over net assets on acquisition of £25.9 million is best considered as goodwill on acquisition representing future operating synergies.

Included in the 52 week period ended 29 January 2022 is revenue of £4.4 million and a loss before tax of £0.3 million in respect of Leisure Lakes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

11. Acquisitions (continued)

Current Period – Other Acquisitions

GymNation

On 24 December 2021, the Group's existing subsidiary JD Sports Gyms Limited ('JD Gyms') acquired 100% of GymNation Limited and its 100% owned subsidiary GymNation LLC (together 'GymNation') for cash consideration of \$42.2 million and contingent consideration of \$6.1 million. We assessed the substance of the contingent payment taking into account the management leaver terms of the shareholder agreement and concluded that an element of the contingent payment is a future payment to employees and the remainder is contingent consideration. Contingent consideration is cash-settled and is linked to GymNation's future performance. It is initially measured at fair value and is subsequently remeasured to fair value at each reporting date until the contingency is settled. The fair value of contingent consideration recognised at 29 January 2022 is \$6.6 million (£4.9 million). The maximum amount of the future payment is £75 million.

GymNation is a chain of seven gyms in the UAE (six in Dubai and one Abu Dhabi). Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £7.9 million representing the GymNation fascia name. The Board believes that the excess of consideration paid over net assets on acquisition of £21.8 million is best considered as goodwill on acquisition representing future operating synergies. Included in the 52 week period ended 29 January 2022 is revenue of £1.3 million and a profit before tax of £0.2 million in respect of GymNation.

Other Acquisitions

During the period, the Group made one other small acquisitions. This transaction was not material.

Full Year Impact of Acquisitions

Had the acquisitions of the entities listed above been effected at 31 January 2021, the revenue and profit before tax of the Group for the 52 week period to 29 January 2022 would have been £8.9 billion and £666.1 million respectively.

Acquisition Costs

Acquisition-related costs amounting to £7.9 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

Onepointfive Ventures Limited trading as Livestock

On 10 February 2020, the Group acquired 100% of the issued share capital of Onepointfive Ventures Limited DBA Livestock ('Livestock') through a newly established Canadian holding company (JDSF Holdings (Canada) Inc.) ('Holdco'). Based in Vancouver, this business and its management will provide the platform to develop JD Group fascias in Canada.

Consideration comprised £7.0 million in cash, of which £0.6 million was deferred as at the date of acquisition, plus 20% of the equity in Holdco. The fair value of the 20% equity in Holdco was £1.8 million. The deferred consideration of £0.6 million was subsequently paid in June 2021.

Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £1.2 million, representing the 'Livestock' fascia name. The Board believes that the excess of consideration paid over net assets on acquisition of £8.4 million is best considered as goodwill on acquisition representing future operating synergies. No measurement adjustments have been made during the 52 week period ended 29 January 2022 and the period in which measurement adjustments could be made has now closed on this acquisition. The goodwill calculation is summarised below:

	Book value £m	Measurement adjustments £m	Fair value at 10 February 2020 £m
Acquiree's net assets at acquisition date:			
Intangible assets	-	1.2	1.2
Property, plant and equipment	0.5	-	0.5
Right-of-use assets	0.5	-	0.5
Inventories	0.5	-	0.5
Cash and cash equivalents	(0.8)	-	(0.8)
Trade and other receivables	0.1	-	0.1
Trade and other payables	(0.5)	-	(0.5)
Deferred tax liability	-	(0.3)	(0.3)
Lease liabilities	(0.5)	-	(0.5)
Income tax liability	(0.3)	-	(0.3)
Net identifiable (liabilities)/assets	(0.5)	0.9	0.4
Goodwill on acquisition			8.4
Consideration – satisfied in cash			6.4
Consideration – fair value of shares issued			1.8
Consideration – deferred (paid June 2021)			0.6
Total consideration			8.8

11. Acquisitions (continued)

Prior Period Acquisitions (continued)

Included in the 52 week period ended 30 January 2021 was revenue of £10.1 million and a profit before tax of £1.4 million in respect of Livestock.

X4L Gyms Limited

On 22 July 2020, X4L Gyms Limited, a 100% owned subsidiary of JD Gyms Limited, acquired certain assets of Wright Leisure Limited trading as Xercise4less following the Group being placed into administration on the same date.

Xercise4less is a UK-based value-gym chain with 50 operational clubs at the date of administration. The Company offered high-quality, low-cost contract and non-contract memberships to its members from large operational facilities nationwide.

The Board believes that Xercise4less further strengthens the Group's presence in the growing UK fitness market with the acquisition providing immediate reach to a wider membership base as well as facilitating the Group's presence as a key player in the market. Xercise4less is a well-established business with a wealth of knowledge in the UK fitness market which the Board believes will be complementary to JD Gyms. The Board also believes that there will be significant operational and strategic benefits from a combination of the two businesses.

The Board believes the excess of cash consideration paid over the net identifiable assets on acquisition of £14.2 million is best considered as goodwill representing future operating synergies.

No measurement adjustments have been made during the 52 week period ended 29 January 2022 and the period in which measurement adjustments could be made has now closed on this acquisition. The goodwill calculation is summarised below:

	Book value £m	Measurement adjustments £m	Fair value at 22 July 2020 £m
Acquiree's net assets at acquisition date:			
Intangible assets	16.3	(16.1)	0.2
Property, plant and equipment	7.8	4.4	12.2
Trade and other receivables	0.1	(0.1)	-
Trade and other payables	-	(1.5)	(1.5)
Deferred tax liability	-	(0.9)	(0.9)
Net identifiable assets/(liabilities)	24.2	(14.2)	10.0
Goodwill on acquisition	-	-	14.2
Consideration – satisfied in cash			24.2

Included in the 52 week period ended 30 January 2021 was revenue of £8.1 million and a loss before tax of £3.3 million in respect of X4L Gyms Limited.

Of the initial 50 X4L Gyms Limited sites initially acquired, 11 have been subsequently handed back to the landlord, 28 have been re-branded as JD Gyms and 11 continue to operate as X4L Gyms Limited as we continue to review the long-term viability of these sites.

Shoe Palace Corporation and Nice Kicks LLC

On 14 December 2020, JD Sports Fashion Plc's wholly owned intermediate holding company in the US, Genesis Holdings, acquired 100% of the issued shares in Shoe Palace Corporation and the members' interests in Nice Kicks LLC (together 'Shoe Palace'). Shoe Palace has an established retail presence in California, Texas, Nevada, Arizona, Florida, Colorado, New Mexico and Hawaii with 163 stores trading under the Shoe Palace fascia and four stores trading as Nice Kicks at acquisition.

Total consideration for the acquisition was £517.6 million, comprising £243.5 million of cash consideration (of which £73.1 million was deferred as at the date of acquisition) and £274.1 million, being the initial fair value of this equity in the enlarged Group in the US calculated using an EBITDA multiple and approved forecasts. Post acquisition, the £73.1 million of deferred consideration has been settled.

Additionally, put and call options, to enable future exit opportunities for the minority interest, have also been agreed, which commence after the end of the financial year to 1 February 2025. A valuation of these put options has been performed using an EBITDA multiple, a suitable discount rate and approved forecasts, and the initial liability of £261.6 million was recognised with the corresponding entry to Other Equity in accordance with the present access method of accounting. These options are required to be fair valued at each accounting period date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

11. Acquisitions (continued)

Prior Period Acquisitions (continued)

Shoe Palace Corporation and Nice Kicks LLC (continued)

Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £105.8 million, representing the 'Shoe Palace' fascia name and an intangible asset of £1.2 million, representing the 'Nice Kicks' fascia name. The Board believes that the excess of consideration paid over net assets on acquisition of £411.0 million is best considered as goodwill on acquisition representing future operating synergies. Due to the proximity of the date of the acquisition to the financial year ended 30 January 2021, information was received during the financial year ended 29 January 2022 which resulted in changes to the measurement adjustments. The changes made were not significant in nature or value, with the final values presented in the table below. The period in which measurement adjustments could be made has now closed on this acquisition.

	Book value £m	Measurement adjustments £m	Fair value at 14 December 2020 £m
Acquiree's net assets at acquisition date:			
Intangible assets	0.2	107.0	107.2
Property, plant and equipment	22.7	1.3	24.0
Right-of-use assets	139.8	-	139.8
Other non-current assets	0.6	-	0.6
Inventories	49.7	6.7	56.4
Cash and cash equivalents	3.1	-	3.1
Bank loans and overdrafts	(1.7)	-	(1.7)
Trade and other receivables	10.7	(2.1)	8.6
Trade and other payables - current	(64.2)	6.4	(57.8)
Trade and other payables - non-current	(9.5)	9.5	-
Deferred tax liability	-	(33.8)	(33.8)
Lease liabilities	(139.8)	-	(139.8)
Net identifiable assets	11.6	95.0	106.6
Goodwill on acquisition			411.0
Consideration - satisfied in cash			170.4
Consideration - fair value of shares issued			274.1
Consideration - deferred			73.1
Total consideration			517.6

Included in the 52 week period ended 30 January 2021 was revenue of £56.1 million and a profit before tax of £13.9 million in respect of Shoe Palace.

A Number of Names Limited

On 23 December 2020, the Group acquired 100% of the issued share capital of A Number of Names Limited ('ANON'). ANON is primarily a wholesale business with the licence to the Billionaire Boys Club ('BBC') brand in the UK, Europe, the Middle East, Africa, Australia, Canada and certain other territories.

The total fair value of consideration recognised at 23 December 2020 was £5.5 million comprising £3.7 million of cash consideration and £1.8 million of deferred consideration that is contingent upon ANON meeting certain performance criteria. £1.8 million was deemed to be the fair value of the deferred consideration based on management's judgement and best estimates as at 23 December 2020. Due to the proximity of the date of the acquisition to the financial year ended 30 January 2021, information was received during the financial year ended 29 January 2022 which resulted in changes to the measurement adjustments. The changes made were not significant in nature or value and the period in which measurement adjustments could be made has now closed on this acquisition.

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

Included in the 52 week period ended 30 January 2021 was revenue of £0.2 million and a break even result before tax in respect of ANON.

11. Acquisitions (continued)

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 2 February 2020, the revenue and profit before tax of the Group for the 52 week period to 30 January 2021 would have been £6.5 billion and £334.9 million respectively.

Acquisition Costs

Acquisition-related costs amounting to £4.0 million have been excluded from the consideration transferred and have been recognised as an expense in the prior year, within administrative expenses in the Consolidated Income Statement.

12. Intangible Assets

Acquisitions

The acquisitions of intangible assets in the current year principally relate to the acquisition of DTLR Villa LLC, Marketing Investment Group S.A., Deporvillage S.L. and Cosmos Sport S.A. The acquisitions in the prior year principally relate to the acquisition of Onepointfive Ventures Limited, X4L Gyms Limited and Shoe Palace Corporation (including Nice Kicks LLC). Further details, including the fair value of the assets acquired, are provided in Note 11.

Amortisation

Included within the amortisation charge for the period ended 29 January 2022 is accelerated amortisation of £0.4 million (2021: £4.0 million) following a review of the useful economic life of certain items of software development capitalised.

Impairment

The impairment in the current period relates to the goodwill arising on the acquisition of Rascal Clothing Limited and Bernard Esher Limited. An impairment charge of £2.2 million has been recognised against the goodwill included in the carrying value of the Rascal Clothing Limited Group CGU of £5.6 million (recoverable amount £2.4 million) and an impairment charge of £0.2 million against the goodwill included in the carrying value of the Bernard Esher Limited Group CGU of £0.4 million (recoverable amount £nil).

The impairment in the prior period primarily relates to the impairment of the goodwill and fascia names arising in prior years on the acquisition of Footasylum (£55.6 million) and Go Outdoors Topco Limited (£33.3 million).

Intangible Assets with Finite Lives

Brand Licences

Brand licences are stated at cost less accumulated amortisation and impairment losses. Amortisation of brand licences is charged to the Consolidated Income Statement within cost of sales over the term to the licence expiry on a straight-line basis.

At each reporting date, the Group reviews the carrying amounts of its brand licences to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment losses are recognised within administrative expenses in the Consolidated Income Statement.

The recoverable amount of brand licences is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the relevant asset until the licence expiry date and the choice of a suitable discount rate in order to calculate the present value.

Customer Relationships

Customer relationships acquired as part of a business combination are stated at fair value as at the acquisition date less accumulated amortisation and impairment losses. Amortisation of customer relationships is charged to the Consolidated Income Statement within administrative expenses over the estimated useful life of five years on a straight-line basis. At each reporting date, the Group reviews the carrying amounts of its customer relationships to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment losses are recognised within administrative expenses in the Consolidated Income Statement.

Brand Names

Brand names acquired as part of a business combination are stated at fair value as at the acquisition date less accumulated amortisation and impairment losses. Brand names separately acquired are stated at cost less accumulated amortisation and impairment losses. The useful economic life of each purchased brand name is considered to be finite and is typically between five and ten years. In determining the useful economic life of each brand name, the Board considers the market position of the brands acquired, the nature of the market that the brands operate in, typical product life-cycles of brands and the useful economic lives of similar assets that are used in comparable ways. Brand names are amortised on a straight-line basis over their useful economic lives and the amortisation charge is included within administrative expenses in the Consolidated Income Statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

12. Intangible Assets (continued)

Intangible Assets with Finite Lives (continued)

Brand Names (continued)

At each reporting date, the Group reviews the carrying amounts of its brand names and licences to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of brand names is determined based on a 'royalty relief' method of valuation. The recoverable amount of brand names is based on an estimation of future sales and the choice of a suitable royalty and discount rate in order to calculate the present value, when this method is deemed the most appropriate. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the asset and the choice of a suitable discount rate in order to calculate the present value. Impairment losses are recognised within administrative expenses in the Consolidated Income Statement.

Software Development

Software development costs (including website development costs) are capitalised as intangible assets if the technical and commercial feasibility of the project has been demonstrated, the future economic benefits are probable, the Group has an intention and ability to complete and use or sell the software and the costs can be measured reliably. Costs that do not meet these criteria are expensed as incurred. Software development costs are stated at historic cost, less accumulated amortisation. Capitalised software costs are related to software under the control of the Group.

Software development costs are all amortised over a period of two to seven years on a straight-line basis and the amortisation charge is included within administrative expenses in the Consolidated Income Statement. Software development includes £nil (2021: £nil) of internally generated software development.

Fascia Name

Separately identifiable fascia names acquired are stated at fair value as at the acquisition date less accumulated amortisation and impairment losses. The initial fair value is determined by using a 'royalty relief' method of valuation. This is based on an estimation of future sales and the choice of a suitable royalty and discount rate in order to calculate the present value, when this method is deemed the most appropriate. This method involves calculating a net present value for each fascia name by discounting the projected future royalties expected using a finite useful economic life for each fascia. The future royalties are estimated by applying a suitable royalty rate to the sales forecast.

Store and online fascia names are considered to have a finite useful economic life. The estimated useful economic lives are as follows:

- Online fascia names	3 to 10 years
- Store fascia names	10 years

The factors that are considered when determining the useful life of each fascia name are as follows:

- The strength of the respective fascia names in the relevant sector and geographic region where the fascia is located.
- The history of the fascia names and that of similar assets in the relevant retail sectors.
- The commitment of the Group to continue to operate these stores separately for the foreseeable future, including the ongoing investment in new stores and refurbishments.
- The impact of increased competition in the marketplace as a result of reduced barriers to entry and its impact on the useful life of online fascia names.

The remaining useful economic lives of fascia names as at 29 January 2022 range over a period of 4 to 10 years.

Fascia names are all amortised over the useful economic life on a straight-line basis and the amortisation charge is included within administrative expenses in the Consolidated Income Statement.

At each reporting date, the Group reviews the carrying amounts of its fascia names to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of these assets is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the Group CGU and the choice of a suitable discount rate in order to calculate the present value. Impairment losses are recognised in the Consolidated Income Statement.

Intangible Assets with Indefinite Lives

Goodwill

Goodwill represents amounts arising on acquisition of subsidiaries. The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, the negative goodwill is recognised immediately in the Consolidated Income Statement.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit/loss on disposal.

12. Intangible Assets (continued)

Intangible Assets with Indefinite Lives (continued)

Goodwill (continued)

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to Group CGUs and is tested annually for impairment and whenever there is an indication that the goodwill may be impaired. The Group CGUs are either the store portfolios or individual businesses acquired and the recoverable amount is determined based on value-in-use calculations. The recoverable amount is compared with the carrying amount of the Group CGU including goodwill.

	Goodwill £m	Brand licences £m	Brand names £m	Fascia names £m	Customer relationships £m	Software development £m	Total £m
Cost or valuation							
At 1 February 2020	299.8	11.8	25.9	214.0	-	77.5	629.0
Additions	-	3.8	-	-	-	19.1	22.9
Acquisitions	434.8	-	-	108.9	-	0.2	543.9
Reclassifications	-	-	-	-	-	1.8	1.8
Disposals	-	-	-	-	-	(0.7)	(0.7)
Exchange differences	(36.1)	-	-	5.2	-	2.2	(28.7)
At 30 January 2021	698.5	15.6	25.9	328.1	-	100.1	1,168.2
Additions	-	5.2	-	-	-	14.9	20.1
Acquisitions	490.0	1.3	-	212.5	12.6	9.0	725.4
Reclassifications	-	-	-	-	-	0.7	0.7
Disposals	-	-	-	-	-	(3.6)	(3.6)
Transfer to assets held-for-sale (Note 32)	-	-	(3.0)	-	-	(7.5)	(10.5)
Exchange differences	(2.6)	-	-	(15.6)	(0.9)	0.1	(19.0)
At 29 January 2022	1,185.9	22.1	22.9	525.0	11.7	113.7	1,881.3
Amortisation and impairment							
At 1 February 2020	90.4	11.1	13.3	55.0	-	45.5	215.3
Charge for the period	-	2.2	1.7	16.2	-	20.9	41.0
Impairments	29.8	-	-	59.7	-	0.1	89.6
Reclassifications	-	-	-	-	-	0.9	0.9
Disposals	-	-	-	-	-	(0.4)	(0.4)
Exchange differences	-	-	-	1.0	-	1.1	2.1
At 30 January 2021	120.2	13.3	15.0	131.9	-	68.1	348.5
Charge for the period	-	1.1	1.8	39.5	1.5	19.5	63.4
Impairments	2.4	-	0.1	-	-	2.8	5.3
Reclassifications	-	-	-	-	-	(1.1)	(1.1)
Disposals	-	-	-	-	-	(2.6)	(2.6)
Transfer to assets held-for-sale (Note 32)	-	-	(0.8)	-	-	(5.0)	(5.8)
At 29 January 2022	122.6	14.4	16.1	171.4	1.5	81.7	407.7
Net book value							
At 29 January 2022	1,063.3	7.7	6.8	353.6	10.2	32.0	1,473.6
At 30 January 2021	578.3	2.3	10.9	196.2	-	32.0	819.7
At 1 February 2020	209.4	0.7	12.6	159.0	-	32.0	413.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

12. Intangible Assets (continued)

Intangible Assets with Indefinite Lives (continued)

Goodwill (continued)

The carrying amount of goodwill and fascia name by Group CGU, along with the key assumptions used in the value-in-use calculation, is as follows:

Segment	Basic financial information					
	Goodwill 2022 £m	Fascia name 2022 £m	Total intangible 2022 £m	Goodwill 2021 £m	Fascia name 2021 £m	Total intangible 2021 £m
Bodytone Sports Fashion	8.1	4.3	12.4	-	-	-
Cosmos Sports Fashion	36.6	12.0	48.6	-	-	-
Deporvillage Sports Fashion	65.2	34.0	99.2	-	-	-
DTLR Sports Fashion	205.5	89.2	294.7	-	-	-
Finish Line Sports Fashion	99.6	45.5	145.1	97.2	51.3	148.5
First Sport store portfolio Sports Fashion	15.0	-	15.0	15.0	-	15.0
Go Outdoors Outdoor	-	14.3	14.3	-	16.1	16.1
GymNation Sports Fashion	20.4	7.2	27.6	-	-	-
Hairburst Sports Fashion	18.1	6.4	24.5	-	-	-
JD Gyms Sports Fashion	14.1	-	14.1	14.1	-	14.1
Leisure Lakes Outdoor	25.9	2.4	28.3	-	-	-
MIG Sports Fashion	37.5	25.7	63.2	-	-	-
Missy Empire Sports Fashion	9.6	0.7	10.3	-	-	-
Shoe Palace Sports Fashion	398.3	92.1	490.4	386.3	101.1	487.4
Sport Zone Sports Fashion	16.1	5.9	22.0	17.2	7.3	24.5
WatchShop Sports Fashion	10.6	2.2	12.8	-	-	-
Wheelbase Outdoor	18.7	1.4	20.1	-	-	-
Other Sports Fashion & Outdoor	64.0	10.3	74.3	48.5	20.4	68.9
	1,063.3	353.6	1,416.9	578.3	196.2	774.5

The total intangible assets include a decrease of £55.1 million (Shoe Palace £17.5 million, Deporvillage £8.1 million, MIG £6.8 million, DTLR £6.6 million, Finish Line £5.6 million, Cosmos £3.6 million, Other £6.9 million) in relation to exchange rate fluctuations (2021: £36.1 million).

