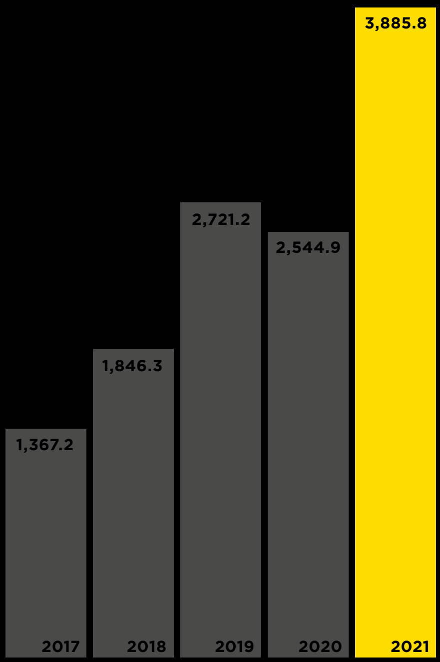
jd sports fashion plc

JD Sports Fashion Plc Half Year Report 2021

FINANCIAL HIGHLIGHTS

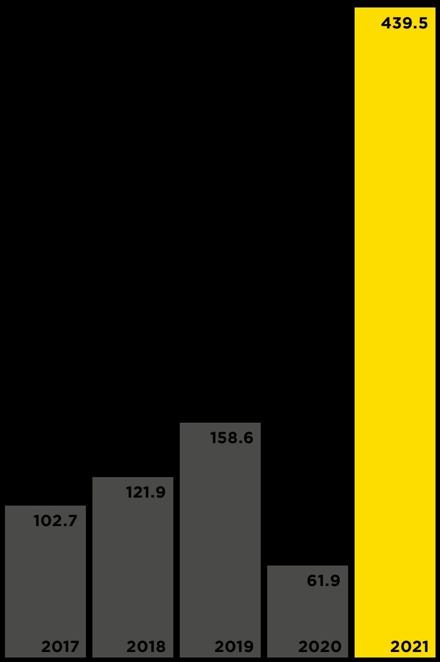
Revenue £m

£3,885.8m



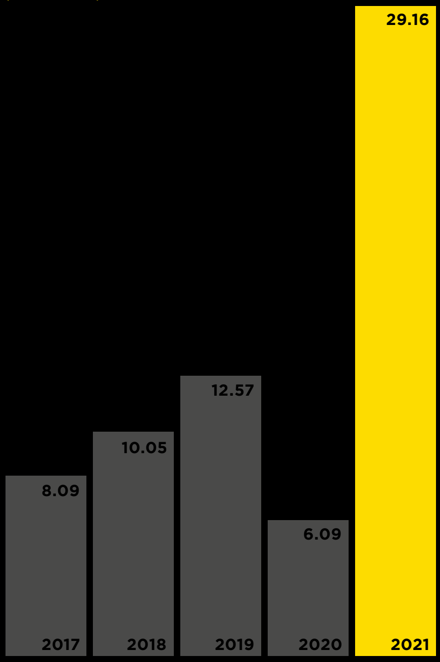
Profit before tax and exceptional items* £m

£439.5m



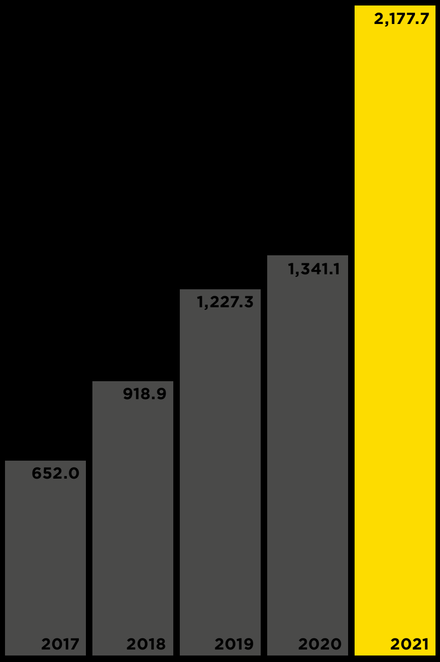
Adjusted basic earnings per ordinary share*
pence (p)

29.16p



Net assets £m

£2,177.7m



* Throughout this Half Year Report '*' indicates the first instance of a term defined and explained in the Alternative Performance Measures section on pages 41-42

WHO WE ARE

Sports Fashion brands

JD
size?
FOOTPATROL
FINISH LINE
SHOEPALACE
DTLR VILLA
LIVESTOCK
Sprinter
SPORT ZONE
PERRY
AKTIESPORT
CHAUSPORT
Sizeer
JD GYMS
TESSUTI
scotts
MAINLINE

Outdoor brands

Blacks
millets
Tiso
GO Outdoors
Ultimate Outdoors
FISHING REPUBLIC
Naylors

Established in 1981 with a single store in the North West of England, JD Sports Fashion Plc is the leading international multichannel retailer of sports, fashion and outdoor brands.

OUR PORTFOLIO

Building our position as the showcase of choice for the global sports fashion industry

SPORTS FASHION

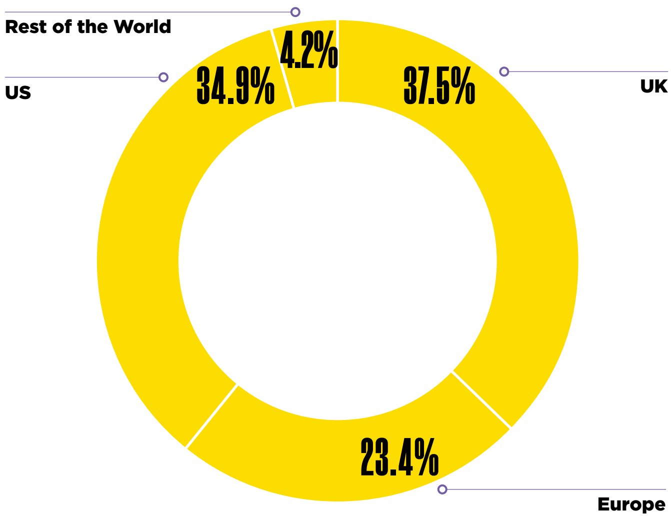
	Stores		000 Sq Ft	
JD UK and ROI	405	(+5)[iii]	1,697	(+28)
JD Europe	349	(+14)	1,035	(+88)
JD Asia Pacific	73	(+4)	305	(+14)
JD US	66	(+17)	277	(+73)
Size?	33	(-)	49	(+1)
Sub total – JD and Size?	**926**	(+40)	**3,363**	(+204)
Fashion UK	153	(-1)	513	(+9)
Other Europe (i)	834	(+403)	3,610	(+749)
Finish Line (own)	446	(-18)	1,497	(-67)
Finish Line (Macy's)	290	(-)	281	(-)
Livestock	4	(-)	8	(-)
Shoe Palace (ii)	166	(-1)	489	(-2)
DTLR Villa	247	(+247)	912	(+912)
Total – Sports Fashion	**3,066**	(+670)	**10,673**	(+1,805)