12. Intangible Assets (continued)

Intangible Assets with Indefinite Lives (continued)

Goodwill (continued)

Segment		Impairment model assumptions used								Margin rate	Pre-Tax Discount rate ⁽³⁾ 2022		
		Short-term growth rate ⁽¹⁾		Short-term growth rate ⁽¹⁾		Long-term growth rate ⁽²⁾		Long-term growth rate ⁽²⁾					
		2022	2021	2021	2022	2021	2021	2021	2021				
Bodytone ⁽⁴⁾	Sports Fashion	-	-	-	-	-	-	-	-	-	-		
Cosmos ⁽⁴⁾	Sports Fashion	-	-	-	-	-	-	-	-	-	-		
Deporvillage ⁽⁴⁾	Sports Fashion	-	-	-	-	-	-	-	-	-	-		
DTLR ⁽⁴⁾	Sports Fashion	-	-	-	-	-	-	-	-	-	-		
Finish Line	Sports Fashion	1.4%	2.0%	1.0%	1.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels			14.2%	13.7%			
First Sport store portfolio	Sports Fashion	1.0%	1.0%	1.0%	1.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels			9.0%	8.5%			
Go Outdoors	Outdoor	4.1%	2.0%	2.0%	2.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels			20.4%	16.0%			
GymNation ⁽⁴⁾	Sports Fashion	-	-	-	-	-	-	-	-	-	-		
Hairburst ⁽⁴⁾	Sports Fashion	-	-	-	-	-	-	-	-	-	-		
JD Gyms	Sports Fashion	3.0%	3.0%	3.0%	1.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels			10.2%	9.7%			
Leisure Lakes ⁽⁴⁾	Outdoor	-	-	-	-	-	-	-	-	-	-		
MIG ⁽⁴⁾	Sports Fashion	-	-	-	-	-	-	-	-	-	-		
Missy Empire ⁽⁴⁾	Sports Fashion	-	-	-	-	-	-	-	-	-	-		
Shoe Palace	Sports Fashion	4.0%	4.0%	3.0%	1.5%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels			15.1%	15.6%			
Sport Zone	Sports Fashion	4.8%	2.0%	2.0%	2.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels			12.5%	12.3%			
WatchShop ⁽⁴⁾	Sports Fashion	-	-	-	-	-	-	-	-	-	-		
Wheelbase ⁽⁴⁾	Outdoor	-	-	-	-	-	-	-	-	-	-		
Other	Sports Fashion & Outdoor	1.0% -3.0%	1.0% -3.0%	1.0% -3.0%	1.0% -3.0%	A range of gross margin assumptions, from broadly consistent with approved budget levels to improvements of up to 2% in the short term to reflect implementation of enhanced Group terms and focused strategy regarding stock and merchandising			8.9% -18.1%	7.0% -13.1%			

(1) The short-term revenue growth rate is the Board approved average annual growth rate for the four year period following the January 2023 financial year currently underway.

(2) The long-term revenue growth rate is the rate used thereafter, which is an estimate of the growth based on past experience within the Group taking account of economic growth forecast for the relevant industries.

(3) The discount rate applied is a pre-tax measure based on the historical industry average weighted average cost of capital, with a possible debt leverage of 15% at a market interest rate of 5%. The discount rate applied reflects any specific risk premiums relevant to the Group CGU. The impact of the right-of-use asset funding under IFRS 16 has been taken into consideration and factored into the calculation of the discount rate. These discount rates are considered to be equivalent to the rates a market participant would use.

(4) No impairment models have been completed for these assets given they were newly acquired during the financial year and there were no indicators of impairment noted at the year-end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

12. Intangible Assets (continued)

Intangible Assets with Indefinite Lives (continued)

Goodwill (continued)

The cash flow projections used in the value-in-use calculations are all based on actual operating results, together with financial forecasts and strategy plans approved by the Board covering a five year period. These forecasts and plans are based on both past performance and expectations for future market development.

Sensitivity Analysis

A sensitivity analysis has been performed on the base case assumptions used for assessing the goodwill and other intangibles.

The Board has considered the possibility of each business achieving less revenue and gross profit % than forecast. Whilst any reduction in revenue would be partially offset by a reduction in revenue-related costs, the Board would also take actions to mitigate the loss of gross profit by reducing other costs. With regard to the assessment of value-in-use of all Group CGUs, with the exception of Go Outdoors and Shoe Palace (see separate disclosure below), the Board believes that there are no reasonably possible changes in any of the key assumptions which would cause the carrying value of the unit to exceed its recoverable amount and the amount of headroom would cover large negative growth rates.

The table below shows the amount of headroom for each Group CGU, as well as the current assumption used and the revised assumption which would be required to eliminate the headroom.

Company	Headroom £m	Short-term growth rate		Long-term growth rate		Pre-tax discount rate	
		% Used	Revised %	% Used	Revised %	% Used	Revised %
First Sport store portfolio	235.0	1.0	-17.1	1.0	more than -1,000	9.0	104.2
Finish Line	1,050.9	1.4	-5.0	1.0	more than -1,000	14.2	58.9
Go Outdoors	13.9	4.1	2.9	2.0	-18.2	20.4	24.9
JD Gyms	23.8	3.0	-44.5	3.0	-32.3	10.2	58.2
Shoe Palace	39.9	4.0	1.6	3.0	2.1	15.1	16.0
Sport Zone	247.3	4.8	-29.1	2.0	-146.1	12.5	38.1

Go Outdoors

As shown in the table above, marginal changes to the assumptions could eliminate the headroom and cause the carrying value of the Group CGU to exceed its recoverable amount. The following further sensitivities were performed:

- If the pre-tax discount rate increased by 1% with all other assumptions remaining unchanged, this would not result in an impairment but would reduce the headroom to £10.1 million (representing 13.1% of the carrying value of the Group CGU).
- Reducing the long-term growth rate by 1% with all other assumptions remaining unchanged would not result in an impairment but would reduce the headroom to £1.1 million (representing 1.4% of the carrying value of the Group CGU).
- Reducing the forecast gross profit margin rate by 1% with all other assumptions remaining unchanged would not result in an impairment but would reduce the headroom to £4.7 million (representing 6.1% of the carrying value of the Group CGU).

+/-1% was considered a reasonably possible change in the key assumptions listed above. Given the sensitivity analysis indicates that reasonable changes in the assumptions could result in a reduction to marginal headroom in the impairment model, it was not considered appropriate to reverse the impairments recognised in respect of Go Outdoors in previous years.

Shoe Palace

As shown in the table above, marginal changes to the assumptions could eliminate the headroom and cause the carrying value of the Group CGU to exceed its recoverable amount. The following further sensitivities were performed:

- If the pre-tax discount rate increased by 1% with all other assumptions remaining unchanged, this would result in an impairment of £19.2 million (representing 3.5% of the carrying value of the Group CGU).
- Reducing the short-term and long-term growth rate by 1% with all other assumptions remaining unchanged would result in an impairment of £18.1 million (representing 3.3% of the carrying value of the Group CGU).
- Reducing the forecast gross profit margin rate by 1% with all other assumptions remaining unchanged would not result in an impairment but would reduce the headroom to £8.1 million (representing 1.5% of the carrying value of the Group CGU).

12. Intangible Assets (continued)

Intangible Assets with Indefinite Lives (continued)

Shoe Palace (continued)

+/-1% was considered a reasonably possible change in the key assumptions listed above. Whilst the potential impairments as a result of the sensitivity analysis are material in value, they are not significant as a % of the £546.7 million carrying value of the Shoe Palace Group CGU. Whilst the model is sensitive to the assumptions used, there are no indicators of impairment in relation to the Shoe Palace intangibles since acquisition in December 2021 and Shoe Palace (along with our other businesses in the US) has performed well against expectations over the last financial year. We will, however, keep this under close review during 2022/23.

13. Property, Plant and Equipment

Owned Assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful economic lives, they are accounted for as separate items.

Depreciation

Depreciation is charged to the Consolidated Income Statement over the estimated useful life of each part of an item of property, plant and equipment. The estimated useful economic lives are as follows:

- Freehold land	- not depreciated
- Warehouse	- 15-25 years on a straight-line basis
- Long leasehold and freehold properties	- 2% per annum on a straight-line basis
- Improvements to short leasehold properties	- life of lease on a straight-line basis
- Computer equipment	- 3-4 years on a straight-line basis
- Fixtures and fittings	- 5-7 years, or length of lease if shorter, on a straight-line basis
- Motor vehicles	- 25% per annum on a reducing balance basis

Impairment of Property, Plant and Equipment and Non-current Other Assets

Property, plant and equipment and non-current other assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of an asset or a cash-generating unit is not recoverable. A cash-generating unit in these circumstances is an individual store ('Store CGU'). The recoverable amount is the greater of the fair value less costs to sell and value-in-use. Impairment losses recognised in prior periods are assessed at each reporting period date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would be held (net of depreciation) if no impairment had been realised.

The discount rate applied in the value-in-use calculations is a pre-tax measure based on the historical industry average weighted average cost of capital, with a possible debt leverage of 15% at a market interest rate of 5%. The discount rate applied reflects any specific risk premiums relevant to the Store CGU. These discount rates are considered to be equivalent to the rates a market participant would use.

Impairment charges of £7.3 million (2021: £10.1 million) relate to all classes of property, plant and equipment in Store CGUs which are loss making and where it is considered that the position cannot be recovered as a result of a continuing deterioration in the performance of the particular store. The loss is based on the specific revenue streams and costs attributable to the Store CGU. Assets in impaired Store CGUs are written down to their recoverable amount which is calculated as the greater of the fair value less costs to sell and value-in-use.

Included within the depreciation charge for the period ended 29 January 2022 is accelerated depreciation of £9.7 million (2021: £16.5 million) following a review of the useful economic life of certain items of property, plant and equipment and assets capitalised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

13. Property, Plant and Equipment (continued)

	Freehold land, long leasehold and freehold properties £m	Improvements to short leasehold properties £m	Assets under construction £m	Fixtures and fittings £m	Computer equipment £m	Motor vehicles £m	Total £m
Cost							
At 1 February 2020	54.5	120.4	11.2	711.6	89.5	1.3	988.5
Additions	4.1	16.6	0.2	68.9	14.6	0.8	105.2
Disposals	-	(1.7)	-	(7.4)	(1.2)	(0.1)	(10.4)
Reclassifications	-	(22.7)	(7.5)	(23.6)	(14.5)	(0.8)	(69.1)
Acquisitions	0.4	26.6	0.7	10.2	1.5	0.2	39.6
Exchange differences	1.2	3.8	0.6	3.1	1.2	0.1	10.0
At 30 January 2021	60.2	143.0	5.2	762.8	91.1	1.5	1,063.8
Additions	9.8	43.0	19.8	132.0	21.6	1.1	227.3
Disposals	(0.4)	(5.8)	-	(20.5)	(2.5)	(0.3)	(29.5)
Reclassifications	0.8	3.4	(10.7)	37.8	1.4	1.0	33.7
Acquisitions	0.1	45.6	4.0	34.7	3.0	1.3	88.7
Exchange differences	-	0.1	-	(10.6)	0.4	-	(10.1)
Transfer to assets held-for-sale (Note 32)	-	(0.3)	(1.9)	(30.6)	(5.6)	(0.7)	(39.1)
At 29 January 2022	70.5	229.0	16.4	905.6	109.4	3.9	1,334.8
Depreciation and impairment							
At 1 February 2020	4.6	42.8	-	311.9	62.4	0.8	422.5
Charge for the period	5.1	18.8	-	98.4	13.8	0.7	136.8
Disposals	-	(1.0)	-	(4.6)	(1.2)	(0.1)	(6.9)
Reclassifications	0.1	(24.7)	-	(25.9)	(15.7)	(0.4)	(66.6)
Impairments	-	7.0	-	2.9	0.2	-	10.1
Exchange differences	0.1	1.1	-	2.1	0.6	-	3.9
At 30 January 2021	9.9	44.0	-	384.8	60.1	1.0	499.8
Charge for the period	1.7	34.6	-	105.4	15.7	0.8	158.2
Disposals	-	(4.5)	-	(16.9)	(2.4)	(0.2)	(24.0)
Reclassifications	1.2	(4.6)	-	18.9	1.3	0.1	16.9
Impairments	0.3	0.3	-	6.1	0.6	-	7.3
Exchange differences	-	0.1	-	1.7	0.2	-	2.0
Transfer to assets held-for-sale (Note 32)	-	(0.2)	-	(10.9)	(2.5)	(0.3)	(13.9)
At 29 January 2022	13.1	69.7	-	489.1	73.0	1.4	646.3
Net book value							
At 29 January 2022	57.4	159.3	16.4	416.5	36.4	2.5	688.5
At 30 January 2021	50.3	99.0	5.2	378.0	31.0	0.5	564.0
At 1 February 2020	49.9	77.6	11.2	399.7	27.1	0.5	566.0

14. Leases

The Group adopted IFRS 16 'Leases' from 3 February 2019. IFRS 16 introduced a single, on-Balance Sheet accounting model for lessees. As a result, the Group, as a lessee, recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. The Group applied IFRS 16 using the modified retrospective approach, under which any cumulative effect of initial application was recognised in retained earnings at 3 February 2019.

Accounting Policy

The Group leases assets which consist of properties, vehicles and equipment. The most significant leases in size for the Group are its retail stores, offices and warehouses. Some leases include an option to renew the lease for an additional number of years after the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in local price indices.

The Group assesses whether a contract is or contains a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether the following criteria apply:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases, the decision about how and for what purpose the asset is used is predetermined; the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 3 February 2019.

At inception, or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 3 February 2019.

As a Lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. Lease liabilities are measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate for the relevant subsidiary in which the lease represents a contractual commitment. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments plus any initial direct costs incurred less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. A right-of-use asset's useful economic life is determined on the same basis as for land and buildings recognised in property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at the rate implicit in the lease. If the rate implicit in the lease is not readily available, then payments are discounted using the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

14. Leases (continued)

Accounting Policy (continued)

As a Lessee (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Where revised lease terms involve a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, then these changes are accounted for as a lease modification. Any revised consideration and/or revised lease length are taken into account in a remeasurement calculation that includes a revised discount rate at the effective date of the modification of terms. The revised discount rate is determined as the lessee's incremental borrowing rate at the effective date of the modification.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has also applied judgement to determine the lease term for some lease contracts in which it is a lessee that either have no specified end date, or where the Group continues to occupy the property despite the contractual lease end date having passed. In determining the lease term, the Group takes into consideration its commercial strategy on a store by store basis and the future intentions of the Group regarding the duration of continuing occupation of the property.

The Group presents right-of-use assets that do not meet the definition of investment property separately on the face of the Consolidated Statement of Financial Position. The Group presents lease liabilities separately within the statement of financial position.

Short-term Leases and Leases of Low-value Assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a Lessor

The Group sub-leases a small number of properties. When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

When the Group is an intermediate lessor, the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Group as a Lessee

The Group leases many assets, including land and buildings, vehicles, machinery and IT equipment. Information about leases for which the Group is a lessee is presented below.

The carrying amount of the right-of-use asset is as follows:

	2022 £m	2021 £m
Right-of-use assets	2,032.6	1,752.4

14. Leases (continued)

Right-of-use assets

	Property £m	Vehicles £m	Total £m
Cost			
At 1 February 2020	2,158.9	6.3	2,165.2
Additions	211.6	3.3	214.9
Additions – on acquisition	143.2	–	143.2
Disposals	(203.8)	(0.2)	(204.0)
Remeasurement adjustments	8.2	6.2	14.4
Foreign exchange retranslation	22.3	0.1	22.4
At 30 January 2021	2,340.4	15.7	2,356.1
Additions	520.2	1.8	522.0
Additions – on acquisition	271.6	0.1	271.7
Transfer to assets held-for-sale (Note 32)	(125.0)	(1.5)	(126.5)
Disposals	(42.8)	(6.0)	(48.8)
Remeasurement adjustments	2.0	16.1	18.1
Reclassifications	(1.7)	(16.0)	(17.7)
Foreign exchange retranslation	(55.1)	–	(55.1)
At 29 January 2022	2,909.6	10.2	2,919.8
Depreciation and impairment			
At 1 February 2020	309.2	1.9	311.1
Depreciation charge for the period	317.2	4.2	321.4
Depreciation on disposals	(32.2)	–	(32.2)
Impairment of right-of-use assets	3.4	–	3.4
At 30 January 2021	597.6	6.1	603.7
Depreciation charge for the period	355.5	2.7	358.2
Transfer to assets held-for-sale (Note 32)	(47.2)	(0.8)	(48.0)
Depreciation on disposals	(14.3)	(1.3)	(15.6)
Impairment of right-of-use assets	3.1	–	3.1
Foreign exchange retranslation	(14.2)	–	(14.2)
At 29 January 2022	880.5	6.7	887.2
Net book value			
At 29 January 2022	2,029.1	3.5	2,032.6
At 30 January 2021	1,742.8	9.6	1,752.4
At 1 February 2020	1,849.7	4.4	1,854.1

Lease modifications have been accounted for by remeasuring the right-of-use asset and corresponding lease liability for any change in lease length and total consideration, recalculating using a revised discount rate of the lessee's incremental borrowing rate at the effective date of the modification. Other remeasurement adjustments to the right-of-use asset predominantly relate to deferred income and rolling leases. Valuation of the Group's rolling leases as at 29 January 2022 is £37.1 million (2021: £31.4 million).

Impairment of Right-of-use Assets

For impairment testing purposes, the Group has determined that each store is a separate Store CGU. Each Store CGU is tested for impairment at the balance sheet date if any indicators of impairment have been identified.

Right-of-use assets have been tested for impairment by comparing the carrying amount of each Store CGU with its recoverable amount determined from value-in-use calculations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

14. Leases (continued)

Right-of-use assets (continued)

Impairment of Right-of-use Assets (continued)

The value-in-use of each Store CGU has been calculated using discounted cash flows derived from the Group's latest Board approved budget, taking into account the projected impact of future sales growth, and reflects historic performance and knowledge of the current market, together with the Group's views on the future achievable growth. Cash flows beyond the budget period are extrapolated using growth rates appropriate to each store's location. Cash flows have been included for the remaining lease life for the specific store.

The key assumptions on which the forecast cash flows of the Store CGUs are based include revenue and the pre-tax discount rate. Other assumptions in the model relate to gross margin, cost inflation and longer-term growth rates.

The pre-tax discount rates are derived from the Group's weighted average cost of capital, which has been calculated using the capital asset pricing model, the inputs of which include the risk-free rate, equity risk premium, Group size premium and a risk adjustment (beta).

Where the value-in-use was less than the carrying value of the Store CGU, an impairment of property, plant and equipment and right-of-use assets was recorded. The Group has recognised an impairment charge of £3.1m to right-of-use assets as a result of impairment testing.