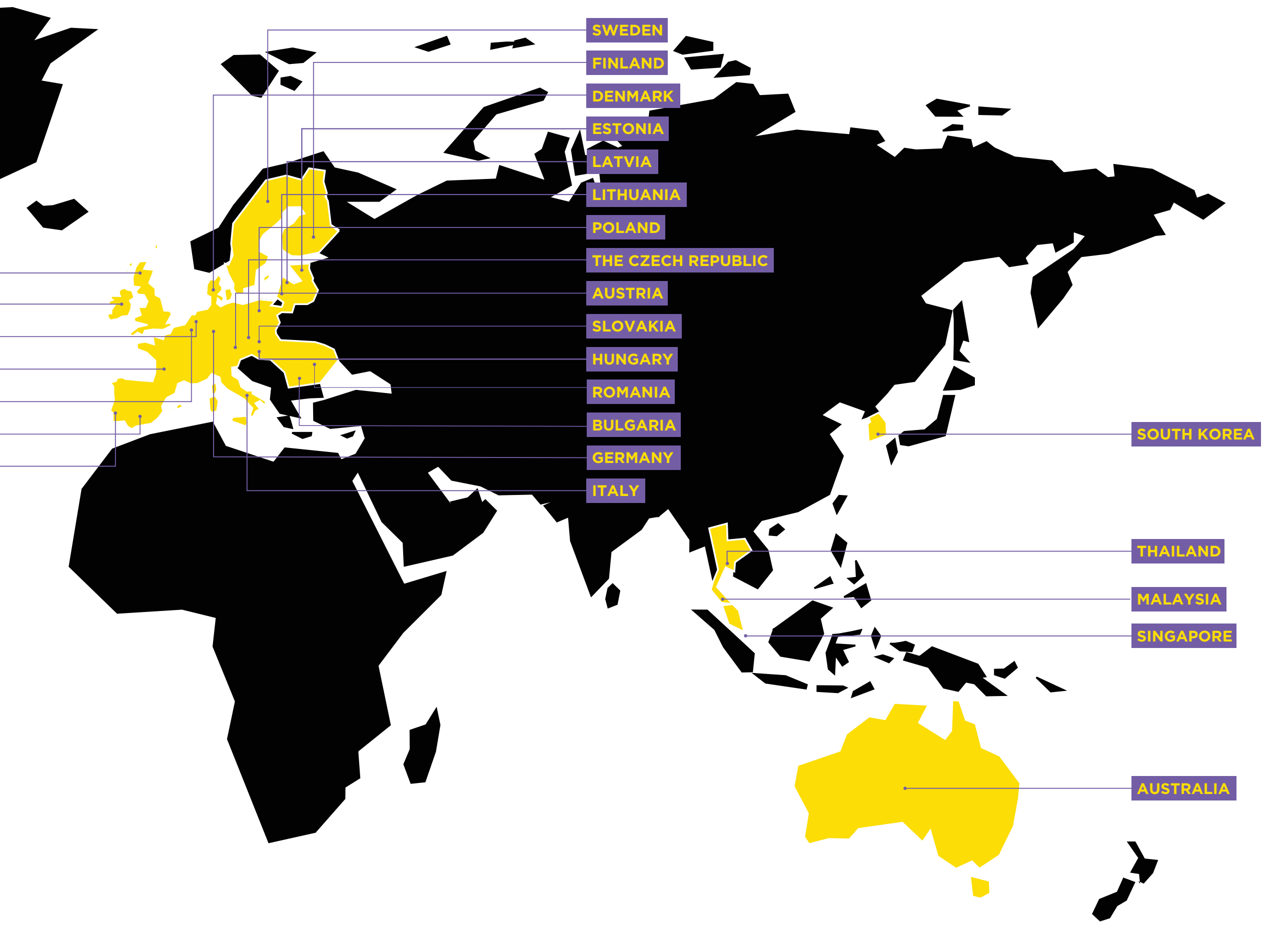
OUTDOORS

	Stores		000 Sq Ft	
Blacks	56	(-1)	201	(-3)
Millets	93	(-)	195	(-)
Ultimate Outdoors	4	(-1)	95	(-18)
Tiso	13	(-)	93	(-)
Go Outdoors	66	(-)	1,880	(-)
Go Fishing	3	(-)	15	(-)
Naylors	3	(-)	25	(-)
Total – Outdoors	**238**	(-2)	**2,504**	(-21)

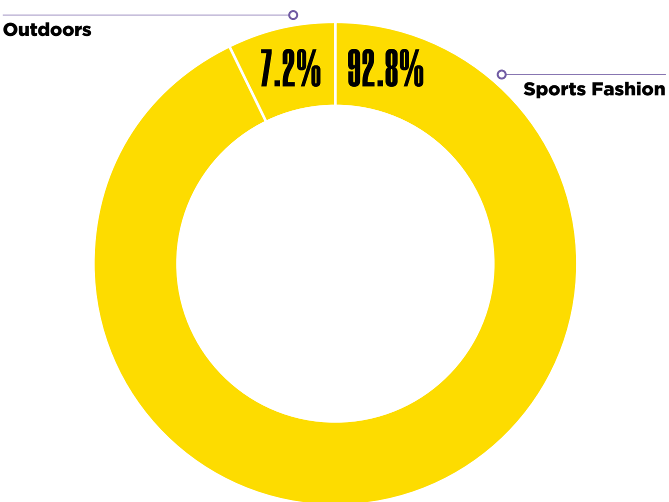
(i) Chausport (France), Sprinter (Spain & the Canary Islands), Sport Zone (Portugal), Perry Sport/Aktiesport (the Netherlands) and MIG (Central & Eastern Europe)
(ii) Includes four stores trading as Nice Kicks
(iii) The figures in brackets show the movement in the six month period ended 31 July 2021

Geographical revenue %

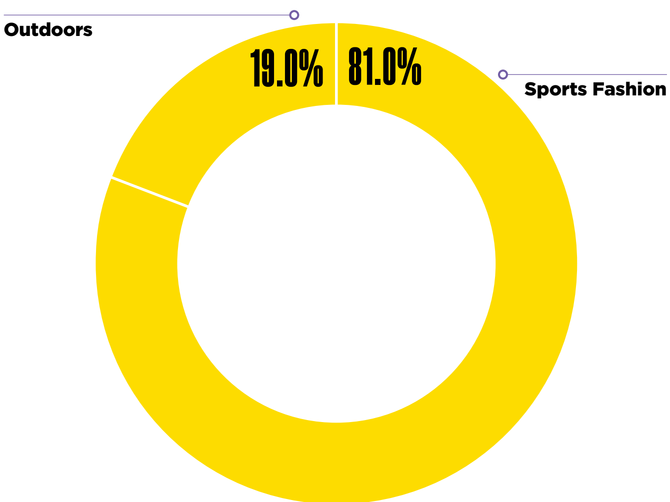




Stores number split %



Store 000 Sq Ft split %



EXECUTIVE CHAIRMAN'S STATEMENT

Group Developments

Introduction

The Group continues to demonstrate outstanding resilience in the face of numerous challenges arising from the continued prevalence of the COVID-19 pandemic in many countries, widespread strain on international logistics and other supply chain challenges, materially lower levels of footfall into stores in many countries after reopening and the ongoing administrative and cost consequences resulting from the loss of tariff free, frictionless trade with the European Union. Given these challenges, the record result that the Group has delivered in the first half with a profit before tax and exceptional items of £439.5 million (2020: £61.9 million; 2019: £158.6 million) is extremely encouraging.

Revenue £m

£3,885.8m

Profit before tax £m

£364.6m

Basic earning per ordinary share p

22.19p

Introduction (continued)

The JD brand is increasingly recognised on a global basis and this result bears testimony to the underlying strength of our business. I would like to express my sincere thanks and gratitude to everyone in all of our Group businesses for their remarkable contribution in delivering these excellent results during such a challenging period.

It is most reassuring that the core JD business in the UK and Republic of Ireland performed strongly in the first half delivering a profit before tax and exceptional items of £170.8 million (2020: £52.0 million; 2019: £114.9 million). The deep connection that JD has built with its consumers in its core market over a number of years means that consumers are comfortable interacting with the business through any channel. However, the successful leveraging of that connection in a period when the demand has been shifting between channels, often with little notice, has only been achieved because JD has built an agile operational infrastructure and has a highly motivated and experienced team who continually rise to the challenge.

This result also includes a particularly strong performance from the Group's banners in the United States which have delivered a combined profit before tax and exceptional items of £245.0 million (2020: £73.4 million; 2019: £35.7 million). This includes a total contribution of £72.9 million from the recently acquired Shoe Palace and DTLR businesses. Consistent with other national retailers in the United States, our businesses benefitted significantly, between mid-March and mid-July, from the fiscal stimulus made available by the Federal Government. Somewhat uniquely, the Federal Government supported its economy through direct payments to individuals which created a short term and very favourable trading environment with substantial like for like growth in stores in this four month period, when compared to 2019, which was the most recent trading period not to be impacted by the pandemic.

Whilst we recognise the positive impact of the fiscal stimulus in the United States, there was still significant competition for the consumers' dollars. The reason why we performed so well in this period is that we have world class fascias and management teams who understand the aspirations and expectations of their specific consumer base, who in turn trust us to curate a product proposition that delivers to their needs. It is clear that 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 its standing with the international brands. In this regard, we are pleased to report further positive developments for the JD fascia in the United States with 66 stores now trading as JD with seven new stores complemented by the conversion of 10 former Finish Line stores. We are encouraged by the sales and margin uplift that we have seen to date on these conversions and it is our intention to convert approximately 25 further Finish Line stores to JD in the second half of the financial year.

Ultimately, 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, with an agile multichannel ecosystem delivering the highest standards of retail execution and consumer experience. This is respected by the international brands who regularly call JD out as a premier global strategic partner.

Significant M&A Transactions

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

80s Casual Classics Limited ('80s Casual Classics')

The acquisition of 80s Casual Classics completed on 2 March 2021 with an initial 70% holding acquired for cash consideration of £14.9 million. Founded in 1993, 80s Casual Classics is an online retailer of heritage and original clothing inspired by the British subculture of the 70s, 80s and 90s. It offers a unique product mix and experience to consumers who look on the much loved classics and genres from the past decades including Indie, Manchester, Rave and various other dance cultures with fond nostalgia. 80s Casual Classics work closely with customers and brands in the re-launch of classic lines collaborating with Ellesse, Fila, Sergio Tacchini and other brands in supplying quality heritage releases and fresh releases based on past styling.

DTLR Villa LLC ('DTLR')

The acquisition of 100% of DTLR completed on 17 March 2021 for cash consideration of $504.4 million. At completion, DTLR, which is based in Baltimore, Maryland, had 247 stores trading primarily as DTLR across 19 states principally in urban areas across the North and East of the United States. DTLR has the support of the international brands to expand its store base further in these markets.

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 the rich connection with their consumer base. There may, however, be opportunities to enhance our collective operational effectiveness and further enhance the consumer experience in the United States by operating collaboratively in certain areas. Accordingly, DTLR has now been transferred to the same sub-group as Finish Line, JD and Shoe Palace. It was always JD's intention for DTLR to be part of this 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.

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

The acquisition of MIG completed on 30 April 2021 with an initial 60% holding acquired for total consideration of 344.7 million Polish Zloty ('PLN') of which 8.5 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 the stores are located in Poland, the Company has also been expanding its reach beyond Poland in recent years and now has 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.

This acquisition also provides the Group with an infrastructure and management team for the development of JD in Central and Eastern Europe with the first store in Poland currently expected to open in the first half of next year.

Deporvillage SL ('Deporvillage')

On 25 June 2021, Iberian Sports Retail Group SL ('ISRG'), the Group's existing intermediate holding company in Spain, exchanged contracts on the conditional acquisition of 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 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 €140.4 million of which €40.4 million has been deferred and will be paid contingent on achieving certain future performance criteria.

Update on 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.

We are very disappointed by this decision as we firmly believed that we had provided compelling 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 as evidenced in their recent public statements.

The Group finds it surprising that these key facts have changed so substantially but the CMA's provisional conclusion has not. In particular, the Group does not understand how the CMA can now acknowledge that JD has no incentive to deteriorate the price, quality, range and service offered at JD after the merger, but then still find that JD would find it commercially rational to worsen the Footasylum retail offer, given that both consumers and brand proprietors expect retailers of premium brands to maintain high standards in retail execution and consumer engagement.

The CMA's findings are, however, provisional and JD remains committed to its transaction goal of improving Footasylum's resources, access to product and differentiated customer proposition. JD will continue to make its case strongly to the CMA before it releases its Final Report, due in October 2021.

Period to 31 July 2021	Sports Fashion		Outdoor		Unall[2]	Total	
	IFRS 16 £m	IAS 17 £m	IFRS 16 £m	IAS 17 £m	£m	**IFRS 16 £m**	**IAS 17 £m**
Revenue	3,650.6	3,650.6	235.2	235.2	–	**3,885.8**	**3,885.8**
Gross profit %	48.8%	48.8%	44.3%	44.3%	–	**48.5%**	**48.5%**
EBITDA	722.2	538.1	24.2	16.2	–	**746.4**	**554.3**
Depreciation	(245.2)	(77.3)	(10.6)	(3.2)	–	**(255.8)**	**(80.5)**
Amortisation[1]	(17.2)	(17.2)	(1.7)	(1.7)	–	**(18.9)**	**(18.9)**
Operating profit	459.8	443.6	11.9	11.3	–	**471.7**	**454.9**
Net interest expense	(27.7)	–	(1.1)	–	(3.4)	**(32.2)**	**(3.4)**
Profit / (loss) before tax and exceptional items	432.1	443.6	10.8	11.3	(3.4)	**439.5**	**451.5**
Exceptional items	(74.9)	(74.9)	–	–	–	**(74.9)**	**(74.9)**
Profit / (loss) before tax	357.2	368.7	10.8	11.3	(3.4)	**364.6**	**376.6**

Period to 1 August 2020	Sports Fashion		Outdoor		Unall[2]	Total	
	IFRS 16 £m	IAS 17 £m	IFRS 16 £m	IAS 17 £m	£m	**IFRS 16 £m**	**IAS 17 £m**
Revenue	2,402.4	2,402.4	142.5	142.5	–	**2,544.9**	**2,544.9**
Gross profit %	45.9%	45.9%	40.5%	40.5%	–	**45.6%**	**45.6%**
EBITDA	333.1	157.8	3.9	(8.9)	–	**337.0**	**148.9**
Depreciation	(220.8)	(65.3)	(16.9)	(4.0)	–	**(237.7)**	**(69.3)**
Amortisation[1]	(2.9)	(2.9)	(1.0)	(1.0)	–	**(3.9)**	**(3.9)**
Operating profit / (loss)	109.4	89.6	(14.0)	(13.9)	–	**95.4**	**75.7**
Net interest expense	(27.8)	–	(2.8)	–	(2.9)	**(33.5)**	**(2.9)**
Profit / (loss) before tax and exceptional items	81.6	89.6	(16.8)	(13.9)	(2.9)	**61.9**	**72.8**
Exceptional items	–	–	(20.4)	(27.9)	–	**(20.4)**	**(27.9)**
Profit / (loss) before tax	81.6	89.6	(37.2)	(41.8)	(2.9)	**41.5**	**44.9**

1 This is a non-trading charge relating to the amortisation of various fascia names and brand names which arise consequent to the accounting of acquisitions made over a number of years.
2 The Group consider that net funding costs are cross divisional in nature and cannot be allocated between the segments on a meaningful basis.

Sports Fashion Revenue £m

£3,650.6m

Sports Fashion Profit before tax and exceptional items £m

£432.1m

Sports Fashion

UK and Republic of Ireland

JD & Size?

There was robust consumer demand in our core UK and Republic of Ireland market throughout the period. During the closure period in the Spring approximately 90% of the combined store and online revenues from 2019, which was the last time we traded free from restrictions, were retained through solely digital channels. This represented an improvement on the prior year when the sales retention relative to 2019 was approximately 70% and is a reflection of the enhanced flexibility that we have built into our operational infrastructure in the last year.

There was some pent-up demand when the stores reopened with footfall initially broadly at 2019 levels. However, with conversion significantly ahead of 2019, this resulted in an exceptional like for like growth in stores through April and May, when measured against 2019, of more than 30%. These footfall levels were relatively short lived though with traffic into stores over June and July typically 20% lower than 2019. However, the higher levels of conversion have remained and so, consequently, the stores have continued to trade positively over the last two months of the period with like for like growth relative to 2019 of more than 5%. Revenues through digital channels remain at elevated levels as compared to the period prior to the pandemic with sales in the trading websites representing approximately 30% of total sales since the stores reopened. 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 these historic levels.

We continue to take opportunities to invest in our retail estate where it will further enhance our consumer proposition with a net increase of five stores in the period, which included a store in the new St James Quarter in Edinburgh.

Premium Fashion

As with the core JD fascia, there was a high level of sales retention in the period 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 driving like for like growth in stores through April and May of more than 15% compared to 2019. Again, as with JD, the performance slowed in the last two months of the period with lower footfall through the Summer although higher conversion has ensured that trade in stores is in line with previous levels.

Gyms

Gyms in England were permitted to reopen on 12 April with gyms in Scotland and Wales following on 26 April and 3 May respectively. A number of restrictions were placed on gyms initially, including constraints on capacity and a prohibition on group classes and the use of saunas. These restrictions have all now been lifted.

After opening a further five gyms in the period, the Group now operates from 74 sites with 54 sites trading as JD, including 19 which formerly operated under the Xercise4less ('X4L') banner. A further 20 sites were still bannered as X4L at the period end, of which eight are now in the process of being converted to JD. 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 19 converted sites to date increasing by more than 20%.

Europe

JD & Size?

The COVID-19 pandemic and the loss of tariff free, frictionless trade with the European Union have combined to create a challenging operational environment. The most significant disruption was seen in the principal Northern Europe markets of France, Germany and the Netherlands where stores were forced to close fully for a number of weeks. Elsewhere, there was not the same outright closure period in our principal Southern Europe markets of Spain and Italy with trading restrictions implemented on a regional basis. However, when the stores in these markets were permitted to operate, the levels of footfall were significantly lower than pre-pandemic levels with restrictions on customer capacity and trading hours.

All markets are currently trading normally with the last market to reopen being Germany where the stores did not reopen fully until mid-June. We are particularly encouraged by the initial performance after reopening in France, Italy and the Netherlands where stronger conversion has offset lower footfall resulting in like for like growth in stores, compared to 2019, of more than 10%. More recently, the performance in Iberia has also begun to step up consistent with the progressive re-emergence of tourism across Spain and Portugal.

In those Northern Europe markets which suffered full closures, the average retention of sales solely through digital channels in the closure period was around 80% (2020: 60%) with overall growth in digital sales across Europe for the period, when compared to 2019, of more than 150%. Whilst the Group is actively engaged in a number of projects to expand its

European logistics infrastructure, online orders in the period were largely fulfilled from the Group's principal Kingsway warehouse with incremental costs of around £20 million arising from the additional administration and duty costs that now exist consequent to the UK's new trading arrangements with the European Union. From a longer term perspective though, it is encouraging that there is a broadening base of consumers in Europe who are comfortable engaging with JD through any channel.

The current operational challenges are very much temporary in nature and we retain our belief in the long term opportunity across Europe. Accordingly, we remain committed to expanding our physical retail presence in Europe with a headline target of opening one store per week on average. Restrictions placed on construction activity in a number of markets constrained the number of stores that we were able to open during the first half, although we have opened 14 net new stores to date.

Sprinter & Sport Zone

As with JD, our Sprinter stores in Spain were largely able to remain open throughout the period although, periodically, there were restrictions placed on them in terms of trading hours or customer capacity. There was 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.

The Sport Zone stores in Portugal were closed in the first quarter and reopened in May. The improvement in performance of the business under the Sprinter management team has continued in the period.

Asia Pacific

Trading restrictions have impacted all of our markets in the Asia Pacific region at some stage of the period with ongoing closures currently in the principal Australian markets of Victoria and New South Wales. Prior to the recent closures in Australia, our overall position in the country had strengthened further with the opening of a further four stores. There are now 34 JD stores in Australia with fitting out of the first store in New Zealand, at Sylvia Park in Auckland, also now completed although the opening has been delayed following the re-introduction of COVID-19 related restrictions in the Auckland area.

North America

The stores in the United States have largely traded free from any restrictions in the first half with all of our businesses benefitting from an exceptional, but temporary, boost to trading from the second round of stimulus introduced by the Federal Government. As with the first round of stimulus in the prior year, this economic support was given directly to individuals, focussing on lower earning members of the population.

Finish Line & JD

Given the focus of the stimulus, it is not surprising that it has primarily been the physical stores which have been the beneficiary of the additional trading with strong like for like growth in stores between March and June compared to 2019. During this period, the participation of sales from digital channels dropped from the pre-pandemic level of around 30% to 25%. The benefit of the stimulus has now started to subside with the recent sales performance more in line with the performance in prior years and online participation back around the 30% level.