Lease Liabilities

The Group presents lease liabilities separately within the Statement of Financial Position. The carrying amount of the lease liability as at 29 January 2022 is below, along with a maturity analysis of contractual undiscounted cash flows to which the Group is committed. As at 29 January 2022, the weighted average discount rate applied to the lease portfolio of the Group is 2.8% (2021: 3.1%).

	2022 £m	2021 £m
Maturity analysis – contractual undiscounted cash flows		
Within one year	409.6	355.3
Later than one year and not later than two years	385.4	326.9
Later than two years and not later than three years	332.4	303.5
Later than three years and not later than four years	284.3	257.3
Later than four years and not later than five years	241.1	216.5
After five years	823.7	713.5
Total undiscounted lease liabilities	2,476.5	2,173.0

	2022 £m	2021 £m
Current	379.0	301.8
Non-current	1,863.9	1,628.0
Lease liabilities included in the Statement of Financial Position	2,242.9	1,929.8

Lease liabilities held at 29 January 2022 are stated after reclassifying £82.0 million of lease liabilities to liabilities held-for-sale - see Note 32.

Amounts recognised in the Statement of Cash Flows and their categorisation are below:

		52 weeks to 29 January 2022 £m	52 weeks to 30 January 2021 £m
Repayments of principal portion of lease liability	(Cash flows from financing activities)	350.1	285.2
Interest on lease liabilities	(Cash flows from operating activities)	59.5	54.9
Expenses relating to short-term leases and low-value leases	(Net operating costs)	9.5	3.9
Variable lease payments	(Net operating costs)	86.6	37.9
Total cash outflow for leases		505.7	381.9

14. Leases (continued)

Amounts recognised in profit or loss:

	52 weeks to 29 January 2022 £m	52 weeks to 30 January 2021 £m
Interest on lease liabilities	59.5	54.9
Variable lease payments not included in the measurement of lease liabilities	86.6	37.9
Income from sub-leasing right-of-use assets	0.5	0.8
Expenses relating to short-term leases and low-value leases	9.5	3.9

Property Leases

The Group leases buildings for its office space, retail stores and warehouses. These leases typically run for a period of 10 years. Some leases include an option to renew the lease for an additional number of years after the end of the non-cancellable period. Some require the Group to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor.

Some properties leased by the Group provide for additional rent payments that are based on changes in local price indices or sales that the Group makes at the leased store in the period. In respect of contracts linked to store sales, initial recognition of the lease liability is measured at the present value of the minimum lease payments specified in the contract excluding the element linked to sales, since the variable element of these payments is not based on an index or rate. Where the variable element of the payments is based on an index or rate, initial and subsequent measurement of the lease liability includes these index linked payments.

The Group sub-leases some of its properties under operating leases.

Other Leases

The Group leases vehicles and equipment (including IT equipment) with lease terms of three to five years. Leases of equipment are of low-value items, therefore the Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The Group as a Lessor

The Group leases out residential and office properties. The Group has classified these leases as operating leases, because they do not transfer substantially all the risk and rewards incidental to the ownership of the assets. Lease income from lease contracts in which the Group acts as a lessor amounted to £0.5 million (2021: £0.8 million).

15. Investments in Associates and Joint Ventures

	2022 £m	2021 £m
Interest in associates	28.2	2.7
Interest in joint venture	28.0	-
	56.2	2.7

Accounting Policy

The Group's interests in equity-accounted investees comprise interests in associates and interests in joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control over the financial and operating policies.

Interests in associates and joint ventures are accounted for using the equity method and are initially recognised at cost. Subsequent to initial recognition, the Consolidated Financial Statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Associates

The Group has an equity interest in a number of associates including a material interest in Applied Nutrition Limited ('Applied Nutrition'). On 7 May 2021, the Group acquired a 32% ownership interest in, and has significant influence over, Applied Nutrition, an online sports nutrition brand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

15. Investments in Associates and Joint Ventures (continued)

Associates (continued)

The following table summarises the financial information of Applied Nutrition and reconciles the summarised financial information to the carrying amount of the Group's interest in Applied Nutrition.

	2022 £m	2021 £m
Non-current assets	0.7	-
Current assets	15.7	-
Current liabilities	(6.3)	-
Non-current liabilities	(0.7)	-
Net assets (100%)	9.4	-
Group's share of net assets (32%)	3.0	-
Elimination of unrealised profit on downstream sales	-	-
Goodwill and other intangibles	21.9	-
Carrying amount of interest in associate	24.9	-
Revenue for the period from acquisition to 29 January 2022	21.7	-
Profit and total comprehensive income from acquisition to 29 January 2022 (100%)	4.3	-
Group's share of total comprehensive income (32%)	1.4	-
Dividends received by the Group	6.0	-

Joint Ventures

The Group has an equity interest in a number of joint ventures, including an interest in Gym King (Holdings) Limited and its subsidiaries (together 'Gym King'). On 10 May 2021, the Group acquired a 40% ownership in and has joint control over Gym King, an athleisure brand and one of the Group's suppliers. The Group determined there was joint control following a review of the shareholders' agreement which requires consent from all shareholders when directing the relevant activities of Gym King.

The following table summarises the financial information of Gym King and reconciles the summarised financial information to the carrying amount of the Group's interest in Gym King.

	2022 £m	2021 £m
Non-current assets	0.2	-
Current assets	13.6	-
Current liabilities	(4.6)	-
Non-current liabilities	-	-
Net assets (100%)	9.2	-
Group's share of net assets (40%)	3.7	-
Elimination of unrealised profit on downstream sales	-	-
Goodwill and other intangibles	19.5	-
Carrying amount of interest in joint venture	23.2	-
Revenue	21.4	-
Profit and total comprehensive income (100%)	1.2	-
Group's share of total comprehensive income (40%)	0.5	-
Dividends received by the Group	-	-

The Group also has interests in a number of immaterial associates and joint ventures. The following table analyses, in aggregate, the carrying amount and share of profit and other comprehensive income of these associates and joint ventures.

	2022 £m	2021 £m
Carrying amount of interests in these associates and joint ventures	8.1	2.7
Share of profit and other comprehensive income	1.3	-
Dividends received by the Group	0.9	-

16. Non-current Other Assets

Key Money

Monies paid in certain countries to give access to retail locations are capitalised within non-current assets. Key money is stated at historic cost less impairment losses. These assets are not depreciated as past experience has shown that the key money is recoverable on disposal of a retail location and is deemed to have an indefinite useful economic life but will be impaired if evidence exists that the market value is less than the historic cost. Gains/losses on key money from the subsequent disposal of these retail locations are recognised in the Consolidated Income Statement.

Deposits

Money paid in certain countries as deposits to store landlords as protection against non-payment of rent is capitalised within non-current assets. Deposits are assessed for recoverability on leased stores on a practical basis and a provision for the impairment of these deposits is established when there is objective evidence that the landlord will not repay the deposit in full.

	Key Money £m	Deposits £m	Total £m
Cost			
At 1 February 2020	23.0	26.5	49.5
Additions	0.4	3.5	3.9
Disposals	(0.1)	(2.1)	(2.2)
Acquisitions	-	0.6	0.6
Reclassifications	-	0.2	0.2
Exchange differences	0.2	12.4	12.6
At 30 January 2021	23.5	41.1	64.6
Additions	0.3	5.4	5.7
Disposals	(0.2)	(6.6)	(6.8)
Acquisitions	0.1	2.6	2.7
Reclassifications	(0.8)	(0.4)	(1.2)
Exchange differences	-	(3.9)	(3.9)
At 29 January 2022	22.9	38.2	61.1
Depreciation and impairment			
At 1 February 2020	1.5	0.1	1.6
Exchange differences	(0.2)	-	(0.2)
At 30 January 2021	1.3	0.1	1.4
Charge for period	0.1	-	0.1
Disposals	(0.2)	-	(0.2)
Reclassifications	(0.2)	-	(0.2)
Impairments	3.0	-	3.0
At 29 January 2022	4.0	0.1	4.1
Net book value			
At 29 January 2022	18.9	38.1	57.0
At 30 January 2021	22.2	41.0	63.2
At 1 February 2020	21.5	26.4	47.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

17. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle. Provisions are made for obsolescence, mark downs and shrinkage. An element of supplier rebates is deferred into inventory and released on a straight-line basis over the six-month period following the financial year-end as the related inventory is sold.

	2022 £m	2021 £m
Finished goods and goods for resale	989.4	813.7

The cost of inventories recognised as expenses and included in cost of sales for the 52 weeks ended 29 January 2022 was £4,355.0 million (2021: £3,205.7 million).

The Group had £91.5 million (2021: £89.0 million) of stock provisions at the end of the period. Cost of inventories includes a net charge of £16.7 million (2021: £21.7 million) in relation to net provisions recognised against inventories. £23.3 million of the inventory provision was utilised during the period against the write down of inventory (2021: £16.7 million). There were no reversals of inventory write downs in either the current or prior period.

Included within inventories is £2.4 million of deferred supplier rebates (2021: £1.6 million).

At the period end, net inventories of £27.0 million (2021: £nil) were transferred to assets held-for-sale. Further information is provided in Note 32.

18. Trade and Other Receivables

Credit Risk

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The trade receivables balances are typically held by the wholesale businesses within the Group. Each subsidiary establishes a credit policy under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. The Group review includes financial statements, credit agency information and industry information. Each subsidiary limits its credit exposure by setting payment periods and, in certain circumstances, these are approved by Group management.

Customers are monitored by taking into account their credit characteristics; whether they are a wholesale or retail customer, their geographic location, industry, trading history with the Group and existence of previous financial difficulties.

Expected Credit Loss Assessment

Each subsidiary within the Group allocates each exposure to a credit risk grade based on the data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and available press information about customers) and by applying experienced credit judgement.

An allowance matrix is used to measure the expected credit losses ('ECLs') of trade receivables from smaller customers, which comprise a very large number of small balances. Loss rates are based on actual credit loss experience over the past five years, factoring in other information such as current conditions, age of the customer relationship and the view of the economic conditions over the expected lives of the receivables.

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost and measures the loss allowances at an amount equal to the lifetime ECLs for trade receivables.

18. Trade and Other Receivables (continued)

	2022 £m	2021 £m
Current assets		
Trade receivables	56.6	46.2
Other receivables	33.7	26.0
Prepayments and accrued income	112.6	69.0
	202.9	141.2

A summary of the Group's exposure to credit risk for trade receivables is as follows:

	2022			2021		
	Gross £m	Provision £m	Net £m	Gross £m	Provision £m	Net £m
Not past due	44.0	(0.2)	43.8	21.7	(0.2)	21.5
Past due 0-30 days	6.3	(0.1)	6.2	10.0	-	10.0
Past due 30-60 days	2.5	(0.1)	2.4	7.6	(0.1)	7.5
Past due 60 days +	5.9	(1.7)	4.2	8.2	(1.0)	7.2
	58.7	(2.1)	56.6	47.5	(1.3)	46.2

At 29 January 2022, the exposure to credit risk for trade receivables by geographic region was as follows:

	As at 29 January 2022 Total £m	As at 30 January 2021 Total £m
UK	22.4	20.8
Europe	24.7	19.6
US	5.5	4.0
Rest of world	6.1	3.1
Total	58.7	47.5

At 29 January 2022, the exposure to credit risk for trade receivables by type of counter-party was as follows:

	As at 29 January 2022 Total £m	As at 30 January 2021 Total £m
Wholesale customers	30.3	22.6
Retail customers	9.3	7.3
End user customers	7.0	8.5
Other	12.1	9.1
Total	58.7	47.5

At 29 January 2022, the carrying amount of the Group's most significant customer was £5.6 million (2021: £5.0 million).

Included within the £12.1 million 'Other' are supplier rebates totalling £3.2 million (2021: £5.4 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

18. Trade and Other Receivables (continued)

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables as at 29 January 2022:

	Weighted average loss rate £m	Gross carrying amount £m	Loss allowance £m	Credit impaired £m
As at 29 January 2022				
Not past due	0.5%	44.0	(0.2)	-
Past due 0–30 days	1.6%	6.3	(0.1)	-
Past due 30–60 days	4.0%	2.5	(0.1)	-
Past due 61–90 days	-	2.4	-	-
More than 90 days past due	48.6%	3.5	(1.7)	-
Total	3.6%	58.7	(2.1)	-

Movement on this provision is shown below:

	£m
At 1 February 2020	1.3
Created	0.1
Released	(0.1)
At 30 January 2021	1.3
Created	1.3
Released	(0.5)
At 29 January 2022	2.1

The other classes within trade and other receivables do not contain impaired assets.

19. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, uncleared credit card receipts and call deposits with an original maturity of three months or less. Bank overdrafts are included as a component of cash and cash equivalents for the purpose of the Consolidated Statement of Cash Flows, as these are used as an integral part of the Group's cash management.

	2022 £m	2021 £m
Cash at bank and in hand	1,314.0	964.4

20. Interest-bearing Loans and Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Following the initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Consolidated Income Statement over the period of the borrowings on an effective interest basis.

	2022 £m	2021 £m
Current liabilities		
Bank loans and overdrafts	72.6	52.0
Other loans	-	68.9
	72.6	120.9
Non-current liabilities		
Bank loans	55.5	48.1

The following provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate risk, see Note 21.

20. Interest-bearing Loans and Borrowings (continued)

Bank Facilities

As at 29 January 2022, the Group had a syndicated committed £700 million bank facility expiring on 6 November 2026, which was recently extended for a period of two years with no changes to existing terms (previous expiry 6 November 2024). The Group is subject to covenants on Net Worth, Net Debt Leverage and a Fixed Charge Cover. Under this facility, a maximum of 15 draw downs can be outstanding at any time, with draw downs made for a period of one, two, three or six months, with interest currently payable at a rate of SONIA (Sterling Overnight Index Average) plus a margin of 0.9% (2021: LIBOR plus a margin of 0.9%). The arrangement and underwriting fee payable on the facility is 1.0% and the commitment fee on the undrawn element of the facility is 35% of the applicable margin rate.

Following the financial crisis, the reform and replacement of benchmark interest rates such as GBP LIBOR and other interbank offered rates ('IBORs') became a priority for global regulators. LIBOR fixings relevant to the Group were no longer representative after 31 December 2021, which created a requirement for the Group's contracts which referenced LIBOR to use an alternative benchmark rate. The Group's most significant risk exposure affected by these LIBOR changes relates to its syndicated committed bank facility. The reference rate for borrowings made under this facility was amended to SONIA from 22 December 2021.

As at 29 January 2022, this facility encompassed cross guarantees between the Company, Blacks Outdoor Retail Limited, Tessuti Limited, Go Outdoors Retail Limited, The Finish Line Inc, The Finish Line USA Inc, Genesis Holdings Inc, Genesis Topco Inc, Shoe Palace Corporation, Terminus Bidco Inc, DTLR Villa LLC, Genesis Finco Limited, Focus Brands Limited and Focus International Limited.

At 29 January 2022, £nil was drawn down on this facility (2021: £nil).

The Group's second principal bank facility is a syndicated Asset Based Lending Facility in the US, which has a maximum revolving advance amount of approximately \$300 million and expires on 24 September 2026 (2021: \$300 million).

At 29 January 2022, \$nil was drawn down on this facility (2021: \$nil).

Bank Loans and Overdrafts

The bank loans and overdrafts attract interest rates at 0.4%–8.2%. The overdrafts are repayable on demand and the bank loans are repayable over periods between two and 70 months. Included within bank loans and overdrafts are bank loans of £94.5 million (2021: £84.4 million) and overdrafts of £33.6 million (2021: £15.7 million). The maturity of the bank loans and overdrafts is as follows:

	2022 £m	2021 £m
Within one year	72.6	52.0
Between one and five years	53.4	48.1
Due in more than five years	2.1	–
	128.1	100.1

Other Loans

Other loans of less than one year which existed in the year ended 30 January 2021 is the deferred consideration payable in relation to the acquisition of Shoe Palace Corporation (see Note 11). The deferred consideration was repaid during the year ended 29 January 2022.

The maturity of the other loans is as follows:

	2022 £m	2021 £m
Less than one year	–	68.9

Finance Leases

As at 29 January 2022 and 30 January 2021, the Group's liabilities under finance leases are included in Leases (see Note 14).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

21. Financial Instruments

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial assets expire or are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, is cancelled or expires.

Financial Assets

The Group's financial assets are non-derivative and derivative financial assets. The non-derivative assets have fixed or determinable payments that are not quoted in an active market. The Group's financial assets comprise 'Trade receivables' and 'Cash and cash equivalents' in the Consolidated Statement of Financial Position.

Cash and cash equivalents comprise short-term cash deposits with major clearing banks earning floating rates of interest based upon bank base rates or rates linked to SONIA and EURIBOR.

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

	2022 £m	2021 £m
Cash and cash equivalents	1,314.0	964.4
Sterling	497.0	378.7
Euros	330.3	306.8
US Dollars	402.5	212.2
Australian Dollars	37.7	30.2
Danish Krone	5.7	7.1
Singapore Dollars	7.5	6.1
Other	33.3	23.3
Total	1,314.0	964.4

The currency profile of trade receivables is shown below:

	2022 £m	2021 £m
Trade receivables	56.6	46.2
Sterling	22.5	20.6
Euros	19.4	17.7
US Dollars	9.0	5.1
Other	5.7	2.8
Total	56.6	46.2

21. Financial Instruments (continued)

Financial Liabilities

The Group's financial liabilities are all categorised as other financial liabilities. Other financial liabilities, with the exception of foreign exchange forward contracts and put option liabilities, are measured at amortised cost. The Group's other financial liabilities comprise 'Interest-bearing loans and borrowings' and 'Trade payables'.

The currency profile of interest-bearing loans and borrowings is shown below:

	2022 £m	2021 £m
Interest-bearing loans and borrowings	128.1	169.0
Sterling	5.8	15.9
Euros	100.3	78.5
Polish Zloty	20.2	-
US Dollars	-	68.9
Other	1.8	5.7
Total	128.1	169.0

The currency profile of trade payables is shown below:

	2022 £m	2021 £m
Trade payables	526.6	514.2
Sterling	206.4	241.6
Euros	136.3	114.5
US Dollars	130.4	142.1
Australian Dollars	14.5	11.9
Polish Zloty	25.6	-
Canadian Dollars	3.3	1.2
Other	10.1	2.9
Total	526.6	514.2

Risk Management

The Group's operations expose it to a variety of financial risks that include the effects of changes in exchange rates, interest rates, credit risk and its liquidity position. The Group manages these risks through the use of derivative instruments, which are reviewed on a regular basis. Derivative instruments are not entered into for speculative purposes. There are no concentrations of risk in the period to 29 January 2022.

Interest Rate Risk

The Group finances its operations by a mixture of retained profits and bank borrowings. The Group's borrowings are at floating rates, partially hedged by floating rate interest on deposits, reflecting the seasonality of its cash flow. Interest rate risk therefore arises from bank borrowings. Interest rate hedging has not been put in place on the current facility. The Directors continue to be mindful of the potential volatility in base rates, but at present do not consider a long-term interest rate hedge to be necessary given the inherent short-term nature of both the revolving credit facility and working capital facility. This position is reviewed regularly, along with the level of facility required.

The Group has potential bank floating rate financial liabilities on the £700 million committed bank facility, together with overdraft facilities in subsidiary companies (see Note 20). At 29 January 2022, £nil was drawn down from the committed bank facility (2021: £nil). When draw downs are made, the Group is exposed to cash flow interest risk with interest paid at a rate of SONIA plus a margin of 0.9% (2021: LIBOR plus a margin of 0.9%).

A change of 1.0% in the average interest rates during the year, applied to the Group's floating interest rate loans and borrowings as at the reporting date, would change profit before tax by £0.2 million (2021: £nil) and would change equity by £0.2 million (2021: £nil). The calculation is based on any floating interest rate loans and borrowings drawn down at the period end date. Calculations are performed on the same basis as the prior year and assume that all other variables remain unchanged.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

21. Financial Instruments (continued)

Foreign Currency Risk

Foreign Currency Translation

Transactions denominated in foreign currencies are translated into Sterling at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rate of exchange at the reporting date. Exchange differences in monetary items are recognised in the Consolidated Income Statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into Sterling at the rate of exchange at the reporting date. Income and expenses are translated at the average exchange rate for the accounting period. Foreign currency differences are recognised in Other Comprehensive Income and are presented in the foreign currency translation reserve.