As with the first round of stimulus in the prior year, this strong demand has resulted in sector-wide lower inventory levels and, consequently, there was significantly less promotional activity in the first half than previous years with a notable increase in gross margins.

There were 66 stores trading as JD at the end of the period with seven new stores complementing the conversion of a further 10 former Finish Line stores. We are pleased with the sales uplift that we have seen to date in the converted stores and we intend to convert approximately 25 further Finish Line stores to JD in the second half although the exact number will depend on the receipt of timely planning consent. We remain confident in the potential for JD in the United States with sales from apparel ranges continuing to gain momentum and the flagship store in Times Square enhancing both our recognition and our reputation with consumers and our brand partners.

Shoe Palace

The Shoe Palace business has also performed well in the favourable trading environment provided by the Federal stimulus with store sales, which historically have represented more than 90% of total sales, growing by more than 30% compared to the same proforma period in 2019 and total gross margins increasing by 1.9%.

At acquisition in December 2020, the business had 167 stores with one small store closed during the period. Shoe Palace has the support of the international brands to open additional stores focussing on the Spanish speaking communities on the West Coast and in the Southern border states.

DTLR

Completion of the acquisition on 17 March 2021 coincided with the introduction of the Federal stimulus with DTLR's core consumer very representative of the demographic that was the target of the support. As with our other fascias in the United States, it was the stores which were the main beneficiary with like for like sales in physical retail growing by more than 40% compared to the same proforma period in 2019 and a significant increase in gross margins.

At acquisition in March 2021, the business had 247 stores with three new stores opening and three stores closing before the period end. DTLR also has the support of the international brands to open additional stores in future years focussing on their core markets in the North and East of the United States.

Size?

During the period, the Group opened its first Group fascia store in Canada with a new Size? store on Queen Street West in Toronto. This has been complemented by the launch of a Size? trading website in the country. We also anticipate opening the first JD store in Canada during the second half.

Financial Performance

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 first half with a profit before tax and exceptional items of £432.1 million (2020: £81.6 million). On a proforma basis under IAS 17 'Leases' the profit before tax and exceptional items would have been £443.6 million (2020: £89.6 million).

The United States was again the Group's most profitable territory with a combined profit before tax and exceptional items across the three businesses of £245.0 million (2020: £73.4 million for Finish Line alone) which included excellent contributions of £36.8 million for the full 26 week period from Shoe Palace and £36.1 million for the part period post acquisition from DTLR. The exceptional progress that we have made in our original Finish Line business in the three years since the acquisition completed in June 2018 is reflected in the fact that Finish Line increased its profit before tax and exceptional items for the first half by more than 130% to £172.1 million (2020: £73.4 million). Elsewhere, our core JD business in the UK and Republic of Ireland also delivered a record result for the first half with a profit before tax and exceptional items of £170.8 million (2020: £52.0 million).

Overall gross margins increased within Sports Fashion by 2.9%. This is largely due to a stronger margin in the United States with the strong demand from the fiscal stimulus resulting in lower levels of promotional activity in the overall market compared to previous years.

After recognising exceptional items in the period of £74.9 million (2020: £nil) principally relating to a net increase in the fair value of the liabilities in respect of the Group's various future put and call options combined with costs associated with a restructuring of the Chausport business in France, the profit before tax in Sports Fashion was £357.2 million (2020: £81.6 million).

Outdoor

Our Outdoor businesses have had a much improved first half capitalising on the current strong demand for outdoor living and cycling categories, with an elevated demand currently for holidays in the UK combined with a general recognition of the physical and mental health benefits that come from spending time outdoors. Whilst we are encouraged by our performance in the period, we do recognise that the current popularity of domestic holidays may be temporary although, by no means did our businesses achieve their full potential in the period, 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.

Elsewhere our programme of works to enhance the profile of certain categories such as fishing and equestrian has gained momentum with the opening of 16 additional Fishing Republic concessions in key locations combined with the opening of the first Naylors equestrian concession in Kidderminster.

Financial Performance

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 first half with total sales of £235.2 million (2020: £142.5 million). Further, previous work to enhance the operational integration of the businesses through common merchandising systems and shared commercial resources has also now started to pay dividends with overall gross margins increasing by 3.8%.

The combination of revenue and margin progression meant that Outdoor returned to profitability in the period delivering a profit before exceptional items of £10.8 million (2020: loss of £16.8 million). There were no exceptional items in the period (2020: charge of £20.4 million) which means that the profit before tax in Outdoor was also £10.8 million (2020: loss of £37.2 million).

Supply Chain Developments & Brexit

UK

The warehouse at Kingsway, Rochdale has been the Group's primary facility for the UK and Europe since 2012 and, even allowing for a programme of continual investments, some of the original equipment, which was largely focussed on the picking of product for stores, will start to approach the end of its natural useful life over the next few years. A programme of works to update this equipment would require sections of the facility to be effectively decommissioned for periods of time. However, as sales from online channels are

Outdoor Revenue £m

£235.2m

Outdoor Profit before tax and exceptional items £m

£10.8m

likely to remain at the current elevated levels and the processing of large quantities of small volume orders for online is very space intensive, we have concluded that there is insufficient spare capacity at the site, particularly at peak periods, to accommodate an upgrade programme without risking service levels. We are also mindful that the activity in our warehouses may be constrained for some time yet through the requirement to operate with some form of social distancing.

Consequently, the Group has concluded that it needs additional warehousing capacity in the UK which can be dedicated to the fulfilment of online orders. In the short term, this additional capacity will be provided by Clipper Logistics Plc who are providing a range of logistics operations, including warehousing and e-fulfilment. This is presently considered to be a temporary solution though and the Group has now exchanged contracts on a long term lease on a new 515,000 sqft facility in Derby which will be used exclusively to fulfil online orders in the UK. This facility, which is being constructed to the latest environmental standards including rainwater harvesting and electric vehicle (EV) charging infrastructure, is scheduled to be handed over for fitting out later this year. Detailed selection programmes for warehouse management systems and specialist automation equipment for processing large volumes of online orders are underway with initial go live anticipated for the site by Autumn 2022 although it will be early 2023 before the site is fully operational.

We would currently estimate capital investment of approximately £70 million on the new site in Derby over the next two years to deliver this initial programme of works of which approximately £35 million is expected to be incurred in this financial year. The Kingsway facility will then largely focus on the provision of product to the JD stores in the UK although it will also have spare capacity to fulfil online orders for the JD fascia in the UK at peak periods.

Western Europe (including the Republic of Ireland)
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. There is also a significantly enhanced administrative burden and whilst our operational systems have been configured to sort stocks as required by the Customs Authorities and to produce the necessary documentation in the right format, this does not guarantee that goods flow freely into the EU, with an unexpectedly high proportion of trailers stopped at the border for detailed manual checking. This can add several days on to delivery timelines but, until a particular trailer is pulled for inspection, we do not know which specific deliveries will be impacted.

We have been able to reduce our exposure to the adverse consequences of Brexit through our 80,000 sqft third party warehouse in Southern Belgium which opened in Autumn 2020 and is functioning very effectively. This site is already receiving stocks and fulfilling a large proportion of the core ranges and fastest moving lines required for stores in Mainland Europe. However, it does not provide a solution for online orders. Therefore, to complement this facility in Southern Belgium, we have now signed a short term lease on a 115,000 sqft facility which is located in Lille, Northern France which will be dedicated to processing online orders for a number of countries across Mainland Europe. The fit out of this site and installation of Group systems has now commenced with customer orders beginning to be fulfilled from this site ahead of the peak trading period.

As our business in Western Europe increases in scale and complexity, we are looking to build a cost effective, service orientated supply network which can support business growth both in stores and online. The first stage of this is a larger permanent facility which will have the capacity to process substantially all of the volume required for our stores and online orders in Western Europe. In this regard, we are currently finalising legal contracts for the lease of a 620,000 sqft facility in Heerlen, South East Netherlands. Construction of this facility has now commenced with the site scheduled to be handed over in the second half of 2022 for initial fitting out. We would hope to begin fulfilling from this site on a small scale manual basis in the second half of 2023 although the current long lead times on the supply of warehouse automation equipment means that it will likely be mid-2024 before a more automated solution is available and the site is fully operational. We currently estimate that capital expenditure of approximately £100 million will be incurred before Summer 2024 to bring the site into full operational use with the majority of this spend being incurred in the period between Summer 2022 and Summer 2024.

Longer term, this facility will likely be complemented by smaller regional hubs near major urban areas to further enhance the service and delivery options to consumers.

Elsewhere, our new 65,000 sqft warehouse near Dublin will begin receiving stock from suppliers shortly which will facilitate the supply of product to stores and fulfilment of online orders in the Republic of Ireland ahead of the peak trading period.

Financial Performance

Revenue and 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. Ultimately, total revenue for the Group for the first half increased to £3,885.8 million (2020: £2,544.9 million) with a number of recently acquired businesses included in the first half results for the first time:

- Shoe Palace (completed 14 December 2020): Revenues of £204.8 million for the full 26 week period
- DTLR (completed 17 March 2021): Revenues of £192.5 million for the part period post acquisition
- MIG (completed 30 April 2021): Revenues of £64.5 million for the part period 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 £127.8 million to £953.3 million (2020: £825.5 million). There was also a very robust performance from the core JD business in the UK and Republic of Ireland where revenues increased by £323.1 million to £1,008.3 million (2020: £685.2 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 first half increased strongly to 48.5% (2020: 45.6%) largely due to a stronger margin in the United States where gross margins increased significantly to 49.7% (2020: 44.5%) 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 first time with profit before tax and exceptional items increasing to £439.5 million (2020: £61.9 million). This included contributions for the first time from:

- Shoe Palace (completed 14 December 2020): Profit of £36.8 million for the full 26 week period
- DTLR (completed 17 March 2021): Profit of £36.1 million for the part period post acquisition
- MIG (completed 30 April 2021): Profit of £7.4 million for the part period post acquisition

Elsewhere, Finish Line increased its profit before tax and exceptional items for the first half by more than 130% to £172.1 million (2020: £73.4 million) with the core JD business in the UK and Republic of Ireland also delivering a record result for the first half with a profit before tax and exceptional items of £170.8 million (2020: £52.0 million).

There were exceptional items in the period of £74.9 million (2020: £20.4 million) principally from the movement in the fair value of the liabilities in respect of future put and call options:

	2021 £m	2020 £m
Movement in fair value of put and call options[1]	59.1	–
Restructuring of Spodis SA[2]	15.8	–
Restructuring of Go Outdoors[3]	–	20.4
Total exceptional charge	74.9	20.4

1 Movement in the fair value of the liabilities in respect of put and call options (Genesis Holdings Inc: Charge of £65.0m, Other: Credit of £5.9m). The increase in the fair value of the put and call options attributable to the Genesis Holdings Inc. put option liability is as a direct result of the transfer of DTLR into the Genesis sub-group.

2 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 £10.3 million.

3 The net impact consequent to the restructuring of Go Outdoors in the prior year including a charge of £33.3 million in relation to the impairment of intangible assets, a charge of £4.9 million in relation to the impairment of leasehold improvements and a credit of £17.8 million in relation to the extinguishment of lease commitments (the credit in relation to the extinguishment of lease commitments under IAS 17 'Leases' was £10.3 million).

Group profit before tax ultimately increased to £364.6 million (2020: £41.5 million).

Group Revenue £m

£3,885.8m

Profit Before Tax and Exceptional Items £m

£439.5m

Proforma Results Under IAS 17 'Leases'

On a proforma basis under IAS 17 'Leases', the headline profit before tax and exceptional items to 31 July 2021 for the Group would have been £12.0 million higher at £451.5 million (2020: £10.9 million higher at £72.8 million). After exceptional items totalling £74.9 million (2020: £27.9 million), the profit before tax on the same proforma basis would have been £376.6 million (2020: £44.9 million).

Cash and Working Capital

The net cash balance at the end of the period was £995.1 million (2020: £764.9 million) which is stated net of £15.8 million ($21.9 million) due to be paid to the Mersho Brothers by December 2021, with no conditionality or dependence on performance criteria, in relation to deferred consideration on the acquisition of Shoe Palace.

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. The Group continues to use its very strong cash resources to fund its development opportunities with cash consideration paid on completed acquisitions in the new year to date (net of cash acquired) of £375.1 million (2020: £32.0 million).

Net inventories at the end of the period were £996.7 million (2020: £764.7 million) which includes £155.9 million of inventories in businesses which have been acquired since 1 August 2020. Period end inventories in the combined Finish Line and JD business in the United States of $175.5 million were approximately 8% lower than the previous year (2020: $191.3 million) but approximately 5% higher than the previous year end (January 2021: $167.7 million). As with other retailers in the United States, we did experience some minor delays during the period in receiving product due to delays at ports, but this has not constrained the overall financial performance with the flow of product into the business through the period keeping pace with the strong demand.

Gross capital expenditure (excluding disposal costs) increased to £83.5 million (2020: £52.3 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 £42.0 million (2020: £33.8 million). Including initial spend on the new warehouses at Derby and Heerlen, we now anticipate that capital expenditure for the full year will be in the range of £200 million to £225 million (52 weeks to 30 January 2021: £132.0 million).

Dividends and Earnings per Ordinary Share

The Board is cognisant that the Group has delivered an excellent result for the first half and that the Group's international operations, particularly those in the United States, have made a very significant contribution to this profitability and so, ordinarily, the Board would be recommending the payment of an interim dividend. However, the Board also recognises the potential for further restrictions on trading through the usual peak trading period prior to Christmas.

After careful consideration, the Board has decided that it is not appropriate to pay an interim dividend. However, the Board will consider paying a larger final dividend although a final decision on this will be subject to the performance of the Group over the full year to 29 January 2022, taking into account the consequences of any potential further restrictions on trading.

Store Portfolio

During the period, store numbers have moved as follows:

Sports Fashion	Period Start	New Stores	Transfers	Acquired	Closures	Period End
UK & Republic of Ireland						
JD	400	6	–	–	(1)	**405**
Size?	23	–	–	–	–	**23**
Fashion	154	3	–	3	(7)	**153**
UK & Republic of Ireland	**577**	**9**	**-**	**3**	**(8)**	**581**
Europe						
JD	335	21	–	–	(7)	**349**
Size?	10	–	–	–	(1)	**9**
Other Europe(i)	431	9	–	410	(16)	**834**
Europe	**776**	**30**	**-**	**410**	**(24)**	**1,192**
North America						
JD	49	7	10	–	–	**66**
Finish Line: Own	464	–	(10)	–	(8)	**446**
Finish Line: Macy's	290	–	–	–	–	**290**
Shoe Palace(ii)	167	–	–	–	(1)	**166**
DTLR Villa	–	3	–	247	(3)	**247**
Livestock	4	–	–	–	–	**4**
Size?	–	1	–	–	–	**1**
North America	**974**	**11**	**-**	**247**	**(12)**	**1,220**
Asia Pacific						
JD	69	6	–	–	(2)	**73**
Total Sports Fashion	**2,396**	**56**	**-**	**660**	**(46)**	**3,066**

(i) Chausport (France), Sprinter (Spain & Canary Islands), Sport Zone (Portugal), Perry Sport / Aktiesport (the Netherlands) and Marketing Investment Group S. A. (Central and Eastern Europe)
(ii) Includes four stores trading as Nice Kicks

Outdoor	Period Start	New Stores	Closures	Period End
Blacks	57	–	(1)	**56**
Millets	93	–	–	**93**
Ultimate Outdoors	5	–	(1)	**4**
Tiso	13	–	–	**13**
Go Outdoors	66	–	–	**66**
Go Fishing	3	–	–	**3**
Naylors	3	–	–	**3**
Total Outdoor	**240**	**-**	**(2)**	**238**

People

We continue to be indebted to all of our teams in our different territories for their positive attitude in embracing the new ways of working required as a consequence of COVID-19. Whilst the Group's stores in Europe and North America are largely trading without restrictions at this time, the current situation in parts of Asia and Australia, combined with the delay to the opening of the Group's first store in New Zealand, reminds us that the challenges and risks associated with COVID-19 have not gone away. The Board reaffirms that the safety of our colleagues and our consumers has been and will always be our number one priority.

Kickstart Scheme

The Group is working closely 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. Under this scheme, the Group is committed to recruiting approximately 1,200 young people who will join the Group for an initial period of six months during which time they gain vital skills and experience and it is our hope that many will then stay with our business longer term and take advantage of the many career development opportunities that are available within the Group. We are very proud to be working with the Department of Work and Pensions and The Prince's Trust on this positive initiative which has attracted national media attention and has also been publicly supported by Anthony Joshua through his social media channels.

Governance Matters

Board Composition

Andrew Leslie and Martin Davies, who was also the Senior Independent Non-Executive Director on the Board, stepped down from the Board during the period and we thank them both for their valued contribution to the Group over several years. Andy Rubin, Deputy Chairman of Pentland Group Ltd, also stepped down and was replaced by Andy Long who is also an Executive Director of Pentland Group Ltd.

The Board is making significant progress in its process to recruit additional Non-Executive Directors including the appointment of an appropriately experienced Chair of the Audit Committee. When considering candidates, the Board is mindful that the blend of skills and experience should reflect not just the increased market capitalisation of the Group but also, critically, an ability to positively contribute to the global development and momentum. In this regard, the Group is delighted that Bert Hoyt, who for many years, prior to his recent retirement, was Head of Europe for Nike, has joined the Board with effect from 8 September 2021. His experience with international brand operations will be invaluable to the Group as it continues to enhance its global position. The Board also wishes to state that it fully supports the initiatives driven by the Hampton-Alexander Review and the Parker Review and acknowledges the need to create additional diversity within its membership.

In addition, the Board has confirmed that it is intending to divide the current joint role of Executive Chairman and Chief Executive Officer before the next Annual General Meeting. This process has my full support and I remain absolutely committed to the Group.

Audit Tender

The Group has now 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. Shareholders have already approved the re-appointment of KPMG to report on the results to 29 January 2022 and, subject to approval by shareholders at the 2022 Annual General Meeting, KPMG will also 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.

Current Trading and Outlook

We remain absolutely confident that our inherent strengths in retail dynamics and operations provide us with a robust platform to make further progress. However, the unique nature of the trading seen in the year to date, particularly in the United States, means that it is not appropriate to use an extrapolation of the first half results as the basis for guiding future performance. Further, we remain cautious about both the potential for further restrictions on trading through the usual peak trading period prior to Christmas.