Derivative Financial Instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value and remeasured at each period end. The gain or loss on remeasurement to fair value is recognised immediately in the Consolidated Income Statement.

Interest rate swaps are recognised at fair value in the Consolidated Statement of Financial Position with movements in fair value recognised in the Consolidated Income Statement for the period. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the respective risk profiles of the swap counter-parties.

Hedging of Monetary Assets and Liabilities

Where a derivative financial instrument is used to hedge the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the Consolidated Income Statement.

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than Pound Sterling. The currencies giving rise to this risk are the Euro and US Dollar, with sales made in Euros and purchases made in both Euros and US Dollars (principal exposure). To protect its foreign currency position, the Group sets a buying rate in each country for the purchase of goods in US Dollars at the start of the buying season (typically six to nine months before the product actually starts to appear in the stores) and then enters into a number of local currency/US Dollar contracts whereby the minimum exchange rate on the purchase of Dollars is guaranteed.

As at 29 January 2022, options have been entered into to protect approximately 76% of the US Dollar trading requirement for the period to January 2023. The balance of any US Dollar requirement for the period will be satisfied at spot rates.

As at 29 January 2022, the fair value of these instruments was a net asset of £16.3 million (2021: net liability of £20.7 million). £15.7 million is due within one year and the remaining £0.6 million is due between one and two years (split as £2.5 million non-current asset and £1.9 million non-current liabilities). A gain of £37.0 million (2021: loss of £31.5 million) has been recognised in cost of sales within the Consolidated Income Statement for the change in fair value of these instruments.

We have considered the credit risk of the Group's and counter-party's credit risk and this is not expected to have a material effect on the valuation of these options.

A 10.0% strengthening of Sterling relative to the following currencies as at the reporting date would have reduced profit before tax and equity as follows:

	Profit before tax		Equity	
	2022 £m	2021 £m	2022 £m	2021 £m
Euros	2.8	4.5	32.7	23.6
US Dollars	17.9	6.6	126.5	67.5
Australian Dollars	0.7	0.5	2.8	2.1
Other	0.7	0.8	3.2	2.8
	22.1	12.4	165.2	96.0

21. Financial Instruments (continued)

Foreign Currency Risk (continued)

Hedging of Monetary Assets and Liabilities (continued)

A 10.0% weakening of Sterling relative to the following currencies as at the reporting date would have increased profit before tax and equity as follows:

	Profit before tax		Equity	
	2022 £m	2021 £m	2022 £m	2021 £m
Euros	3.5	5.4	40.0	29.2
US Dollars	21.9	8.1	154.6	82.5
Australian Dollars	0.9	0.7	3.5	2.5
Other	0.8	1.0	3.9	3.4
	27.1	15.2	202.0	117.6

Calculations are performed on the same basis as the prior year and the method assumes that all other variables remain unchanged.

Credit Risk

Credit risk arises from the possibility of customers and counter-parties failing to meet their obligations to the Group. Investments of cash surpluses, borrowings and derivative instruments are made through major clearing banks, which must meet minimum credit ratings as required by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and a provision is made for impairment where amounts are not thought to be recoverable (see Note 18). At the reporting date there were no significant concentrations of credit risk and receivables which are not impaired are believed to be recoverable.

The Group considers its maximum exposure to credit risk to be equivalent to total trade and other receivables of £90.3 million (2021: £72.2 million) and cash and cash equivalents of £1,314.0 million (2021: £964.4 million).

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group manages its cash and borrowing requirement to minimise net interest expense, whilst ensuring that the Group has sufficient liquid resources to meet the operating needs of the business.

The forecast cash and borrowing profile of the Group is monitored on an ongoing basis, to ensure that adequate headroom remains under committed borrowing facilities. Management aims to ensure there is headroom of at least £200 million in relation to the £700 million syndicated committed facility and \$75 million in relation to the \$300 million Asset Based Lending Facility in the US. The Board reviews 13 week and annual cash flow forecasts each month. See Note 20 for the overdraft facilities available to the Group. The commitment fee on these facilities is 0.35% (2021: 0.35%).

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and exclude the impact of netting agreements.

	2022 £m	0-3 months £m	3-12 months £m	1-2 years £m	2-5 years £m	> 5 years £m
Non-derivative financial instruments						
Bank loans and overdrafts	128.1	47.4	25.2	23.5	29.9	2.1
Trade and other payables	1,145.5	860.0	285.5	-	-	-
Lease liabilities	2,476.5	102.4	307.2	385.4	857.8	823.7
Derivative financial instruments						
Put options	1,307.3	-	6.5	88.8	654.0	558.0
Forward contracts	5.0	3.0	-	2.0	-	-
	5,062.4	1,012.8	624.4	499.7	1,541.7	1,383.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

21. Financial Instruments (continued)

Fair Values

The fair values together with the carrying amounts shown in the Statement of Financial Position as at 29 January 2022 are as follows:

	Note	Carrying amount 2022 £m	Fair value 2022 £m
Trade and other receivables	18	90.3	90.3
Cash and cash equivalents	19	1,314.0	1,314.0
Interest-bearing loans and borrowings - current	20	(72.6)	(72.6)
Interest-bearing loans and borrowings - non-current	20	(55.5)	(43.5)
Trade and other payables - current		(1,147.1)	(1,147.1)
Trade and other payables - non-current		(773.5)	(773.5)
		(644.4)	(632.4)
Unrecognised gains			12.0

The comparatives at 30 January 2021 are as follows:

	Note	Carrying amount 2021 £m	Fair value 2021 £m
Trade and other receivables	18	72.2	72.2
Cash and cash equivalents	19	964.4	964.4
Interest-bearing loans and borrowings - current	20	(120.9)	(120.9)
Interest-bearing loans and borrowings - non-current	20	(48.1)	(41.2)
Trade and other payables - current		(976.6)	(976.6)
Trade and other payables - non-current		(374.4)	(374.4)
		(483.4)	(476.5)
Unrecognised gains			6.9

In the opinion of the Board, the fair value of the Group's current financial assets and liabilities as at 29 January 2022 and 30 January 2021 are not considered to be materially different to that of the book value. On this basis, the fair value hierarchy reflects the carrying values. In respect of the Group's non-current financial assets and liabilities as at 29 January 2022 and 30 January 2021, the fair value has been calculated using a pre-tax discount rate of 8.4% (2021: 8.1%) which reflects the current market assessments of the time value of money and the specific risks applicable to the liability.

Estimation of Fair Values

For trade and other receivables/payables, the notional amount is deemed to reflect the fair value.

Fair Value Hierarchy

As at 29 January 2022, the Group held the following financial instruments carried at fair value on the Consolidated Statement of Financial Position:

- Foreign exchange forward contracts - non-hedged
- Put and call option

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

21. Financial Instruments (continued)

Fair Value Hierarchy (continued)

	Carrying amount £m	Level 1 £m	Level 2 £m	Level 3 £m
At 29 January 2022				
Loans and receivables				
Deposits	38.1	-	38.1	-
Cash and cash equivalents	1,314.0	-	1,314.0	-
Financial assets at fair value through profit or loss				
Foreign exchange forward contracts – non-hedged	21.3	-	21.3	-
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts – non-hedged	(5.0)	-	(5.0)	-
Other financial liabilities				
Interest-bearing loans and borrowings – current	(72.6)	-	(72.6)	-
Interest-bearing loans and borrowings – non-current	(55.5)	-	(55.5)	-
Put options held by non-controlling interests	(764.7)	-	-	(764.7)
At 30 January 2021				
Loans and receivables				
Deposits	41.0	-	41.0	-
Cash and cash equivalents	964.4	-	964.4	-
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts – non-hedged	(20.7)	-	(20.7)	-
Other financial liabilities				
Interest-bearing loans and borrowings – current	(120.9)	-	(120.9)	-
Interest-bearing loans and borrowings – non-current	(48.1)	-	(48.1)	-
Put options held by non-controlling interests	(365.9)	-	-	(365.9)

22. Trade and Other Payables

Trade and other payables are non-interest-bearing and are stated at their cost.

	2022 £m	2021 £m
Current liabilities		
Trade payables	526.6	514.2
Other payables and accrued expenses	594.8	463.0
Refund liabilities	27.2	-
Other tax and social security costs	130.9	124.8
	1,279.5	1,102.0
Non-current liabilities		
Other payables and accrued expenses	775.4	374.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

22. Trade and Other Payables (continued)

Put and Call Options

Put and call options are in place relating to the remaining shares in partly-owned businesses within the Group. All call options held by the Group are in conjunction with put options.

Put options held by non-controlling interests are accounted for using the present access method. The Group recognises put options held by non-controlling interests in its subsidiary undertakings as a liability in the Consolidated Statement of Financial Position at the present value of the estimated exercise price of the put option. The present value of the non-controlling interests' put options is estimated using Board approved forecasts multiplied by an earnings multiple. The option formula and multiple are usually stated in the put option agreement; however, in the absence of a specified formula or multiple, we would estimate this based on current evidence in the Mergers & Acquisitions market and our past experience of multiples paid for similar businesses. The range of multiples used across the put options at 29 January 2022 is 4.0-10.0. These forecast cash flows are discounted using a discount rate reflecting the current market assessment of the time value of money and any specific risk premiums relevant to the individual businesses involved. These discount rates are considered to be equivalent to the rates a market participant would use. Upon initial recognition of put options a corresponding entry is made to Other Equity, and for subsequent changes on remeasurement of the liability the corresponding entry is made to Exceptional Items in the Income Statement. As the Group has recognised the liability for the put option, the related call options to acquire the same non-controlling interest are valued at £Nil.

Sensitivity Analysis

Sensitivity analysis was performed over the key variable inputs to the valuation of the following put options. The key variable inputs were determined to be the discount rate and approved forecasts. 1% was determined to be a reasonable variance to demonstrate the sensitivity of the put option valuation to the key inputs used. With reference to the Iberian Sports Retail Group put option, a multiple is not stated in the agreement and is therefore also a key variable input that is estimated. Sensitivity analysis has also been performed over this estimate:

Iberian Sports Retail Group Put Option

A discount rate increase of 1% would result in a reduction in the put option liability of £1.4 million and an increase of 1% to the forecast EBITDA % would result in an increase in the put option liability of £13.5 million. An increase of one in terms of the estimated multiple used would result in an increase in the put option liability of £18.5 million.

Genesis Topco Put Option

A discount rate increase of 1% would result in a reduction in the put option liability of £23.5 million and an increase of 1% to the forecast EBITDA % would result in an increase in the put option liability of £31.3 million.

Marketing Investment Group S.A. Put Option

A discount rate increase of 1% would result in a reduction in the put option liability of £3.0 million and an increase of 1% to the forecast EBITDA % would result in an increase in the put option liability of £8.0 million.

	Iberian Sports Retail Group £m	Genesis Topco Inc £m	Marketing Investment Group S.A. £m	Other £m	Total Put Options £m
Put Option Liability					
At 30 January 2021	87.4	261.6	-	16.9	365.9
Acquisitions	-	-	50.2	55.9	106.1
Increase in the present value of the existing option liability	31.6	258.7	1.7	0.7	292.7
At 29 January 2022	119.0	520.3	51.9	73.5	764.7

Other put option liabilities held at 29 January 2022 are in respect of the following subsidiary undertakings:

Options held since 30 January 2021 and prior, total £17.0 million: Source Lab Limited £0.1 million (2021: £0.1 million), JD Germany GmbH £0.5 million (2021: £1.7 million), JD Sports Gyms Limited £5.2 million (2021: £2.8 million), Dantra Limited £0.2 million (2021: £0.5 million), Base Childrenswear Limited £0.2 million (2021: £0.1 million), Tessuti Limited £3.9 million (2021: £1.1 million), Catchbest Limited £1.1 million (2021: £1.1 million), Mainline Menswear Holdings Limited £5.6 million (£6.0 million), JDSF Holdings (Canada) Inc. £0.1 million (2021: £3.4 million), Oi Polloi Limited £0.1 million (2021: £0.1 million).

Options relating to acquisitions in the year ended 29 January 2022, total £56.5 million: 80s Casual Classics Limited £4.1 million, DTLR Villa LLC £5.1 million, Uggbugg Fashion Limited £1.5 million, Marshall Artist Holdings Limited £1.5 million, Wheelbase Lakeland Limited £4.2 million, Bodytone International Sport S.L. £11.3 million, Deporvillage S.L. £11.7 million, Hairburst Holding Group Limited £6.2 million, Cosmos Sport £10.9 million.

22. Trade and Other Payables (continued)

Put and Call Options (continued)

Company	Options in existence	Exercise periods	Methodology	Maximum price	Short-term EBITDA growth assumptions applied	Discount rate applied	Recognised as a liability	
							At 29 January 2022 £m	At 30 January 2021 £m
Iberian Sports Retail Group	First put option whereby JD Sports Fashion Plc may be required to acquire 70% of the option holder's 20% holding of the issued share capital of Iberian Sports Retail Group. Second put option whereby JD Sports Fashion Plc may be required to acquire 30% of the option holder's 20% holding of the issued share capital of Iberian Sports Retail Group in three tranches of 10%.	The first put option is exercisable for a period of 30 days following the approval of the audited financial statements of Iberian Sports Retail Group for the year ended 29 January 2022. The second put option is exercisable after at least one year has lapsed since the first put option was exercised. The 30% option, in three separate tranches of 10%, need not be exercised in consecutive years.	The option price is calculated based on the equity value plus the outstanding loans or financing provided by the option holder with unpaid interest accrued.	The option price shall not exceed £332 million.	6%	10.3%	119.0	87.4
Genesis Topco Inc	Put option whereby JD Sports Fashion Plc may be required to acquire the remaining 20% of the issued share capital of Genesis Topco Inc in four equal tranches with the ability to roll over a tranche that has not previously been subject to the exercise of a put option.	The put options are exercisable within 30 calendar days after the determination of the final put/call value for the fiscal year. The first put period will occur after the determination of the put/call value for the fiscal year ending on 1 February 2025.	The option price is calculated based on a multiple of earnings before interest, tax, depreciation and amortisation for the relevant financial period, less post-closing cash and debt.	The option price shall not exceed £1.2 billion.	5%	12.5%	520.3	261.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

22. Trade and Other Payables (continued)

Put and Call Options (continued)

Company	Options in existence	Exercise periods	Methodology	Maximum price	Short-term EBITDA growth assumptions	Discount rate applied	Recognised as a liability	
							At 29 January 2022 £m	At 30 January 2021 £m
Marketing Investment Group S.A. Plc	Put option whereby JD Sports Fashion Group S.A. Plc may be required to acquire the remaining 40% of the issued share capital of Marketing Investment Group S.A. in two equal tranches with the ability to roll over a tranche that has not previously been subject to the exercise of a put option.	The put options are exercisable one month after the shareholders meeting in any given year after the determination of the put option value for the financial year. The first put period will occur after the financial statements for the year ending 31 January 2025 are approved. The second put option is exercisable after the financial statements for the year ending 31 January 2026 are approved. If an option is not exercised, it may be exercised in any year within the 15 years following the acquisition date of 30 April 2021. Only one tranche may be exercised in any one year.	The option price is calculated based on a multiple of earnings before interest, tax, depreciation and amortisation for the relevant financial period, less net debt and any working capital adjustments.	The option price shall not exceed £309.8 million.	22%	13%	51.9	-
Other put option liabilities							73.5	16.9
Total liability							764.7	365.9

23. Provisions

A provision is recognised in the Consolidated Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of economic benefits will be required to settle the obligation and the obligation can be estimated reliably.

Property Provision

Within property provisions, management has provided for expected dilapidations on stores and warehouses. This provision covers expected dilapidation costs for any lease considered onerous, any related to stores recently closed, stores which are planned to close or are at risk of closure and those under contract but not currently in use. Management maintain all properties to a high standard and carry out repairs whenever necessary during their tenure. Therefore if there is no risk of closure any provision would be minimal and management do not consider it necessary to hold dilapidation provisions for these properties.

Other Provisions

Included in other provisions is £2.0 million in respect of the CMA's ongoing investigation into the sale of the Rangers FC branded replica football shirts. This provision represents management's best estimate of the liability payable in respect of this matter, including associated legal costs, based on the information available to it at the date of approving these financial statements which includes consideration of the provisional Statement of Objections which the CMA issued on 7 June 2022. The CMA's findings are, at this stage, only provisional and the Group will review them with its advisors. The CMA will consider any representations that are made before issuing its final findings and accordingly the amount to be settled could be materially different to the amount provided. The CMA has not yet confirmed when it will release its final decision on this matter but the Group currently expects this to occur within 12 months of the date of approval of these financial statements along with any related outflows.

The remaining balance in other provisions is made up of various other trade provisions and legal costs. The provisions are estimated based on accumulated experience, supplier communication and management approved forecasts.

Onerous Contracts Provision

Within the onerous contracts provision, management has provided against the minimum contractual cost for the remaining term on a non-cancellable logistics services contract for the Azambuja warehouse in Portugal within the SportZone division. The provision will be unwound over the remaining 8 year period ending 30 September 2030.

	Property provision £m	Other provisions £m	Onerous contracts £m	Total £m
Balance at 1 February 2020	-	-	-	-
Provisions created during the year	-	-	5.8	5.8
Balance at 30 January 2021	-	-	5.8	5.8
Provisions reclassified from accruals	11.2	14.2	-	25.4
Provisions released during the year	(2.0)	(6.7)	(0.7)	(9.4)
Provisions created during the year	9.4	5.0	-	14.4
Provisions utilised during the year	(0.4)	(2.7)	-	(3.1)
Balance at 29 January 2022	18.2	9.8	5.1	33.1

The £9.4 million of property provision created in the year relates to the provision for expected dilapidations for the UK Distribution Centre and across a number of stores in the portfolio.

£4.8 million of the other provisions released in the year arises following settlement of an ongoing legal case during the year. The £5.0 million of other provisions created in the year relates to various trade provisions and legal costs.

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

	2022 £m	2021 £m
Current	13.2	0.7
Non-current (within 10 years)	19.9	5.1
	33.1	5.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24. Deferred Tax Assets and Liabilities

Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2022 £m	Assets 2021 £m	Liabilities 2022 £m	Liabilities 2021 £m	Net 2022 £m	Net 2021 £m
Property, plant and equipment	19.6	14.7	(29.4)	(12.0)	(9.8)	2.7
Fascia names	-	-	(97.6)	(37.4)	(97.6)	(37.4)
Other temporary differences	55.6	24.2	(0.4)	(5.6)	55.2	18.6
Tax losses	6.5	1.7	-	-	6.5	1.7
Tax assets/(liabilities)	81.7	40.6	(127.4)	(55.0)	(45.7)	(14.4)

Other temporary differences primarily relates to short-term timing differences across various territories including employee benefits, specific trade provisions and equipment finance leases. These will unwind in accordance with the tax legislation in each relevant jurisdiction.

The Financial Bill 2021, which was substantially enacted on 24 May 2021, included an increase in the rate of UK corporation tax from 19% to 25% with effect from 1 April 2023. In accordance with IAS 12, UK deferred tax has been recognised at the enacted 25% at the balance sheet date.

The development of the Organisation for Economic Co-operation and Development's Two Pillar Solution to Address the Tax Challenges arising from the Digitalisation of the Economy is being closely monitored. It is expected to be enacted in 2022 with application from 1 January 2023. The accounting implications under IAS 12 will be ascertained once the relevant legislation is available.

Deferred tax assets have not been recognised on losses of £88.1m (2021: £89.4m) as there is uncertainty over the timing of their utilisation. These losses have arisen in the following Group subsidiaries:

	2022 £m	2021 £m
SDSR – Sports Division SR, S.A	-	21.7
JD Sports Fashion Germany GmbH	20.8	6.7
JD Size GmbH	3.9	4.0
JD Sports Fashion AT GmbH	5.6	5.3
JD Sports Fashion Sweden AB	6.2	4.1
JD Sports Fashion Finland OY	3.5	2.7
Sports Unlimited Retail BV	8.1	13.6
JD Sports Fashion BV	11.8	-
JD Sports (Thailand) Limited	3.9	3.0
JD Sports Fashion Korea Inc	12.2	12.9
JDSF Holdings (Canada) Inc	0.1	-
JDSF Retail (Canada) Inc	2.9	-
Clothingsites.co.uk Limited	4.5	4.5
Tiso Group Limited and its subsidiaries	2.7	4.7
Other	1.9	6.2
	88.1	89.4

24. Deferred Tax Assets and Liabilities (continued)

Movement in Deferred Tax During the Period

	Property, plant and equipment £m	Fascia names £m	Other £m	Tax losses £m	Total £m
Balance at 1 February 2020	(6.4)	(20.3)	13.0	1.2	(12.5)
Recognised on acquisition	(1.7)	(28.2)	(3.8)	-	(33.7)
Recognised in income	11.5	10.9	8.6	0.4	31.4
Foreign exchange movements	(0.7)	0.2	0.8	0.1	0.4
Balance at 30 January 2021	2.7	(37.4)	18.6	1.7	(14.4)
Recognised on acquisition	(0.5)	(50.2)	(1.5)	-	(52.2)
Recognised in income	(6.7)	(0.8)	20.3	4.8	17.6
Reclassification	(5.3)	(12.2)	17.5	-	-
Foreign exchange movements	-	3.0	0.3	-	3.3
Balance at 29 January 2022	(9.8)	(97.6)	55.2	6.5	(45.7)

As at 29 January 2022, the Group had no recognised deferred income tax liability (2021: £nil) in respect of taxes that would be payable on the unremitted earnings of certain overseas subsidiaries. At this date, the unrecognised gross temporary differences in respect of overseas subsidiaries was £689.2 million (2021: £425.4 million). No deferred income tax liability has been recognised in respect of this temporary difference due to the foreign profits exemption and the availability of double tax relief.

There are no undisclosed tax liabilities or income tax consequences attached to the payment of dividends by the Group's subsidiaries.

25. Capital and Reserves

Issued Ordinary Share Capital

On 3 February 2021, JD Sports Fashion Plc completed the placing of new ordinary shares in the capital of the Company. A total of 58,393,989 new ordinary shares were issued, increasing the total ordinary shares in issue to 1,031,627,149. The shares were placed at an issue price of 795 pence per share with a par value of 25 pence leading to share capital of £0.1 million and share premium of £455.8 million being recognised on issue (this is net of £8.3 million costs incurred).

An ordinary resolution was passed at the Annual General Meeting, effective 30 November 2021, resulting in a share split whereby five ordinary shares were issued for each ordinary share. In accordance with IAS 33, the number of shares outstanding before the event has been adjusted for the proportionate change as if the event had occurred at the beginning of the earliest period presented.

The total number of authorised ordinary shares was 6,215 million (2021: restated 6,215 million) with a par value of 0.05 pence per share (2021: restated 0.05 pence per share). All issued shares are fully paid.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued share capital, share premium and retained earnings.

It is the Board's policy to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The processes for managing the Group's capital levels are that the Board regularly monitors the net cash/debt in the business, the working capital requirements and forecast cash flows. Based on this analysis, the Board determines the appropriate return to equity holders while ensuring sufficient capital is retained in the business to meet its strategic objectives.

Full disclosure on the rights attached to shares is provided in the Directors' Report on page 95.

	Number of ordinary shares millions	Ordinary share capital £m	Share premium £m
At 30 January 2021 (restated)	4,866	2.4	11.7
Shares issued on 3 February 2021	292	0.1	455.8
At 29 January 2022	5,158	2.5	467.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

25. Capital and Reserves (continued)

Net Debt to Capital Ratio

There were no changes to the Group's approach to capital management during the period. The Board monitors capital using a net debt to equity ratio calculated as follows:

	2022 £m	2021 (restated) £m
Net debt (Note 30)	1,057.0	1,134.4
Capital:		
Net debt (as above)	1,057.0	1,134.4
Equity (calculated as 5,158.1 million shares in issue multiplied by 188.3 pence per share (2021: 4,866.2 million shares in issue multiplied by 149.4 pence per share))	9,712.7	7,270.1
Total capital	10,769.7	8,404.5
Net debt to capital ratio	9.8%	13.5%

The Board note that the 2021 comparative was disclosed as 18.0% but should have been 13.5%. As a result, the Board have decided to restate the 2021 comparative to ensure it is accurately reflected in this year's Annual Report.

Foreign Currency Translation Reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Other Equity

Put option reserve

Put options held by non-controlling interests are accounted for using the present access method. Upon initial recognition of the put or call option liability a corresponding entry is made to Other Equity, and for subsequent changes on remeasurement of the liability the corresponding entry is made to Exceptional Items in the Income Statement.

Share-based payment reserve

As at 29 January 2022, 462,500 ordinary shares were granted under the JD Sports Fashion Plc Long-term Incentive Plan 2021. The market value of these shares as at 29 January 2022 was 188.3 pence per share (see Note 5 Remuneration of Directors).

26. Non-controlling Interests

The following disclosure provides summarised financial information for investments that have non-controlling interests ('NCI'). NCI is initially measured at the proportionate interest in identifiable net assets of the acquiree. The table below provides a list of the subsidiaries which include NCI at 29 January 2022 and 30 January 2021:

Country of incorporation	NCI at 29 January 2022 %	NCI at 30 January 2021 %	Net income/ (loss) attributable to NCI for 52 weeks ending 29 January 2022 £m		Net income/ (loss) attributable to NCI for 52 weeks ending 30 January 2021 £m	NCI at 30 January 2021 £m
			NCI at 29 January 2022 %	NCI at 29 January 2022 £m		
Name of subsidiary:						
Genesis Topco Inc	US	20.0%	20.0%	45.4	271.2	(1.2)
Iberian Sports Retail Group SL	Spain/ Portugal/ Canaries	49.99%	49.99%	32.9	108.6	5.9
Marketing Investment Group S.A.	Poland	40%	-	3.6	18.4	-
Other	Various*	6%-50%	6%-50%	8.0	15.4	0.2
				89.9	413.6	4.9
						257.7

* Other includes subsidiaries incorporated in the UK, Canada, Cyprus, Germany, Greece, India and Malaysia (2021: UK, Canada, Germany, India and Malaysia).

For newly acquired non-wholly owned subsidiaries, further details are provided in Note 11.

26. Non-controlling Interests (continued)

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI.

Summarised Statement of Financial Position	Genesis Topco Inc (sub-group) 2022 £m	Genesis Topco Inc (sub-group) 2021 £m	Iberian Sports Retail Group SL 2022 £m	Iberian Sports Retail Group SL 2021 £m	Marketing Investment Group S.A. 2022 £m
Current assets	437.6	319.0	284.2	269.0	63.3
Non-current assets	1,610.8	1,091.3	626.4	456.3	75.1
Total assets	2,048.4	1,410.3	910.6	725.3	138.4
Current liabilities	(376.8)	(387.6)	(348.4)	(239.9)	(69.9)
Non-current liabilities	(495.3)	(359.7)	(413.4)	(343.4)	(51.4)
Net assets	1,176.3	663.0	148.8	142.0	17.1

Summarised results of operations	Genesis Topco Inc (sub-group) 52 weeks to 29 January 2022 £m	Genesis Topco Inc (sub-group) 6 week period to 30 January 2021 £m	Iberian Sports Retail Group SL 52 weeks to 29 January 2022 £m	Iberian Sports Retail Group SL 52 weeks to 30 January 2021 £m	Marketing Investment Group S.A. 39 week period to 29 January 2022 £m
Revenue	2,576.7	156.3	920.6	579.2	175.0
Profit/(loss) for the period, net of tax	266.2	(8.7)	50.1	3.7	7.1

Summarised Statement of Cash Flows	Genesis Topco Inc (sub-group) 52 weeks to 29 January 2022 £m	Genesis Topco Inc (sub-group) 6 week period to 30 January 2021 £m	Iberian Sports Retail Group SL 52 weeks to 29 January 2022 £m	Iberian Sports Retail Group SL 52 weeks to 30 January 2021 £m	Marketing Investment Group S.A. 39 week period to 29 January 2022 £m
Net cash provided by/(used in) operating activities	343.8	(33.8)	87.8	35.7	1.0
Net cash used in investing activities	(277.2)	(8.6)	(121.9)	(16.3)	(2.7)
Net cash from/(used in) financing activities	-	(15.7)	6.0	57.2	(0.1)
Cash and cash equivalents:					
At the beginning of the period presented	124.8	182.9	159.1	82.5	6.8
At the end of the period	191.4	124.8	131.0	159.1	5.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

27. Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Group and Company financial statements in the period in which it is approved.

After the reporting date the following dividend was proposed by the Directors and will be payable to all shareholders on the register at 8 July 2022. The dividends were not provided for at the reporting date.

	52 weeks to 29 January 2022 £m	52 weeks to 30 January 2021 £m
0.35 pence per ordinary share (2021: restated 0.29 pence)	18.1	14.9
Dividends on Issued Ordinary Share Capital		
	52 weeks to 29 January 2022 £m	52 weeks to 30 January 2021 £m
Final dividend of 0.29 pence (2021: 0.00 pence) per qualifying ordinary share paid in respect of prior period, but not recognised as a liability in that period	14.9	-
Interim dividend of 0.00 pence (2021: 0.00 pence) per qualifying ordinary share paid in respect of current period	-	-
	14.9	-

28. Commitments

As at 29 January 2022, the Group had entered into contracts to purchase property, plant and equipment as follows:

	2022 £m	2021 £m
Contracted	30.2	12.8

In December 2021, JD Sports Fashion Plc signed a contract with ABG Reebok LLC to licence the Reebok brand in various territories. The agreement is subject to terms and conditions and was not effective until after the 29 January 2022 financial year-end. As a result, the Group has not recognised an intangible asset for the use of the brand in the Consolidated Statement of Financial Position at 29 January 2022 or a liability for the discounted contractual minimum royalty payments under the initial 10 year term of £73.1 million.

29. Pension Schemes

The Group operates defined contribution pension schemes, the assets of which are held separately from those of the Group in independently administered funds. Obligations for contributions to the defined contribution schemes are recognised as an expense in the Consolidated Income Statement when incurred.

The pension charge for the period represents contributions payable by the Group of £16.8 million (2021: £14.7 million) in respect of employees. Disclosure of the pension contributions payable in respect of the Directors is included in the Directors' Remuneration Report. The amount owed to the schemes at the period end was £3.1 million (2021: £2.4 million).

30. Analysis of Net Cash

Net cash consists of cash and cash equivalents together with other borrowings from bank loans and overdrafts, other loans, loan notes, finance leases and similar hire purchase contracts.

	At 30 January 2021 £m	On acquisition of subsidiaries £m	Cash flow £m	Non-cash movements £m	At 29 January 2022 £m
Cash at bank and in hand	964.4	152.7	200.4	(3.5)	1,314.0
Overdrafts	(15.7)	(23.2)	5.3	-	(33.6)
Cash and cash equivalents	948.7	129.5	205.7	(3.5)	1,280.4
Interest-bearing loans and borrowings:					
Bank loans	(84.4)	(156.2)	140.8	5.3	(94.5)
Other loans	(68.9)	-	68.9	-	-
Net cash/(financial debt) before lease liabilities	795.4	(26.7)	415.4	1.8	1,185.9
Lease liabilities	(1,929.8)	(271.7)	350.8	(392.2)	(2,242.9)
Net cash/(debt)	(1,134.4)	(298.4)	766.2	(390.4)	(1,057.0)

Other loans of £68.9 million was the deferred consideration payable at 30 January 2021 in respect of the acquisition of Shoe Palace Corporation (see Note 11). The deferred consideration was fully paid during the financial year ended 29 January 2022.

31. Related Party Transactions and Balances

Transactions and balances with each category of related parties during the period are shown below. Transactions were undertaken in the ordinary course of business on an arm's length basis. Outstanding balances are unsecured (unless otherwise stated) and will be settled in cash.

Transactions with Related Parties Who Are Not Members of the Group

Pentland Group Limited

During the financial year, Pentland Group Limited owned 51.9% (2021: 55%) of the issued ordinary share capital of JD Sports Fashion Plc. The Group made purchases of inventory from Pentland Group Limited in the period and the Group also sold inventory to Pentland Group Limited. The Group also paid royalty costs to Pentland Group Limited for the use of a brand.

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

	Income from related parties 2022 £m	Expenditure with related parties 2022 £m	Income from related parties 2021 £m	Expenditure with related parties 2021 £m
Sale of inventory	1.3	-	1.4	-
Purchase of inventory	-	(48.7)	-	(46.7)
Royalty costs	-	(6.2)	-	(1.8)
Marketing costs	-	(0.9)	-	(0.3)

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

	Amounts owed by related parties 2022 £m	Amounts owed to related parties 2022 £m	Amounts owed by related parties 2021 £m	Amounts owed to related parties 2021 £m
Trade receivables/(payables)	0.2	(2.5)	0.9	(3.1)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31. Related Party Transactions and Balances (continued)

Transactions with Related Parties Who Are Not Members of the Group (continued)

Associates and Joint Ventures

During the period, the Group entered into the following transactions with its associates and joint ventures:

	Income from related parties 2022 £m	Expenditure with related parties 2022 £m	Income from related parties 2021 £m	Expenditure with related parties 2021 £m
Purchase of inventory	-	(12.5)	-	-
Dividends and distributions received	6.9	-	-	-

At the end of the period, the Group had the following balances outstanding with its associates and joint ventures:

	Amounts owed by related parties 2022 £m	Amounts owed to related parties 2022 £m	Amounts owed by related parties 2021 £m	Amounts owed to related parties 2021 £m
Other receivables	0.2	-	-	-
Trade payables	-	(0.3)	-	-

Other receivables from associates and joint ventures relate to costs incurred by the Group on behalf of these entities, which have then been recharged.

Other than the remuneration of Directors as shown in Note 5 and in the Directors' Remuneration Report on pages 114 to 130 there have been no other transactions with Directors in the year (2021: nil). £25,000 of invoices from Cowgill Holloway Business Recovery LLP in respect of professional fees were accrued in the financial year ended 29 January 2022 and paid post year-end (2021: £3,300). Peter Cowgill is indirectly a member of this Limited Liability Partnership through his membership of Cowgill Holloway LLP who are then a member of Cowgill Holloway Business Recovery LLP. Peter Cowgill does not participate in any profit share arrangement relating to either Cowgill Holloway LLP or Cowgill Holloway Business Recovery LLP. In addition, Cowgill Holloway LLP (including member firms of Cowgill Holloway LLP) has acted on behalf of certain vendors where the Group has ultimately completed an acquisition. Where this has occurred, there has been no monetary payments between the Group and Cowgill Holloway LLP (including its member firms).

32. Held-for-sale (Footasylum Plc)

Transaction History

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

On 18 March 2019, in conjunction with the Board of Footasylum Plc, JD Sports Fashion Plc announced the terms of an offer to be made for the remaining 81.3% of the ordinary share capital of Footasylum at a price of 82.5 pence per ordinary share. This offer was declared unconditional in all respects on 12 April 2019 with acceptances received for a total of 78,176,481 shares representing a further 74.8% of the issued ordinary share capital. On 26 April 2019, the first bulk transfer was made to acquire an additional 80.5 million shares (in addition to the 19.5 million already owned). The formal process to acquire the remaining Footasylum shares (incl. the dissenting shareholders) was completed on 4 June 2019. Footasylum was delisted on 16 May 2019 and converted from an unlisted Plc to a private company on 19 September 2019.

32. Held-for-sale (Footasylum Plc) (continued)

Hold Separate Order and Consolidation

On 17 May 2019, JD Sports Fashion Plc received a 'hold separate' enforcement order from the CMA regarding the Footasylum acquisition.

In accordance with IFRS 10 'Consolidated Financial Statements', an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Whilst this transaction was being reviewed by the CMA, the Directors of JD Sports Fashion Plc have assessed whether the Group had control over Footasylum and could therefore consolidate the results of Footasylum. In making their judgement, the Directors considered that there was a simultaneous exchange and completion on the transaction and completion was not conditional on the outcome of the CMA review. The risks and rewards ultimately rested with JD Sports Fashion Plc as legal owner and there would be no pass through to the former shareholders. This evidences that the Group had exposure, or rights, to variable returns from its involvement with the investee. Further, the Group had the power of veto over strategic decision making. After careful consideration, the Directors concluded that the consolidation of Footasylum into the Group financial statements from the date of acquisition was appropriate and was disclosed as a critical accounting judgement in the accounting policies.

Held-for-sale

On 4 November 2021, the final ruling from the CMA was that it had again prohibited the Group's acquisition of Footasylum. The final CMA undertakings were issued on 14 January 2022 which was effectively the start date for the Footasylum sale process. Footasylum has been classified as held-for-sale as at 29 January 2022 as:

- the carrying amount of Footasylum will be recovered through the sale transaction;
- it is available for sale in its present condition;
- the Group has committed to sell Footasylum and this sale plan has been initiated;
- Footasylum was being actively marketed at a price that is reasonable in relation to its fair value; and
- there is an expectation that the sale process will be completed within six months of the classification as held-for-sale.

Assets and Liabilities of Footasylum held-for-sale

As at 29 January 2022, Footasylum was stated at carrying value (excluding cash and cash equivalents), being the lower of carrying value or fair value less costs to sell. Cash and cash equivalents as at 29 January 2022 of £27.2 million have been presented within the Group's cash and cash equivalents (Note 30) in accordance with IFRS 5.

	2022 £m
Intangible assets	4.7
Property, plant and equipment	25.2
Deferred tax assets	0.2
Inventories	27.0
Trade and other receivables	21.5
Right-of-use assets	78.5
Assets held-for-sale	157.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

32. Held-for-sale (Footasylum Plc) (continued)

	2022 £m
Trade and other payables	(57.5)
Lease liabilities	(82.0)
Income tax liability	(2.9)
Deferred tax liability	(0.2)
Liabilities held-for-sale	(142.6)

Discontinued operations

The presentation of an operation as a discontinued operation is limited to a component of an entity that either has been disposed of or is classified as held-for-sale, and:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations, or is a subsidiary acquired exclusively with a view to resale.

Whilst the disposal of Footasylum is significant for the Group, it is subject to a single plan and can be distinguished operationally and for financial reporting purposes, the disposal of Footasylum should not be classified as a discontinued operation. This is because the Group has other subsidiaries and operations within the Sports Fashion segment in the UK, therefore Footasylum does not represent a separate major line of business or geographic area for the Group. However, the Group is required to disclose the impact of the disposal.

33. Contingent Liabilities

The activities of the Group are overseen by a number of regulators around the world and, whilst the Group strives to ensure full compliance with all its regulatory obligations, periodic reviews are inevitable which may result in a financial penalty. If the risk of a financial penalty arising from one of these reviews is more than remote but not probable or cannot be measured reliably then the Group will disclose this matter as a contingent liability. If the risk of a financial penalty is considered probable and can be measured reliably then the Group would make a provision for this matter.

CMA Investigation

On 23 September 2021, the Competition and Markets Authority (CMA) launched an investigation under section 25 of the Competition Act 1998 ('CA98') into suspected breaches of competition law by Leicester City Football Club Limited and JD Sports Fashion Plc, together with their affiliates. The Group continues to co-operate fully with the CMA.

The CMA has not reached a view as to whether there is sufficient evidence of an infringement of competition law for it to issue a statement of objections or, ultimately, an infringement decision, to any party under investigation. Therefore, at this stage, it is not possible to determine with sufficient certainty that a liability will ultimately arise. Indeed, not all cases result in the CMA issuing a statement of objections or an infringement decision. The CMA has indicated that it will publish a further update in September 2022.

34. Post Balance Sheet Events

Directorate Change

On 25 May 2022, the Group announced that it had decided to accelerate the separation of the roles of Chair and Chief Executive Officer. Peter Cowgill stood down as Chief Executive Officer and Executive Chairman with immediate effect. Helen Ashton was appointed as Interim Non-Executive Chair and Kath Smith was appointed as Interim Chief Executive Officer. For further details, please see the Statement from the Board on page 4.