At this time, we are generally encouraged by our performance in the first few weeks of the second half although retail footfall remains comparatively weak in many countries. Assuming a prudent but realistic set of assumptions for the peak trading period ahead which take into account the absence of stimulus in the United States for the second half of the year, in addition to current industry-wide supply chain challenges, we presently anticipate delivering a headline profit before tax for the full year of at least £750 million.

We next intend to provide an update on trading in early January after our key Christmas trading period.

Peter Cowgill
Executive Chairman

14 September 2021

FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENT

For the 26 weeks to 31 July 2021

	Note	**26 weeks to 31 July 2021 £m**	26 weeks to 1 August 2020 £m	52 weeks to 30 January 2021 £m
Revenue		**3,885.8**	2,544.9	6,167.3
Cost of sales		**(2,000.6)**	(1,383.4)	(3,205.7)
Gross profit		**1,885.2**	1,161.5	2,961.6
Selling and distribution expenses – normal		**(1,206.7)**	(913.0)	(2,126.4)
Administrative expenses – normal		**(220.1)**	(164.9)	(381.2)
Administrative expenses – exceptional	3	**(74.9)**	(20.4)	(97.3)
Administrative expenses		**(295.0)**	(185.3)	(478.5)
Sales commission		**5.3**	9.1	15.2
Other operating income		**8.0**	2.7	13.1
Operating profit		**396.8**	75.0	385.0
Before exceptional items		**471.7**	95.4	482.3
Exceptional items	3	**(74.9)**	(20.4)	(97.3)
Operating profit		**396.8**	75.0	385.0
Financial income		**0.5**	0.7	1.5
Financial expenses		**(32.7)**	(34.2)	(62.5)
Profit before tax		**364.6**	41.5	324.0
Income tax expense	4	**(87.8)**	(14.4)	(94.8)
Profit for the period		**276.8**	27.1	229.2
Attributable to equity holders of the parent		**228.7**	37.5	224.3
Attributable to non-controlling interest		**48.1**	(10.4)	4.9
Basic earnings per ordinary share	6	**22.19p**	3.85p	23.05p
Diluted earnings per ordinary share	6	**22.19p**	3.85p	23.05p

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 26 weeks to 31 July 2021

	26 weeks to 31 July 2021 £m	26 weeks to 1 August 2020 £m	52 weeks to 30 January 2021 £m
Profit for the period	**276.8**	27.1	229.2
Other comprehensive income:			
Items that may be classified subsequently to the Consolidated Income Statement:			
Exchange differences on translation of foreign operations	**(33.3)**	25.5	(20.0)
Total other comprehensive income for the period	**(33.3)**	25.5	(20.0)
Total comprehensive income and expense for the period (net of income tax)	**243.5**	52.6	209.2
Attributable to equity holders of the parent	**212.8**	58.5	200.7
Attributable to non-controlling interest	**30.7**	(5.9)	8.5

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2021

	As at 31 July 2021 £m	As at 1 August 2020 £m	As at 30 January 2021 £m
Assets			
Intangible assets	**1,208.5**	404.6	819.7
Property, plant and equipment	**2,590.8**	2,243.5	2,316.4
Other assets	**56.8**	62.9	63.2
Investment in associate	**59.0**	2.6	2.7
Deferred tax assets	**21.0**	–	40.6
Total non-current assets	**3,936.1**	2,713.6	3,242.6
Inventories	**996.7**	764.7	813.7
Trade and other receivables	**214.7**	193.8	141.2
Cash and cash equivalents	**1,304.7**	1,078.1	964.4
Total current assets	**2,516.1**	2,036.6	1,919.3
Total assets	**6,452.2**	4,750.2	5,161.9
Liabilities			
Interest-bearing loans and borrowings	**(275.3)**	(251.6)	(120.9)
Lease liabilities	**(291.6)**	(273.4)	(301.8)
Trade and other payables	**(1,243.7)**	(1,171.8)	(1,102.0)
Provisions	**(0.6)**	–	(0.7)
Income tax liabilities	**(5.2)**	(24.1)	(29.5)
Total current liabilities	**(1,816.4)**	(1,720.9)	(1,554.9)
Interest-bearing loans and borrowings	**(34.3)**	(61.6)	(48.1)
Lease liabilities	**(1,863.4)**	(1,517.7)	(1,628.0)
Other payables	**(493.8)**	(99.1)	(374.4)
Provisions	**(4.6)**	–	(5.1)
Deferred tax liabilities	**(62.0)**	(9.8)	(55.0)
Total non-current liabilities	**(2,458.1)**	(1,688.2)	(2,110.6)
Total liabilities	**(4,274.5)**	(3,409.1)	(3,665.5)
Total assets less total liabilities	**2,177.7**	1,341.1	1,496.4
Capital and reserves			
Issued ordinary share capital	**2.5**	2.4	2.4
Share premium	**467.5**	11.7	11.7
Retained earnings	**1,769.6**	1,283.2	1,560.8
Other reserves	**(418.2)**	(19.6)	(336.2)
Total equity attributable to equity holders of the parent	**1,821.4**	1,277.7	1,238.7
Non-controlling interest	**356.3**	63.4	257.7
Total equity	**2,177.7**	1,341.1	1,496.4

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 26 weeks to 31 July 2021

	Ordinary share capital £m	Share premium £m	Retained earnings £m	Other equity £m	Foreign currency translation reserve £m	**Total equity attributable to equity holders of the parent £m**	Non-controlling interest £m	**Total equity £m**
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	–	–	228.7	–	–	**228.7**	48.1	**276.8**
Other comprehensive income:								
Exchange differences on translation of foreign operations	–	–	–	–	(15.9)	**(15.9)**	(17.4)	**(33.3)**
Total other comprehensive income	–	–	–	–	(15.9)	**(15.9)**	(17.4)	**(33.3)**
Total comprehensive income for the period	–	–	228.7	–	(15.9)	**212.8**	30.7	**243.5**
Dividends to equity holders	–	–	(14.9)	–	–	**(14.9)**	(1.8)	**(16.7)**
Put options held by non-controlling interest	–	–	–	(66.1)	–	**(66.1)**	–	**(66.1)**
Share capital issued[1]	0.1	455.8	–	–	–	**455.9**	–	**455.9**
Divestment of non-controlling interest	–	–	(5.0)	–	–	**(5.0)**	48.0	**43.0**
Non-controlling interest arising on acquisition	–	–	–	–	–	**–**	21.7	**21.7**
Balance at 31 July 2021	**2.5**	**467.5**	**1,769.6**	**(374.5)**	**(43.7)**	**1,821.4**	**356.3**	**2,177.7**

For the 26 weeks to 1 August 2020

	Ordinary share capital £m	Share premium £m	Retained earnings £m	Other equity £m	Foreign currency translation reserve £m	**Total equity attributable to equity holders of the parent £m**	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	–	–	37.5	–	–	**37.5**	(10.4)	**27.1**
Other comprehensive income:								
Exchange differences on translation of foreign operations	–	–	–	–	21.0	**21.0**	4.5	**25.5**
Total other comprehensive income	–	–	–	–	21.0	**21.0**	4.5	**25.5**
Total comprehensive income for the period	–	–	37.5	–	21.0	**58.5**	(5.9)	**52.6**
Dividends to equity holders	–	–	–	–	–	**–**	(1.0)	**(1.0)**
Non-controlling interest arising on acquisition	–	–	–	–	–	**–**	0.3	**0.3**
Balance at 1 August 2020	**2.4**	**11.7**	**1,283.2**	**(36.4)**	**16.8**	**1,277.7**	**63.4**	**1,341.1**

(1) 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 placed at an issue price of 795 pence per share, raising proceeds of £455.9 million (net of £8.3 million share issue costs).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the 26 weeks to 31 July 2021

	Note	**26 weeks to 31 July 2021 £m**	26 weeks to 1 August 2020 £m	52 weeks to 30 January 2021 £m
Cash flows from operating activities				
Profit for the period		**276.8**	27.1	229.2
Income tax expense	4	**87.8**	14.4	94.8
Financial expenses		**32.7**	34.2	62.5
Financial income		**(0.5)**	(0.7)	(1.5)
Depreciation and amortisation of non-current assets		**265.1**	241.6	499.2
Forex (gains) / losses on monetary assets and liabilities		**(3.1)**	17.1	3.6
Impairment of other intangibles and non-current assets (non-exceptional)		**9.6**	–	8.7
Loss on disposal of non-current assets		**1.5**	0.2	1.2
Other exceptional items	3	**69.4**	(17.8)	2.9
Impairment of goodwill and fascia names (exceptional)	3	**–**	33.3	89.5
Impairment of property, plant and equipment (exceptional)	3	**5.5**	4.9	4.9
Share of profit of equity-accounted investees, net of tax		**(1.4)**	–	–
(Increase) / decrease in inventories		**(79.2)**	57.7	63.5
(Increase) / decrease in trade and other receivables		**(62.1)**	(36.1)	46.2
Increase in trade and other payables		**2.5**	248.6	150.8
Interest paid		**(3.9)**	(3.6)	(7.6)
Lease interest		**(28.8)**	(30.6)	(54.9)
Income taxes paid		**(111.0)**	(27.2)	(130.4)
Net cash from operating activities		**460.9**	563.1	1,062.6
Cash flows from investing activities				
Interest received		**0.5**	0.7	1.5
Proceeds from sale of non-current assets		**2.4**	0.4	2.1
Investment in software		**(5.8)**	(8.9)	(19.1)
Acquisition of property, plant and equipment		**(77.7)**	(41.5)	(105.2)
Acquisition of non-current other assets		**–**	(1.9)	(7.7)
Acquisition of subsidiaries, net of cash acquired		**(375.1)**	(32.0)	(206.3)
Net cash used in investing activities		**(455.7)**	(83.2)	(334.7)
Cash flows from financing activities				
(Repayment) / drawdown of interest-bearing loans and borrowings	9	**(207.5)**	269.1	51.6
Repayment of lease liabilities	9	**(163.2)**	(146.2)	(285.2)
Drawdown of syndicated banking facility	9	**176.3**	–	–
Proceeds received from issue of shares		**455.9**	–	–
Subsidiary shares issued in the period		**–**	–	0.3
Acquisition and divestment of non-controlling interests		**43.0**	–	(5.2)
Dividends paid to non-controlling interest in subsidiaries		**(1.8)**	(1.0)	(1.2)
Net cash provided by / (used in) financing activities		**302.7**	121.9	(239.7)
Net increase in cash and cash equivalents	9	**307.9**	601.8	488.2
Cash and cash equivalents at the beginning of the period	9	**948.7**	460.3	460.3
Foreign exchange gains on cash and cash equivalents	9	**2.4**	6.7	0.2
Cash and cash equivalents at the end of the period	9	**1,259.0**	1,068.8	948.7