Acquisition of Total Swimming Group

On 27 May 2022, JD Sports Fashion Plc completed, via its existing subsidiary JD Sports Gyms Limited, the acquisition of a 60% share in Total Swimming Group. Initial cash consideration paid was £11.1 million with a maximum of £4.0 million of deferred consideration that is contingent upon future performance criteria and certain closing conditions. Total Swimming Group was founded by former Olympic swimmers Steve Parry, Rebecca Adlington and Adrian Turner to make swimming more accessible and includes Swim!, the first multi-site operator of dedicated children's learn to swim centres in the UK. The acquisition provides a broadening of the Group's leisure interests, which now includes gyms and pools. In its 2021 financial year, Total Swimming Group generated revenues of £8.6 million. Due to the proximity of the date of the acquisition and the date of this report, it is not possible to present a provisional goodwill calculation or the provisional fair values of the assets and liabilities acquired. The provisional goodwill calculation will be presented in the announcement of our Interim Results.

35. Subsidiary Undertakings

The following companies were the subsidiary undertakings of JD Sports Fashion Plc at 29 January 2022.

Name of subsidiary	Place of registration	Registered address	Nature of business and operation	Ownership and voting rights interest
2Squared Agency Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor of fashion apparel and accessories	100%
24Sevenbikes Ltd	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
80s Casual Classics Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	70%
A Number of Names Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Wholesale of clothing and footwear	100%
ActivInstinct Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
ActivInstinct Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Aghoco 1966 Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Allsports.co.uk Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Alpine Bikes Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Dormant company	60%
Alpine Group (Scotland) Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Intermediate holding company	60%
Applied Nutrition Limited ^A	UK	2 Acornfield Road, Knowsley Industrial Park, Liverpool, L33 7UG	Manufacture of other food products	32%
Ark Fashion Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Aspecto Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Aspecto Trading Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Athleisure Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Base Childrenswear Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of children's fashion apparel and footwear	80%
Bernard Esher Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of premium women's fashion apparel and footwear	80%
Blacks Outdoor Retail Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of outdoor footwear, apparel and equipment	100%
Blue Retail Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Bodytone International Sport S.L.*	Spain	Calle Legón, 180 – 30500, Molina de Segura, Murcia (Spain)	Manufacture and distribute professional fitness equipment	25%**
Brand Stable Ltd ^J	UK	Atlantic House, 65 Jeddo Road, London, W12 9ED	Online own label women's fashion retailer	49%
Capso Holdings Limited*	Isle of Man	33-37 Athol Street, Isle of Man, IM1 1LB	Intermediate holding company	100%
Catchbest Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retail of clothing in a specialised store	80%
Champion Retail Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Retailer of sports and leisure goods	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

35. Subsidiary Undertakings (continued)

Name of subsidiary	Place of registration	Registered address	Nature of business and operation	Ownership and voting rights interest
Champion Sports (Holdings) Unlimited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Dormant company	100%
Champion Sports Group Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Intermediate holding company	100%
Champion Sports Ireland*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Retailer of sports and leisure goods	100%
Champion Sports Newco Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Dormant company	100%
Choice 33 Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	88%
Choice Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	88%
Cloggs Online Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Clothingsites Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Clothingsites.co.uk Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	100%
Cosmos Sport Commercial, Hotel Greece and Tourism Société Anonyme	Greece	148, 62 Martiron Ave. 71303, Kaminia, Heraklion, Crete, Greece	Retailer of sports inspired footwear and apparel	80%
Cosmossport Trading (Cyprus) Limited*	Cyprus	11 Michail Paridi, 1095, Nicosia, Cyprus	Retailer of sports inspired footwear and apparel	80%
Dallas D&K Corporation*	US	1300 Mercedes Drive Hanover MD 21076	Athletic footwear and apparel streetwear retailer	79%
Dantra Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of children's fashion apparel and footwear	75%
Deporvillage S.L.	Spain	Plaça de la Ciencia 1 Local 4, Edifici Impuls, Manresa, 08240, Barcelona	Retailer of sports and leisure goods	40%**
Drome Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
DTLR Holding Inc*	US	1300 Mercedes Drive Hanover MD 21076	Intermediate holding company	79%
DTLR Villa LLC*	US	1300 Mercedes Drive Hanover MD 21076	Athletic footwear and apparel streetwear retailer	79%
DTLR, Inc*	US	1300 Mercedes Drive Hanover MD 21076	Athletic footwear and apparel streetwear retailer	79%
Duffer of St George Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Licensor of a fashion brand	100%
Exclusive Footwear Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	90%
First Sport Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Focus Brands Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Focus Equipment Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Focus Group Holdings Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Focus International Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor of sports apparel and footwear	100%
Focus International NL B.V.*	Netherlands	Danzigerkade 9 A, 1013AP Amsterdam, the Netherlands	Distributor of sports apparel and footwear	100%

35. Subsidiary Undertakings (continued)

Name of subsidiary	Place of registration	Registered address	Nature of business and operation	Ownership and voting rights interest
Focus Italy S.p.a.*	Italy	Viale Majno Luigi 17/A, 20122 Milano Italy	Distributor of sports apparel and footwear	100%
Focus Sports & Leisure International Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Footasylum Brands Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Footasylum GmbH*	Germany	Wittestr. 30K, 13509, Berlin, 13509, Berlin	Retailer of sports inspired footwear and apparel	100%
Footasylum Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of sports inspired footwear and apparel	100%
Footpatrol London 2002 Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Frank Harrison Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	72%
Genesis Finco Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Genesis Holdings Inc*	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Intermediate holding company	80%
Genesis Topco Inc	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Intermediate holding company	80%
George Fisher Holdings Limited*	UK	41 Commercial Street, Edinburgh, EH6 6JD	Intermediate holding company	60%
George Fisher Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of outdoor footwear, apparel and equipment	60%
GetTheLabel.com Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80%
Gio Goi Brands Limited ^J	UK	Spring Court, Spring Road, Hale, Cheshire, England, WA14 2UQ	Retailer of fashion apparel and footwear	50%
Gio-Goi Trading Limited ^J	UK	Spring Court, Spring Road, Hale, Cheshire, England, WA14 2UQ	Retailer of fashion apparel and footwear	50%
Giulio Fashion Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	88%
Giulio Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of premium fashion apparel and footwear	88%
Giulio Woman Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	88%
Go Outdoors Equestrian Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Go Outdoors Fishing Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of outdoor leisure equipment and apparel	100%
Go Outdoors Retail Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of outdoor leisure equipment and apparel	100%
Graham Tiso Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Retailer of outdoor footwear, apparel and equipment	60%
GymNation Limited*	British Virgin Islands	Craigmuir Chambers, Road Town, Tortola VG110, British Virgin Islands	Intermediate holding company	94%
GymNation LLC*	UAE	M Floor, ETA Star Building, Near Time Square Centre, Al Quoz 1, Sheikh Zayed Road, Dubai, UAE	Operator of fitness centres	94%
Hair Burst Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of hair vitamins and growth products	75%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

35. Subsidiary Undertakings (continued)

Name of subsidiary	Place of registration	Registered address	Nature of business and operation	Ownership and voting rights interest
Hairburst Holding Group Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	75%
Helium Miracle 311 Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	94%
Henleys Clothing Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Hip (Birmingham) Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Hip Store Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of premium men's fashion apparel and footwear	100%
I Am Athlete, LLC*	US	6701 Center Drive W, Suite 700, Los Angeles, CA 90045	Retailer of sports and leisure inspired goods	80%
Iberian Sports Retail Group SL	Spain	Polígono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114	Intermediate holding company	50.01%
Il Sarto Milano Limited* ^A	UK	Tanzaro House, Ardwick Green N, Manchester, M12 6HD	Retailer of fashion apparel	30%
Infinities Retail Group Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Infinities Retail Group Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Altrincham Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Birkenhead Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Blackburn Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Bradford Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Bury Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Chesterfield Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Denton Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Derby Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Stockport Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Stoke Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Warrington Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
J D Sports Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Jandernama SL	Spain	Polígono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114	Intermediate holding company	100%
JD Canary Islands Sports SL*	Spain	Polígono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114	Retailer of sports inspired footwear and apparel	65%
JD Newco 2 Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
JD Size GmbH	Germany	Neusser Straße 93, 50670 Cologne	Retailer of sports inspired footwear and apparel	100%

35. Subsidiary Undertakings (continued)

Name of subsidiary	Place of registration	Registered address	Nature of business and operation	Ownership and voting rights interest
JD Spain Sports Fashion 2010 SL*	Spain	Polígono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114	Retailer of sports inspired footwear and apparel	65%
JD Sports (Thailand) Limited*	Thailand	Room No. TT04 No. 1106 Sukhumvit Road, Phrakanong Sub-district, Klongtoey District, Bangkok	Retailer of sports inspired footwear and apparel	80%
JD Sports Active Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
JD Sports Fashion (France) SAS	France	96 R Du Pont Rompu, 59200 Tourcoing	Intermediate holding company	100%
JD Sports Fashion Acquisitions 2021 Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
JD Sports Fashion AT GmbH	Austria	Wallnerstraße 1, 3. Stock, 1010 Vienna, Austria	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion Aus Pty*	Australia	Level 12, 54 Park St, Sydney, NSW 2000	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion Belgium BV	Belgium	Wiegstraat 21, 2000 Antwerpen	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion BV	Netherlands	Oosteinderweg 247 B 1432 AT Aalsmeer	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion Denmark APS	Denmark	c/o Harbour House, Sundkrogsgade 21, 2100 Copenhagen	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion Finland OY	Finland	c/o Intertrust Finland Oy, Lautatarhankatu 6, 00580, Helsinki	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion Germany GmbH	Germany	Neusser Strasse 93, 50670 Cologne	Retailer of sports inspired footwear and apparel	80%
JD Sports Fashion Holdings Aus Pty	Australia	Level 12, 54 Park St, Sydney, NSW 2000	Intermediate holding company	100%
JD Sports Fashion India LLP	India	B-808 The Platina, Gachibawli, Hyderabad, Telangana, India - 500032	Outsourced multichannel operations	100%
JD Sports Fashion Israel Ltd*	Israel	HaMelacha 8 Holon, Israel, Zip code: 5881504	Retailer of sports inspired footwear and apparel	60%
JD Sports Fashion Israel (2021) Limited Partnership*	Israel	HaMelacha 8 Holon, Israel, Zip code: 5881504	Retailer of sports inspired footwear and apparel	60%
JD Sports Fashion Korea Inc	Korea	6F Yoonik Bldg. 430 Eonju-ro, Gangnam-gu, Seoul	Retailer of sports inspired footwear and apparel	50%
JD Sports Fashion NZ Pty Limited*	New Zealand	Anderson Lloyd, Level 10 Otago House, Cnr Moray Place & Princes Street, Dunedin, 9016, NZ	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion PTE LTD*	Singapore	190 Middle Road, 14-05, Fortune Centre, Singapore, 188979	Retailer of sports inspired footwear and apparel	80%
JD Sports Fashion SDN BHD	Malaysia	Suite D23, 2nd Floor, Plaza Pekeliling, No. 2, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia	Retailer of sports inspired footwear and apparel	80%
JD Sports Fashion SRL	Italy	Via Montenapoleone n. 29 – 20121 Milan, Italy	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion Sweden AB	Sweden	C/o Intertrust CN (Sweden) AB, PO Box 16285, 103 25 Stockholm, Sweden	Retailer of sports inspired footwear and apparel	100%
JD Sports Gyms Acquisitions Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	94%
JD Sports Gyms Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Operator of fitness centres	94%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

35. Subsidiary Undertakings (continued)

Name of subsidiary	Place of registration	Registered address	Nature of business and operation	Ownership and voting rights interest
JDSF Holdings (Canada) Inc	Canada	1200 Waterfront Centre, 200 Burrard Street, Vancouver BC V6C 3L6	Intermediate holding company	80%
JDSF Retail (Canada) Inc	Canada	1200 Waterfront Centre, 200 Burrard Street, Vancouver BC V6C 3L6	Retailer of sports inspired footwear and apparel	88%
JMH Cosmetics Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Other business support service	75%
John David Sports Fashion (Ireland) Limited	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Retailer of sports inspired footwear and apparel	100%
Kukri (Asia) Limited*	Hong Kong	Unit 4, 27th Floor, Global Trade Square, 21 Wong Chuk Hang Road, Hong Kong	Distributor of sports apparel and accessories	80%
Kukri (HK) Limited*	Hong Kong	Unit 4, 27th Floor, Global Trade Square, 21 Wong Chuk Hang Road, Hong Kong	Dormant company	80%
Kukri Australia Pty Limited*	Australia	Level 12, 338-340 Pitt Street, Sydney NSW 2000	Distributor of sports apparel and accessories	80%
Kukri Events Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80%
Kukri GB Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor and retailer of sports apparel and accessories	80%
Kukri NZ Limited*	New Zealand	Unit 2, 45 The Boulevard, Te Rapa Park, Hamilton	Distributor of sports apparel and accessories	60%
Kukri PTE Limited*	Singapore	10 Anson Road, 19-15 International Plaza, Singapore 079903	Distributor of sports apparel and accessories	80%
Kukri Shanghai Limited*	Shanghai	Room 221-225, No. 2 Building, No.38 Debao Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, 200131, China	Distributor of sports apparel and accessories	80%
Kukri Sports Canada Inc*	Canada	106-1533 Broadway St, Port Coquitlam, British Columbia, V3C 6P3	Distributor of sports apparel and accessories	60%
Kukri Sports Ireland Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Distributor of sports apparel and accessories	80%
Kukri Sports Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	80%
Kukri Sports Middle East JLT*	UAE	Lakeview Tower, Jumeirah Lake Towers, Dubai, United Arab Emirates	Distributor of sports apparel and accessories	80%
Mainline Menswear Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	80%
Mainline Menswear Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of premium men's fashion apparel and footwear	80%
Mallet. Footwear Limited ^A	UK	M25 Business Centre, 121 Brooker Road, Waltham Abbey, Essex, England, EN9 1J	Retailer of fashion apparel and footwear	25%
Marathon Sports Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Dormant company	100%
Marketing Investment Group Bulgaria EOOD*	Bulgaria	53A Nikola Y. Vaptsarov Blvd., 1407 Promishlena zona Hladilnika, Sofia	Retailer of sports inspired footwear and apparel	60%
Marketing Investment Group Czech s.r.o.*	Czech Republic	Jakubská 647/2, Staré Město, 110 00 Praha	Retailer of sports inspired footwear and apparel	60%

35. Subsidiary Undertakings (continued)

Name of subsidiary	Place of registration	Registered address	Nature of business and operation	Ownership and voting rights interest
Marketing Investment Group Estonia OÜ*	Estonia	Harju maakond, Tallinn, Kesklinna linnaosa, Narva mnt 5, 10117	Retailer of sports inspired footwear and apparel	60%
Marketing Investment Group Hungary Korlátolt Felelősségi Társaság*	Hungary	Horvát u. 14-24 4.em.2, Budapest, 1027	Retailer of sports inspired footwear and apparel	60%
Marketing Investment Group S.A. Poland	Poland	ul. Prof. Michała Życzkowskiego 10, 31-864 Kraków	Retailer of sports inspired footwear and apparel	60%
Marketing Investment Group Slovakia s. r. o.*	Slovakia	Michalská 7, 811 03 Bratislava	Retailer of sports inspired footwear and apparel	60%
Marshall Artist Holdings Limited ^J	UK	97 Alderley Road, Wilmslow, England, SK9 1PT	Intermediate holding company	25%
MIG Marketing Investment Group Austria GmbH*	Austria	Mahlerstraße 13/1B, 1010 Vienna	Retailer of sports inspired footwear and apparel	60%
MIG Marketing Investment Group Germany GmbH*	Germany	Dr. Hans-Lebach-Str. 2, 15537 Erkner	Retailer of sports inspired footwear and apparel	60%
MIG Marketing Investment Group Romania RO SRL*	Romania	Calea Floreasca 169, Corp P1, Etaj 3, Camera 10, Bucuresti 077190	Retailer of sports inspired footwear and apparel	60%
MIG Wholesale spółka z o.o.*	Poland	ul. Prof. Michała Życzkowskiego 10, 31-864	Wholesale of clothing and footwear	60%
Millets Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Missy Empire Limited*	UK	59a Knowsley Street, Manchester, England, M8 8JF	Dormant company	51%
Modern Casuals Ltd	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	70%
Mrblancteeth Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of teeth whitening products	75%
myBox Spolka z.o.o*	Poland	Logistyczna 9, 26-060 Chęciny, Poland	Provide comprehensive support for logistics processes	60%
Nanny State Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Naylor's Equestrian LLP*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of Equestrian equipment	100%
NiceKicks Holdings LLC*	US	755 Jarvis Drive, Morgan Hill, CA 95037	Retailer of athletic footwear and streetwear apparel	80%
Nicholas Deakins Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor of fashion footwear	100%
Oi-Polloi Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retail sale of clothing in specialised stores	80%
Old Brown Bag Clothing Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Onepointfive Ventures Limited*	Canada	1200 Waterfront Centre, 200 Burrard Street, Vancouver BC V6C 3L6	Retailer of fashion apparel and footwear	80%
OneTrueSaxon Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Open Fashion Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
PCPONE*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Intermediate holding company	100%
Pear Sports LLC*	US	20371 Irvine Ave, Suite 120, Newport Beach, CA 92660	Retailer of sports and leisure inspired goods	80%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

35. Subsidiary Undertakings (continued)

Name of subsidiary	Place of registration	Registered address	Nature of business and operation	Ownership and voting rights interest
Peter Werth Limited*	UK	Suite 20, 196 Rose Street, Edinburgh, Midlothian, EH2 4AT	Dormant company	100%
PG2019 Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	100%
Pink Soda Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Premium Fashion Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Prevu Studio Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, United Kingdom, BL9 8RR	Retail sale of clothing in specialised stores	100%
Prima Designer Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Projekts NYC Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
PT JD Sports Fashion ^J	Indonesia	Erajaya Plaza, Jalan Bandengan Selatan Number 19-20, Kel. Pekojan, Kec. Tambora, Adm. City of West Jakarta, DKI Jakarta Province, 11240	Retailer of sports inspired footwear and apparel	51%
PT JD Sports Fashion Distribution ^J	Indonesia	Erajaya Plaza, Jalan Bandengan Selatan Number 19-20, Kel. Pekojan, Kec. Tambora, Adm. City of West Jakarta, DKI Jakarta Province, 11240	Retailer of sports inspired footwear and apparel	49%
R.D. Scott Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	100%
Rascal Clothing Ltd	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	75%
SDSR - Sports Division SR, S.A*	Portugal	Rua Joao Mendoça, nº 505, Matosinhos Freguesia, São Mamede de Infesta e Senhora da Hora, 4464 503 Matosinhos, Portugal	Retailer of sports and leisure goods	50%**
SEA Sports Fashion SDN. BHD.	Malaysia	Level 19-01, Block B, Plaza Zurich, No. 12, Jalan Gelenggang, Bukit Damansara, 50490 Kuala Lumpur	Retailer of sports inspired footwear and apparel	60%
Shoe Palace Corporation*	US	755 Jarvis Drive, Morgan Hill, CA 95037	Retailer of athletic footwear and streetwear apparel	80%
SIA Marketing Investment Group Latvia*	Latvia	Rīga, Lienes iela 1-3, LV-1009	Retailer of sports inspired footwear and apparel	60%
Size? Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of sports inspired footwear and apparel	100%
Sneaker Villa Inc*	US	1300 Mercedes Drive Hanover MD 21076	Athletic footwear and apparel streetwear retailer	79%
Sonneti Fashions Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Source Lab Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Design and distributor of sportswear	85%
South South East Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Spikes Holding LLC*	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Dormant company	80%
Spodis SA*	France	96 R Du Pont Rompu, 59200 Tourcoing, France	Retailer of sports and leisure goods	100%