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Preparation

JD Sports Fashion Plc (the 'Company') is a company incorporated and domiciled in the United Kingdom. The unaudited half year financial report for the 26 week period to 31 July 2021 represents that of the Company and its subsidiaries (together referred to as 'the Group').

This half year financial report is an interim management report as required by DTR 4.2.3 of the Disclosure and Transparency Rules of the UK's Financial Conduct Authority and was authorised for issue by the Board of Directors on 14 September 2021.

The condensed set of financial statements included in this half year financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting'. The annual financial statements of the Group are prepared in accordance with international financial reporting standards ('IFRSs') adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The comparative figures for the 52 week period to 30 January 2021 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group's Auditor and delivered to the Registrar of Companies. The Report of the Auditor was (i) unqualified, (ii) did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 of the Companies Act 2006.

The information contained in the half year financial report for the 26 week period to 31 July 2021 and 1 August 2020 has been reviewed and the independent review report for the 26 week period to 31 July 2021 is set out on page 39.

As required by the Disclosure and Transparency Rules of the UK's Financial Conduct Authority, the half year financial report has been prepared by applying the same accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the 52 week period to 30 January 2021.

Adoption of New and Revised Standards

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

Amendment to IFRS 16 'Leases' COVID-19 Related Rent Concessions

This amendment to IFRS 16 provided an accounting policy choice for lessees where a COVID-19 related rent concession had been received or granted from a landlord. The Group has elected not to account for COVID-19 related rent concessions under the amendment effective from 1 June 2020. The Group instead continues to remeasure right of use assets and lease liabilities following the lease modification definitions within IFRS 16 as originally issued, recalculating using a revised discount rate where applicable.

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

Alternative Performance Measures

The Directors measure the performance of the Group based on a range of financial measures, including measures not recognised by international financial reporting standards ('IFRSs') adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. These alternative performance measures may not be directly comparable with other companies' alternative performance measures and the Directors do not intend these to be a substitute for, or superior to, IFRS measures.

The Directors believe that these alternative performance measures assist in providing additional useful information on the underlying performance of the Group. Alternative performance measures are also used to enhance the comparability of information between reporting periods, by adjusting for exceptional items, which could distort the understanding of the performance for the period. Further information can be found at the end of these interim results.

Use of Estimates and Judgements

The preparation of interim financial statements 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.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the 52 week period to 30 January 2021 with one exception. The estimation uncertainty relating to the determination of the fair value of assets and liabilities on the acquisition of Shoe Palace in the 52 week period to 30 January 2021 was replaced with the following source of estimation uncertainty:

1. Basis of Preparation (continued)

Use of Estimates and Judgements (continued)

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 (see Note 7). 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 to publicly disclosed licensing transactions related to the retail of sportswear and footwear.

Footasylum

On 2 September 2021, the Competition and Markets Authority ('CMA') announced that it has again provisionally prohibited the Group's acquisition of Footasylum Limited ('Footasylum'). As these findings are provisional and the CMA Final Report is not due until October 2021, the Group has not made any changes to the presentation of Footasylum in these interim results.

Risks and Uncertainties

The Board has considered the risks and uncertainties for the remaining 26 week period to 29 January 2022 and determined that the risks presented in the Annual Report and Accounts 2021 noted below, remain relevant:

- Key suppliers and brands
- Intellectual property
- Warehouse operations
- Environmental – climate change
- Environmental – biodiversity, resources and water security
- Social – human rights, labour standards and responsibility
- Governance – anti-corruption, risk management, regulatory and compliance
- Retail property factors
- IT systems
- Cyber security
- COVID-19
- Personnel
- Treasury and financial

A major variable, and therefore risk, to the Group's financial performance for the remainder of the financial period is the sales and margin performance in the retail fascias, particularly in December and January. Further comment on this and other risks and uncertainties faced by the Group is provided in the Executive Chairman's statement included within this half year financial report.

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 through any channel.

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

At 31 July 2021, the Group had net cash balances of £995.1 million (30 January 2021: £795.4 million) with available committed UK borrowing facilities of £700 million (30 January 2021: £700 million) of which £176.3 million (30 January 2021: £nil) has been drawn down and US facilities of approximately $300 million of which $nil was drawn down (30 January 2021: $nil). These facilities are subject to certain covenants. With a UK facility of £700 million available up to 6 November 2024 and a US facility of approximately $300 million available up until 18 June 2023, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

1. Basis of Preparation (continued)

Going Concern (continued)

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

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

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

Other Accounting Policies

Payroll Support

Payroll 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', payroll support across the Group of £29.9 million has been shown as a deduction from employed staff costs in the period ended 31 July 2021.

2. Segmental Analysis

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

Information reported to the Chief Operating Decision Maker is focussed on the nature of the businesses within the Group.

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

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

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

The Board considers that certain items are cross divisional in nature and cannot be allocated between the segments on a meaningful basis. Net funding costs and taxation are treated as unallocated reflecting the nature of the Group's syndicated borrowing facilities and its tax group. Drawdowns from the Group's syndicated borrowing facility of £176.3 million (2020: £190.0 million) and net liabilities for taxation of £46.2 million (2020: £33.9 million) are included within the unallocated segment.

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

2. Segmental Analysis (continued)

Business Segments

Information regarding the Group's operating segments for the 26 weeks to 31 July 2021 is reported below:

Income statement

	Sports Fashion £m	Outdoor £m	Unallocated £m	**Total £m**
Revenue	3,650.6	235.2	–	**3,885.8**
Operating profit before exceptional items	459.8	11.9	–	**471.7**
Exceptional items	(74.9)	–	–	**(74.9)**
Operating profit	384.9	11.9	–	**396.8**
Financial income	–	–	0.5	**0.5**
Financial expenses	(27.7)	(1.1)	(3.9)	**(32.7)**
Profit / (loss) before tax	357.2	10.8	(3.4)	**364.6**
Income tax expense				**(87.8)**
Profit for the period				**276.8**

Total assets and liabilities

	Sports Fashion £m	Outdoor £m	Unallocated £m	Eliminations £m	**Total £m**
Total assets	6,201.1	375.7	21.0	(145.6)	**6,452.2**
Total liabilities	(3,824.8)	(351.8)	(243.5)	145.6	**(4,274.5)**
Total segment net assets / (liabilities)	**2,376.3**	**23.9**	**(222.5)**	**-**	**2,177.7**

The comparative segmental results for the 26 weeks to 1 August 2020 are as follows:

Income statement

	Sports Fashion £m	Outdoor £m	Unallocated £m	**Total £m**
Revenue	2,402.4	142.5	–	**2,544.9**
Operating profit / (loss) before exceptional items	109.4	(14.0)	–	**95.4**
Exceptional items	–	(20.4)	–	**(20.4)**
Operating profit / (loss)	109.4	(34.4)	–	**75.0**
Financial income	–	–	0.7	**0.7**
Financial expenses	(27.8)	(2.8)	(3.6)	**(34.2)**
Profit / (loss) before tax	81.6	(37.2)	(2.9)	**41.5**
Income tax expense				**(14.4)**
Profit for the period				**27.1**

Total assets and liabilities

	Sports Fashion £m	Outdoor £m	Unallocated £m	Eliminations £m	**Total £m**
Total assets	4,572.0	268.3	–	(90.1)	**4,750.2**
Total liabilities	(3,068.7)	(206.6)	(223.9)	90.1	**(3,409.1)**
Total segment net assets / (liabilities)	**1,503.3**	**61.7**	**(223.9)**	**-**	**1,341.1**

2. Segmental Analysis (continued)

Geographical Information

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

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

Revenue

	26 weeks to 31 July 2021 £m	26 weeks to 1 August 2020 £m
UK	**1,458.9**	963.2
Europe	**908.0**	622.5
United States	**1,357.3**	834.3
Rest of world	**161.6**	124.9
	3,885.8	2,544.9

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

The following is an analysis of the carrying amount of segmental non-current assets by the geographical area in which the assets are located. Taxation is treated as unallocated, reflecting the nature of the Group's tax group.