35. Subsidiary Undertakings (continued)

Name of subsidiary	Place of registration	Registered address	Nature of business and operation	Ownership and voting rights interest
Sport Zone Canarias (SL)*	Spain	Avenida el Paso, 10, 1º, Edificio Multiusos, Polígono Industrial Los Majuelos, La Laguna 38201, Santa Cruz de Tenerife, Spain	Retailer of sports and leisure goods	30%**
Sportiberica - Sociedade de Arigos de Desporto S.A.	Portugal	Avenida das Indústrias, n.º 63, Agualva do Cacém, Sintra, Portugal	Retailer of sports and leisure goods	65%
Sports Unlimited Retail BV*	Netherlands	Oosteinderweg 247 B 1432 AT Aalsmeer, The Netherlands	Retailer of sports and leisure goods	50%
Sprinter Megacentros Del Deporte SLU*	Spain	Polígono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114, Spain	Retailer of sports and leisure goods	50%
Squirrel Sports Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80%
Terminus Bidco, Inc.*	US	1300 Mercedes Drive Hanover MD 21076	Intermediate holding company	80%
Tessuti Group Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Tessuti Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	88%
Tessuti Retail Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
The Alpine Group Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Intermediate holding company	60%
The Couture Club Ltd*^	UK	40-42 Matthews Street, Higher Ardwick, Manchester, England, M12 5BB	Retailer of fashion apparel	40%
The Finish Line Distribution, Inc*	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Retailer of sports and leisure inspired goods	80%
The Finish Line MA, Inc*	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Dormant company	80%
The Finish Line Puerto Rico, Inc*	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Retailer of sports and leisure inspired goods	80%
The Finish Line Transportation, Inc*	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Retailer of sports and leisure inspired goods	80%
The Finish Line USA, Inc*	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Retailer of sports and leisure inspired goods	80%
The Finish Line, Inc*	US	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Intermediate holding company	80%
The Gym King (Holdings) Limited†	UK	Unit 6 Temple Point Bullerthorpe Lane, Colton, Leeds, West Yorkshire, LS15 9JL	Intermediate holding company	40%
The Gym King GmbH*^	Germany	Adlerstraße 34, 90403 Nürnberg	Online retailer and wholesaler of sports inspired apparel	40%
The Gym King IE Limited*^	UK	Unit 6 Temple Point Bullerthorpe Lane, Colton, Leeds, West Yorkshire, LS15 9JL	Dormant company	40%
The Gym King Limited*^	UK	Unit 6 Temple Point Bullerthorpe Lane, Colton, Leeds, West Yorkshire, LS15 9JL	Online retailer and wholesaler of sports inspired apparel	40%
The Gym King Wholesale Limited*^	UK	Unit 6 Temple Point Bullerthorpe Lane, Colton, Leeds, West Yorkshire, LS15 9JL	Dormant company	40%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

35. Subsidiary Undertakings (continued)

Name of subsidiary	Place of registration	Registered address	Nature of business and operation	Ownership and voting rights interest
The John David Group Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
The Watch Shop Holdings Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retail sale of watches and jewellery in specialised stores	100%
Tiso Group Limited	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Intermediate holding company	60%
Topgrade Sportswear Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80%
Topgrade Sportswear Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of sports inspired footwear and apparel	80%
UAB Marketing Investment Group Lietuva*	Lithuania	Gvazdikų g. 170, LT-10247 Vilnius	Agency business for luxury childrenswear brands	60%
Uggbugg Fashion Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	51%
Ultimate Outdoors Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Varsity Kit Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Watch Shop Logistics Ltd*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Weaver's Door Ltd	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Wellgosh Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	100%
Wheelbase Lakeland Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retail sale of sports goods, fishing gear, camping goods, boats and bicycles	78%
X4L Gyms Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Operator of fitness centres	94%
XLR8 Sports Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retail sale of bicycles	100%

* Indirect holding of the Company

** Indirect holding of <50%. The following are entities owned by ISRG, and ISRG's ownership and voting rights interest is presented in brackets: Bodytone International Sport S.L., (50.1%), Deporvillage S.L. (80%), SDSR - Sports Division SR, S.A (100%), Sprinter Megacentros Del Deporte SLU (94%), Sport Zone Canarias S.L. (60%). JD is deemed to control ISRG via its shareholding (50.01%) and Board of Director / Chairman appointments, and subsequently deemed to control these subsidiaries via its control of ISRG.

A Associated undertaking.

J Joint venture.

COMPANY BALANCE SHEET

As at 29 January 2022

	Note	As at 29 January 2022 £m	As at 30 January 2021 £m
Assets			
Intangible assets	C5	28.2	28.9
Property, plant and equipment	C6	137.5	135.6
Right-of-use assets	C7	445.2	366.9
Investment property	C8	14.8	2.8
Investments in subsidiaries	C9	947.0	532.2
Investments in associates and joint ventures	C9	55.9	2.5
Trade and other receivables	C11	512.2	-
Deferred tax assets	C15	5.8	3.4
Total non-current assets		2,146.6	1,072.3
Stocks	C10	192.4	193.0
Trade and other receivables	C11	160.2	502.1
Right of return assets		6.1	-
Cash and cash equivalents	C12	572.2	398.0
Total current assets		930.9	1,093.1
Total assets		3,077.5	2,165.4
Liabilities			
Creditors: amounts falling due within one year	C13	(465.3)	(436.0)
Lease liabilities	C7	(73.3)	(61.9)
Provisions	C22	(8.9)	-
Income tax liabilities		(0.9)	(8.9)
Total current liabilities		(548.4)	(506.8)
Creditors: amounts falling due after more than one year	C14	(6.5)	(8.0)
Provisions	C22	(10.9)	-
Lease liabilities	C7	(428.1)	(371.2)
Total non-current liabilities		(445.5)	(379.2)
Total liabilities		(993.9)	(886.0)
Total assets less total liabilities		2,083.6	1,279.4
Capital and reserves			
Issued ordinary share capital	C16	2.6	2.4
Share premium	C16	467.5	11.7
Share-based payment reserve	C16	0.1	-
Retained earnings		1,613.4	1,265.3
Total equity		2,083.6	1,279.4

The profit for the year in the accounts of the Company is £363.0 million (2021: £130.1 million).

The Company has taken advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes. The accompanying notes form part of these financial statements.

These financial statements were approved by the Board of Directors on 22 June 2022 and were signed on its behalf by:

N Greenhalgh
Director

Registered number: 1888425

COMPANY STATEMENT OF CHANGES IN EQUITY

For the 52 weeks ended 29 January 2022

	Ordinary share capital £m	Share premium £m	Share-based payments reserve £m	Retained earnings £m	Total equity £m
Balance at 1 February 2020	2.4	11.7	–	1,135.2	1,149.3
Profit for the period	–	–	–	130.1	130.1
Total comprehensive income for the period	–	–	–	130.1	130.1
Balance at 30 January 2021	2.4	11.7	–	1,265.3	1,279.4
Profit for the period	–	–	–	363.0	363.0
Total comprehensive income for the period	–	–	–	363.0	363.0
Dividends to equity holders	–	–	–	(14.9)	(14.9)
Share-based payment charge	–	–	0.1	–	0.1
Issue of share capital	0.2	455.8	–	–	456.0
Balance at 29 January 2022	2.6	467.5	0.1	1,613.4	2,083.6

The accompanying notes form part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

C1. Basis of Preparation

The Parent Company financial statements of JD Sports Fashion Plc were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101').

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of UK-adopted International Accounting Standards ('Adopted IFRSs'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of Key Management Personnel; and
- disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of JD Sports Fashion Plc include the equivalent disclosures, the Company has also taken advantage of the exemptions under FRS 101 available in respect of the following disclosures:

- certain disclosures required by IAS 36 'Impairment of Assets' in respect of the impairment of goodwill and indefinite life intangible assets;
- certain disclosures required by IFRS 15 'Revenue from Contracts with Customers' in respect of disaggregation of revenue and performance obligations;
- certain disclosures required by IFRS 16 'Leases' in respect of the Company acting as a lessor;
- certain disclosures required by IFRS 3 'Business Combinations' in respect of business combinations undertaken by the Company; and
- certain disclosures required by IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 'Financial Instrument Disclosures'.

The Company has taken advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared on a going concern basis under the historical cost convention except as disclosed in the accounting policies in Note 1 of the Group financial statements. The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are the same for the Company as they are for the Group. For further details, see page 148 and 149 in the Group financial statements.

C2. Directors' Remuneration

The remuneration of Executive Directors for both the Company and Group are disclosed in Note 5 of the Group financial statements.

C3. Auditor's Remuneration

Fees payable to the Company's Auditor for the audit of the Company and Group financial statements are disclosed in Note 3 of the Group financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

C4. Staff Numbers and Costs

The average number of persons employed by the Company (including Directors) during the period, analysed by category, was as follows:

	2022	2021
Sales and distribution	16,800	15,510
Administration	661	619
	17,461	16,129
Full-time equivalents	11,239	10,388

The aggregate payroll costs of these persons were as follows:

	52 weeks to 29 January 2022 £m	52 weeks to 30 January 2021 £m
Wages and salaries	266.3	188.4
Social security costs	19.3	13.7
Pension costs	3.9	3.6
Other employed staff costs	0.2	-
	289.7	205.7

C5. Intangible Assets

Goodwill in the Company comprises the goodwill on acquisition of First Sport (£15.0 million) and Allsports (£0.9 million).

Brand licences in the Company comprise all brand licences included in the Group table (Note 12) within the Sport Fashion segment, with the exclusion of the Lotto and Umbro brand licences, which are held within Marketing Investment Group S.A., and the Missy Empire brand licence, which is included within Uggbugg Fashion Limited. Brand licences are stated at cost less accumulated amortisation and impairment losses.

Brand names in the Company comprise all brand names included in the Group table (Note 12) within the Sport Fashion segment, with the exclusion of the Duffer brand name, which is included within Duffer of St George Limited, and the Doone brand name, which is included in the Sport Zone group.

Included within the amortisation charge for the period ended 29 January 2022 is accelerated amortisation of £0.4 million (2021: £4.0 million) following a review of the useful economic life of certain items of software development capitalised.

	Goodwill £m	Brand licences £m	Brand names £m	Software development £m	Total £m
Cost or valuation					
At 30 January 2021	19.9	15.5	7.4	43.9	86.7
Additions	-	5.2	-	2.6	7.8
At 29 January 2022	19.9	20.7	7.4	46.5	94.5
Amortisation and impairment					
At 30 January 2021	4.0	13.2	7.4	33.2	57.8
Charge for the period	-	0.8	-	7.7	8.5
At 29 January 2022	4.0	14.0	7.4	40.9	66.3
Net book value					
At 29 January 2022	15.9	6.7	-	5.6	28.2
At 30 January 2021	15.9	2.3	-	10.7	28.9

C6. Property, Plant and Equipment

Included within the depreciation charge for the period ended 29 January 2022 is accelerated depreciation of £6.7 million (2021: £16.5 million) following a review of the useful economic life of certain items of property, plant and equipment and assets capitalised.

	Land and buildings £m	Improvements to short leasehold properties £m	Computer equipment £m	Fixtures and fittings £m	Motor vehicles £m	Total £m
Cost						
At 30 January 2021	16.9	21.3	50.0	283.1	0.1	371.4
Additions	-	3.6	8.9	33.1	-	45.6
Disposals	-	(0.5)	(0.1)	(3.3)	-	(3.9)
Reclassifications to other asset categories	(3.9)	(2.4)	-	-	-	(6.3)
At 29 January 2022	13.0	22.0	58.8	312.9	0.1	406.8
Depreciation and impairment						
At 30 January 2021	3.1	19.0	43.8	169.8	0.1	235.8
Charge for period	0.2	3.4	6.8	30.5	-	40.9
Disposals	-	(0.4)	(0.1)	(2.7)	-	(3.2)
Reclassifications to other asset categories	0.4	(4.6)	-	-	-	(4.2)
At 29 January 2022	3.7	17.4	50.5	197.6	0.1	269.3
Net book value						
At 29 January 2022	9.3	4.6	8.3	115.3	-	137.5
At 30 January 2021	13.8	2.3	6.2	113.3	-	135.6

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

C7. Leases

The Company has adopted the same accounting policies as the Group in respect of IFRS 16 ‘Leases’ and adopted IFRS 16 on 3 February 2019. Details of the accounting policies applied from 3 February 2019 onwards can be found in Note 1 to the Group financial statements on page 150 and Note 14 to the Group financial statements on page 179 and 180.

The Company leases assets including land and buildings, vehicles, machinery and IT equipment. Information about leases for which the Company is a lessee is presented below.

Right-of-use assets

	Property £m	Vehicles and equipment £m	Total £m
Cost			
At 30 January 2021	509.0	3.0	512.0
Additions	132.5	–	132.5
Disposals	(8.7)	–	(8.7)
Remeasurement adjustments	15.9	–	15.9
At 29 January 2022	648.7	3.0	651.7
Depreciation and impairment			
At 30 January 2021	143.4	1.7	145.1
Depreciation charge for the period	64.5	0.6	65.1
Disposals	(3.7)	–	(3.7)
At 29 January 2022	204.2	2.3	206.5
Net book value			
At 29 January 2022	444.5	0.7	445.2
At 30 January 2021	365.6	1.3	366.9

Lease liabilities

	As at 2022 £m	As at 2021 £m
Maturity analysis – contractual undiscounted cash flows		
Less than one year	79.7	76.4
One to five years	252.6	235.0
More than five years	224.7	190.2
Total undiscounted lease liabilities	557.0	501.6

Lease liabilities included in the Statement of Financial Position

Current	73.3	61.9
Non-current	428.1	371.2
Total	501.4	433.1

As at 29 January 2022, the weighted average discount rate applied to the lease portfolio of the Company is 2.7% (2021: 3.2%).

Amounts recognised in profit or loss

	52 weeks to 29 January 2022 £m	52 weeks to 30 January 2021 £m
Interest on lease liabilities	12.6	13.4
Variable lease payments not included in the measurement of lease liabilities	8.7	2.9
Income from sub-leasing right-of-use assets	0.1	0.1
Expenses relating to short-term leases and low-value leases	0.3	0.3
Impairment of right-of-use assets	–	0.3

C8. Investment Property

Investment property, which is property held to earn rentals, is stated at cost less accumulated depreciation and impairment losses. Investment property is depreciated over a period of 50 years on a straight-line basis, with the exception of freehold land, which is not depreciated. The Company has not elected to revalue investment property annually but to disclose the fair value below. An external valuation to determine the fair value is prepared every three years by persons having the appropriate professional experience. When an external valuation is not prepared, an annual assessment is conducted using internal expertise.

	£m
Cost	
At 30 January 2021	4.8
Additions	7.8
Reclassifications from other asset categories	3.9
At 29 January 2022	16.5
Depreciation and impairment	
At 30 January 2021	2.0
Charge for period	0.1
Reclassifications to other asset categories	(0.4)
At 29 January 2022	1.7
Net book value	
At 29 January 2022	14.8
At 30 January 2021	2.8

The investment properties brought forward relate to properties leased to Focus Brands Limited (£4.2 million) and Kukri Sports Limited (£0.6 million). These properties remain investment properties from the Company perspective as at 29 January 2022. Based on an external valuation prepared as at 31 December 2021, the fair value of these investment properties as at that date was £5.8 million.

During the year ended 29 January 2022, the Company purchased the freehold of two sites which trade as Go Outdoors Retail Limited (cost of £7.8 million). A further site leased to Go Outdoors Retail Limited, previously recognised as land and buildings within property, plant and equipment, has been reclassified into investment property (cost £3.9 million). The Directors consider the cost of these properties to represent current fair value. Additionally, an amount of £0.4 million in accumulated depreciation has been reclassified to property, plant and equipment.

The rental income from investment properties recognised in the Company accounts is £0.6 million (2021: £0.3 million).

The Directors do not consider the investment properties to be impaired as the future rental income supports the carrying value.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

C9. Investments in Subsidiaries, Associates and Joint Ventures

In the Company's accounts, all investments in subsidiary undertakings, associates and joint ventures are stated at cost less provisions for impairment losses. A list of subsidiaries is disclosed in Note 35 of the Group financial statements.

Investments in subsidiaries

	£m
Cost	
At 30 January 2021	621.4
Additions	429.6
Disposals (see note below)	(12.3)
At 29 January 2022	1,038.7
Impairment	
At 30 January 2021	89.2
Impairments	2.5
At 29 January 2022	91.7
Net book value	
At 29 January 2022	947.0
At 30 January 2021	532.2

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

	£m
Genesis Topco Inc - 80%	175.8
Marketing Investment Group S.A. - 60%	66.0
Cosmos Sports Commercial, Hotel and Tourism Société Anonyme - 80%	65.0
XLR8 Sports Limited	36.8
Hairburst Holding Group Limited - 75%	26.2
Wheelbase Lakeland Limited - 77.5%	22.2
80s Casual Classics Limited - 70%	15.4
Uggbugg Fashion Limited - 51%	11.7
Iberian Sports Retail Group S.L. - 50.01% (see note below)	8.2
Other	2.3
Total additions	429.6

During the financial period ended 29 January 2022, the share capital of Sports Unlimited Retail B.V. (a 100% owned subsidiary) was sold by JD Sports Fashion Plc to Iberian Sports Retail Group S.L. (a 50.01% owned subsidiary). The transfer was a common control transaction and resulted in the disposal of JD Sports Fashion Plc's investment in Sports Unlimited Retail B.V. of £12.3 million and an additional investment by JD Sports Fashion Plc in Iberian Sports Retail Group S. L. of £8.2 million.

C9. Investments in Subsidiaries, Associates and Joint Ventures (continued)

Investments in associates and joint ventures

	Associates £m	Joint ventures £m	2022 £m
Cost and net book value			
At 30 January 2021	2.5	-	2.5
Additions	29.5	27.6	57.1
Share of profit	2.8	0.4	3.2
Dividends	(6.9)	-	(6.9)
At 29 January 2022	27.9	28.0	55.9

Details of the amounts included in the table above are disclosed in Note 15 of the Group financial statements. Investments in associates and joint ventures in the Company comprise all those included in the Group table (Note 15), with the exclusion of the investment in The Couture Club Limited (£0.3 million), which is held by 2Squared Agency Limited.

C10. Stocks

	2022 £m	2021 £m
Finished goods and goods for resale	192.4	193.0

The Company has £22.5 million (2021: £19.7 million) of stock provisions at the end of the period. Cost of inventories includes a net charge of £7.6 million (2021: £7.3 million) in relation to net provisions recognised against inventories. £9.2 million of the inventory provision was utilised during the period against the write down of inventory (2021: £6.6 million). There were no reversals of inventory write downs in either the current or prior period.

Included within inventories is £2.4 million of deferred supplier rebates (2021: £1.6 million).

C11. Trade and Other Receivables

	2022 £m	2021 £m
Current assets		
Trade receivables	5.9	5.1
Other receivables	21.8	1.0
Prepayments and accrued income	30.9	24.5
Amounts owed by other Group companies	101.6	471.5
	160.2	502.1
Non-current assets		
Amounts owed by other Group companies	509.7	-
Forward contract assets	2.5	-
	512.2	-

The Directors have assessed and concluded at the reporting date that a portion of receivables due from other Group companies is expected to be realised in more than 12 months from the date of the Statement of Financial Position. As such, the assets have been categorised accordingly.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

C11. Trade and Other Receivables (continued)

A summary of the Company's exposure to credit risk for trade receivables is as follows:

	2022			2021		
	Gross £m	Provision £m	Net £m	Gross £m	Provision £m	Net £m
Not past due	4.0	-	4.0	0.7	-	0.7
Past due 0–30 days	0.7	-	0.7	1.3	-	1.3
Past due 30–60 days	0.6	-	0.6	0.6	-	0.6
Past 60 days	0.9	(0.3)	0.6	2.8	(0.3)	2.5
	6.2	(0.3)	5.9	5.4	(0.3)	5.1

At 29 January 2022, the exposure to credit risk for trade receivables by geographic region was as follows:

		As at 29 January 2022 Total £m	As at 30 January 2021 Total £m
Trade receivables			
UK		4.2	4.3
Europe		1.2	0.8
Rest of world		0.8	0.3
Total		6.2	5.4

At 29 January 2022, the exposure to credit risk for trade receivables by type of counter-party was as follows:

		As at 29 January 2022 Total £m	As at 30 January 2021 Total £m
Trade receivables			
Supplier rebates		3.2	5.4
Amounts owed by associates and joint ventures		0.2	-
Other		2.8	-
Total		6.2	5.4

At 29 January 2022, the carrying amount of the Company's most significant customer was £0.4 million (2021: £1.7 million).

A summary of the Company's exposure to credit risk for trade receivables is as follows:

As at 29 January 2022	Weighted average loss rate %	Gross carrying amount £m	Loss	Credit impaired £m
			allowance £m	
Not past due	-	4.0	-	-
Past due 0–30 days	-	0.7	-	-
Past due 30–60 days	-	0.6	-	-
Past due 61–90 days	-	0.6	-	-
More than 90 days past due	100%	0.3	(0.3)	-
Total	4.8%	6.2	(0.3)	-

C11. Trade and Other Receivables (continued)

	Weighted average loss rate %	Gross carrying amount £m	Loss allowance £m	Credit impaired £m
As at 30 January 2021				
Not past due	-	0.7	-	-
Past due 0 - 30 days	-	1.3	-	-
Past due 30 - 60 days	-	0.6	-	-
Past due 61 - 90 days	-	0.3	-	-
More than 90 days past due	12.0%	2.5	(0.3)	-
Total	5.6%	5.4	(0.3)	-

Movement on this provision is shown below:

	£m
At 30 January 2021	0.3
Created	-
At 29 January 2022	0.3

Amounts Owed by Other Group Companies

The amounts owed by other Group companies is after recognising a provision of £76.8 million (2021: £114.8 million) against the balances outstanding at the end of the period.

A summary of the Company's exposure to credit risk for receivables due from other Group companies is as follows:

	Weighted average loss rate %	Gross carrying amount £m	Loss allowance £m	Credit impaired £m
As at 29 January 2022				
Repayable on demand (current)	-%	101.6	-	-
Repayable on demand (non-current)	13.1%	586.5	(76.8)	-
Total	11.2%	688.1	(76.8)	-

	Weighted average loss rate %	Gross carrying amount £m	Loss allowance £m	Credit impaired £m
As at 30 January 2021				
Repayable on demand (current)	19.6%	586.3	(114.8)	-

The other classes within trade and other receivables do not contain impaired assets.

C12. Financial Instruments

Financial Assets

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

	2022 £m	2021 £m
Cash and cash equivalents	572.2	398.0
Sterling	340.3	265.9
Euros	18.0	39.1
US Dollars	200.1	79.9
Australian Dollars	7.6	5.4
Other	6.2	7.7
	572.2	398.0

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

C12. Financial Instruments (continued)

Credit Risk

The Company has provided guarantees on working capital and other banking facilities entered into by Spodis SA (€1.6 million) and Kukri Sports Limited and Kukri GB Limited (£1.0 million). In addition, the syndicated committed £700 million bank facility, which was in place as at 29 January 2022, encompassed cross guarantees between the Company, Blacks Outdoor Retail Limited, Tessuti Limited, Go Outdoors Retail Limited, The Finish Line Inc, The Finish Line USA Inc, Genesis Holdings Inc, Genesis Topco Inc, Shoe Palace Corporation, Terminus Bidco Inc, DTLR Villa LLC, Genesis Finco Limited, Focus Brands Limited and Focus International Limited, to the extent to which any of these companies were overdrawn. As at 29 January 2022, these facilities were drawn down by £nil (2021: £nil).

Fair Values

The fair values together with the carrying amounts shown in the Balance Sheet as at 29 January 2022 are as follows:

	Note	Carrying amount 2022 £m	Fair value 2022 £m
Trade and other receivables	C11	639.0	639.0
Cash and cash equivalents		572.2	572.2
Trade and other creditors - current		(397.8)	(397.8)
Trade and other creditors - non-current		(6.5)	(6.5)
		806.9	806.9
Unrecognised gains		-	-

Fair Value Hierarchy

For information on Company balances which are categorised at the same level as for the Group, see Note 21. In addition, investment property held in the Company of £14.8 million (2021: £2.8 million) is categorised as Level 3 within the fair value hierarchy.

C13. Creditors: Amounts Falling Due Within One Year

	2022 £m	2021 £m
Trade creditors	163.0	199.2
Other creditors and accrued expenses	234.4	184.0
Refund liabilities	11.8	11.9
Other tax and social security costs	22.4	9.1
Amounts payable to other Group companies	33.7	31.8
	465.3	436.0

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

	2022 £m	2021 £m
Other creditors and accrued expenses	6.5	8.0

C15. Deferred Tax Assets and Liabilities

Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2022 £m	Assets 2021 £m	Liabilities 2022 £m	Liabilities 2021 £m	Net 2022 £m	Net 2021 £m
Property, plant and equipment	1.8	1.1	-	-	1.8	1.1
Other	4.0	2.3	-	-	4.0	2.3
Tax assets/(liabilities)	5.8	3.4	-	-	5.8	3.4

C15. Deferred Tax Assets and Liabilities (continued)

Movement in Deferred Tax during the Period

	Property, plant and equipment £m	Other £m	Total £m
Balance at 1 February 2020	(1.2)	2.2	1.0
Recognised in income	2.3	0.1	2.4
Balance at 30 January 2021	1.1	2.3	3.4
Recognised in income	0.7	1.7	2.4
Balance at 29 January 2022	1.8	4.0	5.8

The Finance Bill 2021 included an increase to the UK corporation tax rate to 25% from 19% from 1 April 2023 for certain companies. This increase was substantially enacted on 24 May 2021. Under IAS 12, deferred tax is required to be calculated using rates that have been substantively enacted at the Balance Sheet date. Consequently, the deferred tax asset and liability have been calculated based on a rate of 25%.

We are closely monitoring the Organisation for Economic Co-operation and Development's Two Pillar Solution to Address the Tax Challenges arising from the Digitalisation of the Economy, which are expected to be enacted in 2022 with application from 1 January 2023. The accounting implications under IAS 12 will be determined when the relevant legislation is available.

C16. Capital

Issued ordinary share capital, share premium and the share-based payment reserve for both the Company and Group are disclosed in Note 25 of the Group financial statements.

C17. Dividends

After the reporting date, the dividend proposed by both Company and Group Directors is disclosed in Note 27 of the Group financial statements.

C18. Commitments

As at 29 January 2022, the Company had entered into contracts to purchase property, plant and equipment as follows:

	2022 £m	2021 £m
Contracted	8.2	8.0

In December 2021, the Company signed a contract with ABG Reebok LLC to license the Reebok brand in various territories. The agreement is subject to terms and conditions and was not effective until after the 29 January 2022 financial year-end. As a result, the Company has not recognised an intangible asset for the use of the brand on the Balance Sheet at 29 January 2022 or a liability for the discounted contractual minimum royalty payments under the initial 10 year term of £73.1 million.

C19. Related Party Transactions and Balances

Transactions and balances with each category of related parties during the period are shown below. Transactions were undertaken in the ordinary course of business on an arm's length basis. Outstanding balances are unsecured (unless otherwise stated) and will be settled in cash.

Transactions with Related Parties Who Are Not Members of the Group

Pentland Group Limited

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

	Income from related parties 2022 £m	Expenditure with related parties 2022 £m	Income from related parties 2021 £m	Expenditure with related parties 2021 £m
Purchase of inventory	-	(18.1)	-	(26.0)
Marketing costs	0.1	-	-	-
Other income	-	(0.1)	-	-

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

C19. Related Party Transactions and Balances (continued)

Transactions with Related Parties Who Are Not Members of the Group (continued)

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

	Amounts owed by related parties 2022 £m	Amounts owed to related parties 2022 £m	Amounts owed by related parties 2021 £m	Amounts owed to related parties 2021 £m
Trade receivables/(payables)	0.1	(0.3)	-	(0.1)

Associates and Joint Ventures

During the period, the Company entered into the following transactions with its associates and joint ventures:

	Income from related parties 2022 £m	Expenditure with related parties 2022 £m	Income from related parties 2021 £m	Expenditure with related parties 2021 £m
Purchase of inventory	-	(5.1)	-	-
Dividends and distributions received	6.9	-	-	-

At the end of the period, the Company had the following balances outstanding with its associates and joint ventures:

	Amounts owed by related parties 2022 £m	Amounts owed to related parties 2022 £m	Income from related parties 2021 £m	Expenditure with related parties 2021 £m
Other receivables	0.2	-	-	-
Trade payables	-	(0.1)	-	-

Other receivables from associates and joint ventures relate to costs incurred by the Company on behalf of these entities, which have then been recharged.

£25,000 of invoices from Cowgill Holloway Business Recovery LLP in respect of professional fees were accrued in the financial year ended 29 January 2022 and paid post year-end (2021: £3,300). Peter Cowgill is indirectly a member of this Limited Liability Partnership through his membership of Cowgill Holloway LLP who are then a member of Cowgill Holloway Business Recovery LLP. Peter Cowgill does not participate in any profit share arrangement relating to either Cowgill Holloway LLP or Cowgill Holloway Business Recovery LLP. In addition, Cowgill Holloway LLP (including member firms of Cowgill Holloway LLP) has acted on behalf of certain vendors where the Group has ultimately completed an acquisition. Where this has occurred, there has been no monetary payments between the Group and Cowgill Holloway LLP (including its member firms).

Transactions with Related Parties Who Are Members of the Group

Subsidiaries

In the disclosure that follows, the Company has applied the exemptions available under FRS 101 in respect of transactions with wholly owned subsidiaries.

Loans represent historic intercompany balances and initial investment in subsidiary undertakings to enable them to purchase other businesses. For subsidiaries with a non-controlling interest, these long-term loans attract interest at the UK base rate plus an applicable margin.

Other intercompany balances and trade receivables/payables relate to:

- the sale and purchase of stock between the Company and its subsidiaries on arm's length terms;
- the charge for the use of the JD IP; and
- recharges for administrative overhead and distribution costs.

Other intercompany balances are settled a month in arrears. These balances do not accrue interest. In certain circumstances where the subsidiaries have not repaid these balances, they have been reclassified to long-term loans, and therefore accrue interest as applicable.

C19. Related Party Transactions and Balances (continued)

Transactions with Related Parties Who Are Members of the Group (continued)

During the period, the Company entered into the following transactions with subsidiaries not wholly owned:

	Income from related parties 2022 £m	Expenditure with related parties 2022 £m	Income from related parties 2021 £m	Expenditure with related parties 2021 £m
Sale/(purchase) of inventory	96.0	(0.9)	150.5	(1.4)
Interest receivable	3.8	-	4.0	-
Dividend income received	9.0	-	3.8	-
Rental income	0.1	-	0.1	-
IP licence fee	38.3	-	28.9	-
Management charge receivable	3.5	-	2.3	-

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

	Amounts owed by related parties 2022 £m	Amounts owed to related parties 2022 £m	Amounts owed by related parties 2021 £m	Amounts owed to related parties 2021 £m
Non-trading loan receivable	85.9	-	50.2	-
Non-trading loan receivable (interest-bearing)	142.4	-	111.5	-
Trade receivables	26.4	-	22.5	-
Other intercompany balances	0.1	(0.1)	-	(3.4)
Income tax group relief	8.0	-	0.6	-

C20. Contingent Liabilities

The activities of the Company are overseen by a number of regulators and, whilst the Company strives to ensure full compliance with all its regulatory obligations, periodic reviews are inevitable which may result in a financial penalty. If the risk of a financial penalty arising from one of these reviews is more than remote but not probable or cannot be measured reliably then the Company will disclose this matter as a contingent liability. If the risk of a financial penalty is considered probable and can be measured reliably then the Company would make a provision for this matter.

CMA Investigation

On 23 September 2021, the Competition and Markets Authority (CMA) launched an investigation under section 25 of the Competition Act 1998 ('CA98') into suspected breaches of competition law by Leicester City Football Club Limited and JD Sports Fashion Plc, together with their affiliates. JD continues to co-operate fully with the CMA. The CMA has not reached a view as to whether there is sufficient evidence of an infringement of competition law for it to issue a statement of objections or, ultimately, an infringement decision, to any party under investigation. Therefore, at this stage, it is not possible to determine with sufficient certainty that a liability will ultimately arise. Indeed, not all cases result in the CMA issuing a statement of objections or an infringement decision. The CMA has indicated that it will publish a further update in September 2022.

Guarantees

Where the Company enters into contracts to guarantee the indebtedness of other companies within its Group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

The Company has provided the following guarantees:

- Guarantee on the working capital facilities and bonds and guarantees in Spodis SA of €1.6 million (2021: €6.6 million).
- Guarantee on the working capital facilities in Kukri Sports Limited and Kukri GB Limited of £1.0 million (2021: £1.0 million).
- Guarantee to Kiddicare Properties Limited in relation to the rental commitments on four stores assigned to Blacks Outdoor Retail Limited. The total value of the remaining rental commitments at 29 January 2022 was £0.2 million (2021: £1.3 million).
- Guarantee on loan facility with HSBC in JD Australia of 1.1 million AUD (2021: 1.1 million AUD).
- Guarantee on rental commitments for JD Sports Fashion BV in relation to warehouse rental costs. The total value of the remaining commitments at 29 January 2022 was £37.1 million (2021: £nil).
- Guarantee on overdraft facility with Lloyds for Tiso Limited of £5.7 million (2021: £5.7 million).

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

C21. Ultimate Parent Company

The immediate parent undertaking is Pentland Group (Trading) Limited, a company registered in England and Wales. R S Rubin and his close family are considered the ultimate controlling party by virtue of their control of Pentland Group Holdings Limited (a company registered in Jersey). Consolidated financial statements will be prepared by Pentland Group Holdings Limited, which is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements for the year ended 31 December 2021. The consolidated financial statements of Pentland Group Holdings Limited can be obtained from the company's registered office at 26 New Street, St Helier, Jersey, JE2 3RA. The consolidated financial statements of JD Sports Fashion Plc are available to the public and may be obtained from The Company Secretary, JD Sports Fashion Plc, Hollinsbrook Way, Pilsworth, Bury, BL9 8RR or online at www.jdplc.com.

C22. Provisions

A provision is recognised in the Consolidated Statement of Financial Position when the Company has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of economic benefits will be required to settle the obligation and the obligation can be estimated reliably.

Property Provision

Within property provisions, management has provided for expected dilapidations on stores and warehouses. This provision covers expected dilapidation costs for any lease considered onerous, any related to stores recently closed, stores which are planned to close or at risk of closure and those under contract but not currently in use. Management maintain all properties to a high standard and carry out repairs whenever necessary during their tenure. Therefore, if there is no risk of closure, any provision would be minimal and management do not consider it necessary to hold dilapidations for these properties.

Other Provision

Included in other provisions is £2.0 million in respect of the CMA's ongoing investigation into the sale of the Rangers FC branded replica football shirts. This provision represents management's best estimate of the liability payable in respect of this matter, including associated legal costs, based on the information available to it at the date of approving these financial statements which includes consideration of the provisional Statement of Objections which the CMA issued on 7 June 2022. The CMA's findings are, at this stage, only provisional and the Company will review them with its advisors. The CMA will consider any representations that are made before issuing its final findings and accordingly the amount to be settled could be materially different to the amount provided. The CMA has not yet confirmed when it will release its final decision on this matter but the Company currently expects to this to occur within 12 months of the date of approval of these financial statements along with any related outflows.

The remaining balance in other provisions is made up of various other trade provisions and legal costs. The provisions are estimated based on accumulated experience, supplier communication and management approved forecasts.

	Property provision £m	Other provision £m	Total £m
Balance at 1 February 2020 and 30 January 2021	-	-	-
Provisions reclassified from accruals	6.5	13.8	20.3
Provisions released during the year	(0.7)	(6.4)	(7.1)
Provisions created during the year	5.3	4.3	9.6
Provisions utilised during the year	(0.2)	(2.8)	(3.0)
Balance at 29 January 2022	10.9	8.9	19.8

The £5.3 million of property provision created in the year relates to the provision for expected dilapidations for the UK Distribution Centre and across a number of stores in the portfolio.

£4.8 million of the other provisions released the year arises following settlement of an ongoing legal case during the year. The £4.3 million of other provisions created in the year relates to various trade provisions and legal costs.

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

	2022 £m	2021 £m
Current	8.9	-
Non-current	10.9	-
	19.8	-

C23. Post Balance Sheet Events

Please refer to Note 34 in the Group accounts for disclosure of the post Balance Sheet events impacting JD Sports Fashion Plc.

FINANCIAL CALENDAR

Annual General Meeting

Friday, 22 July 2022

Period End (52 Weeks)

Saturday, 28 January 2023

SHAREHOLDER INFORMATION

Registered office

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

**Financial advisors
and stockbrokers**

Investec Bank plc
30 Gresham Street
London EC2V 7QP

Peel Hunt LLP
7th Floor
100 Liverpool Street
London EC2M 2AT

Principal bankers

Barclays Bank Plc
43 High Street
Sutton
Surrey SM1 1DR

Solicitors

Addleshaw Goddard LLP
1 St. Peter's Square
Manchester M2 3DE

Linklaters LLP
One Silk Street
London EC2Y 8HQ

Company number

Registered in England
and Wales,
Number 1888425

Financial public relations

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The Adelphi
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London WC2N 6HT

Registrars

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Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Auditor

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

FIVE YEAR RECORD (UNAUDITED)

	53 weeks to 3 February 2018 £m	52 weeks to 2 February 2019 £m	52 weeks to 1 February 2020 £m ^(iv)	52 weeks to 30 January 2021 £m	52 weeks to 29 January 2022 £m
Revenue	3,161.4	4,717.8	6,110.8	6,167.3	8,563.0
Cost of sales	(1,629.8)	(2,474.5)	(3,236.0)	(3,205.7)	(4,355.0)
Gross profit	1,531.6	2,243.3	2,874.8	2,961.6	4,208.0
Selling and distribution expenses	(1,080.5)	(1,632.9)	(2,020.2)	(2,126.4)	(2,808.1)
Administrative expenses - normal	(144.7)	(253.6)	(348.6)	(381.2)	(413.4)
Administrative expenses - exceptional	(12.9)	(15.3)	(90.3)	(97.3)	(292.5)
Administrative expenses	(157.6)	(268.9)	(438.9)	(478.5)	(705.9)
Other operating income	2.4	4.7	10.9	28.3	27.2
Operating profit	295.9	346.2	426.6	385.0	721.2
Before exceptional items	308.8	361.5	516.9	482.3	1,013.7
Exceptional items	(12.9)	(15.3)	(90.3)	(97.3)	(292.5)
Operating profit before financing	295.9	346.2	426.6	385.0	721.2
Financial income	0.6	1.2	1.7	1.5	1.4
Financial expenses	(2.0)	(7.5)	(79.8)	(62.5)	(67.9)
Profit before tax	294.5	339.9	348.5	324.0	654.7
Income tax expense	(58.1)	(75.7)	(97.8)	(94.8)	(195.1)
Profit for the period	236.4	264.2	250.7	229.2	459.6
Attributable to equity holders of the parent	231.9	261.8	246.1	224.3	369.7
Attributable to non-controlling interest	4.5	2.4	4.6	4.9	89.9
Basic earnings per ordinary share ⁽ⁱ⁾	4.77p	5.38p	5.06p	4.61p	7.17p
Adjusted basic earnings per ordinary share ⁽ⁱ⁾⁽ⁱⁱ⁾	5.03p	5.69p	6.85p	6.44p	12.84p
Dividends per ordinary share ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	0.33p	0.34p	0.06p	0.29p	0.35p

(i) Basic and adjusted earnings per ordinary share and dividends per ordinary share have been adjusted to reflect the share sub-division effective 30 November 2021, as if the event had occurred at the beginning of the earliest period presented.

(ii) Adjusted basic earnings per ordinary share is based on earnings excluding the post-tax effect of certain exceptional items (see Note 10).

(iii) Represents dividends declared for the year. Under IFRS, dividends are only accrued when approved.

(iv) 52 weeks to 1 February 2020 reflects the application of IFRS 16 'Leases' for the first time, impacting operating profit and financial expenses.

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