Non-current assets

	As at 31 July 2021 £m	As at 1 August 2020 £m
UK	**1,111.2**	1,089.4
Europe	**1,135.0**	1,040.7
United States	**1,553.2**	464.0
Rest of world	**115.7**	119.5
Unallocated	**21.0**	-
	3,936.1	2,713.6

3. Exceptional Items

	26 weeks to 31 July 2021 £m	26 weeks to 1 August 2020 £m	52 weeks to 30 January 2021 £m
Impairment of goodwill and fascia names(1)	**-**	-	56.2
Movement in fair value of put and call options(2)	**59.1**	-	20.7
Restructuring of Spodis(3)	**15.8**	-	-
Restructuring of Go Outdoors(4)	**-**	20.4	20.4
Administrative expenses – exceptional	**74.9**	20.4	97.3

(1) The impairment in the prior period principally constitutes a charge of £55.6 million relating to the impairment of the goodwill and fascia name arising in prior years on the acquisition of Footasylum.

(2) Movement in the fair value of the liabilities in respect of the put and call options (Genesis Holdings Inc: Charge of £65.0m, Other: Credit of £5.9 million). The increase in the fair value of the put and call options attributable to the Genesis Holdings Inc. put option liability is as a direct result of the transfer of DTLR into the Genesis sub-group.

(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 £10.3 million.

(4) 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. The credit in relation to lease commitments under IAS 17 'Leases' was £10.3 million.

Items (1) and (2) are exceptional items as they are considered unusual in nature and not reflective of the underlying trading and profitability of the Group. Items (3) and (4) are presented as exceptional items as these costs relate to one off projects.

4. Income Tax Expense

	26 weeks to 31 July 2021 £m	26 weeks to 1 August 2020 £m	52 weeks to 30 January 2021 £m
Current tax			
UK corporation tax at 19% (2020: 19%)	**91.2**	17.9	129.8
Adjustment relating to prior periods	**(0.8)**	3.4	(3.6)
Total current tax charge	**90.4**	21.3	126.2
Deferred tax			
Deferred tax (origination and reversal of temporary differences)	**(2.6)**	(2.5)	(28.0)
Adjustment relating to prior periods	**–**	(4.4)	(3.4)
Total deferred tax credit	**(2.6)**	(6.9)	(31.4)
Income tax expense	**87.8**	14.4	94.8

5. Dividends

After the reporting date the following dividends were proposed by the Directors. The dividends were not provided for at the reporting date.

	26 weeks to 31 July 2021 £m	26 weeks to 1 August 2020 £m	52 weeks to 30 January 2021 £m
Nil per ordinary share (1 August 2020: nil, 30 January 2021: 1.44p)	**–**	–	14.9

Dividends on Issued Ordinary Share Capital

	26 weeks to 31 July 2021 £m	26 weeks to 1 August 2020 £m	52 weeks to 30 January 2021 £m
Final dividend of nil (2020: nil) per qualifying ordinary share paid in respect of prior period but not recognised as a liability in that period	–	–	–
Interim dividend of nil per qualifying share paid in respect of the 26 week period to 31 July 2021 (1 August 2020: nil, 30 January 2021: nil)	–	–	–
	–	–	–

6. Earnings Per Ordinary Share

Basic and Diluted Earnings per Ordinary Share

The calculation of basic and diluted earnings per ordinary share at 31 July 2021 is based on the profit for the period attributable to equity holders of the parent of £228.7 million (26 weeks to 1 August 2020: £37.5 million; 52 weeks to 30 January 2021: £224.3 million). On 3 February 2021 the Company completed the placing of 58,393,989 new ordinary shares. The admission of the Placing Shares to trading on the main market took place on 8 February 2021. The weighted average number of ordinary shares outstanding during the 26 weeks to 31 July 2021 was 1,030,664,611 (26 weeks to 1 August 2020: 973,233,160; 52 weeks to 30 January 2021: 973,233,160).

	26 weeks to 31 July 2021 Number	26 weeks to 1 August 2020 Number	52 weeks to 30 January 2021 Number
Issued ordinary shares at beginning of period	**973,233,160**	973,233,160	973,233,160
Ordinary shares issued on 3 February 2021	**58,393,989**	–	–
Issued ordinary shares at end of period	**1,031,627,149**	973,233,160	973,233,160

6. Earnings Per Ordinary Share (continued)

Adjusted Basic and Diluted Earnings per Ordinary Share

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

	26 weeks to 31 July 2021 £m	26 weeks to 1 August 2020 £m	52 weeks to 30 January 2021 £m
Profit for the period attributable to equity holders of the parent	**228.7**	37.5	224.3
Exceptional items excluding loss on disposal of non-current assets	**74.9**	20.4	97.3
Tax relating to exceptional items	**(3.0)**	1.4	(8.3)
Profit for the period attributable to equity holders of the parent excluding exceptional items	**300.6**	59.3	313.3
Basic and diluted earnings per ordinary share	**22.19p**	3.85p	23.05p
Adjusted basic and diluted earnings per ordinary share	**29.16p**	6.09p	32.19p

7. Acquisitions

Current Period Acquisitions

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 £14.9 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 £8.5 million is best considered as goodwill representing future operating synergies.

Included in the 26 week period ended 31 July 2021 is revenue of £6.0 million and a profit before tax of £1.8 million in respect of 80s CC.

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 ('DTLR'), via a wholly owned intermediate holding company in the United States. Total cash paid was $504.4 million, split between $244.4 million debt funding and $260.0 million equity funding, of which $88.2 million was used to repay external debt and legal fees.

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 United States.

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 EBITDA 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 provisional 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 £3.5 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 £202.2 million is best considered as goodwill on acquisition representing future operating synergies. Due to the proximity of the date of acquisition and the interim period end, it has not been possible to present a final goodwill calculation or the final fair values of the assets and liabilities acquired. The provisional goodwill calculation is summarised on the next page.

7. Acquisitions (continued)

Current Period Acquisitions (continued)

DTLR Villa LLC (continued)

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 United States and parent company of the sub-group which contains the 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 United States 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 is 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 will effectively be disposing of a proportion of its investment in DTLR to the four Mersho 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 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.

	Book value £m	Measurement adjustments £m	**Provisional 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	(0.1)	**53.6**
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**
Trade and other payables	(37.6)	–	**(37.6)**
Bank loans and overdrafts	(140.2)	–	**(140.2)**
Deferred tax liability	(3.3)	(21.9)	**(25.2)**
Lease liabilities	(11.8)	(128.1)	**(139.9)**
Corporation tax	0.4	–	**0.4**
Net identifiable assets	**48.5**	**49.2**	**97.7**
Goodwill on acquisition			**202.2**
Consideration paid – satisfied in cash			**299.9**

Included in the 26 week period ended 31 July 2021 is revenue of £192.5 million and a profit before tax of £36.1 million in respect of DTLR.

7. Acquisitions (continued)

Current Period Acquisitions (continued)

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 344.7 million Polish Zloty ('PLN'). Total consideration comprises 336.2 million PLN cash consideration and 8.5 million PLN of deferred consideration that is subject to customary closing conditions and expected to be paid in 2022.

MIG operates 410 stores on acquisition along with the associated trading websites in nine countries in Central and Eastern Europe.

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 EBITDA 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 provisional 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 £40.6 million is best considered as goodwill on acquisition representing future operating synergies. Due to the proximity of the date of acquisition and the interim period end, it has not been possible to present a final goodwill calculation or the final fair values of the assets and liabilities acquired. The provisional goodwill calculation is summarised below:

	Book value £m	Measurement adjustments £m	**Provisional fair value at 30 April 2021 £m**
Acquiree's net assets at acquisition date:			
Intangible assets	1.8	29.2	**31.0**
Property, plant and equipment	16.6	–	**16.6**
Other non-current assets	1.1	–	**1.1**
Right of use assets	–	12.5	**12.5**
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**
Trade and other payables	(57.7)	1.7	**(56.0)**
Bank loans and overdrafts	(27.0)	–	**(27.0)**
Deferred tax asset / (liability)	1.0	(5.5)	**(4.5)**
Lease liabilities	–	(12.5)	**(12.5)**
Corporation tax	0.1	–	**0.1**
Net identifiable assets	**16.4**	**24.6**	**41.0**
Non-controlling interest (40%)	(6.6)	(9.8)	**(16.4)**
Goodwill on acquisition			**40.6**
Consideration – satisfied in cash			**63.6**
Consideration – deferred			**1.6**
Total consideration			**65.2**

Included in the 26 week period ended 31 July 2021 is revenue of £64.5 million and a profit before tax of £7.4 million in respect of MIG.

7. Acquisitions (continued)

Current Period Acquisitions (continued)

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 is achieved. Forecasts were provided at acquisition which indicated that Missy Empire would meet the performance criteria for the maximum contingent consideration to be payable and therefore the provisional fair value of the contingent consideration recognised on acquisition was £2.2 million. The inherent uncertainty in forecasting during the COVID-19 pandemic has been considered and it is the intention that the provisional fair value of the contingent consideration will be reviewed and updated as required for the financial period ending 29 January 2022.

Included within the provisional fair value of the net identifiable assets on acquisition is an intangible asset of £2.3 million representing the Missy Empire fascia name. The Board believes that the excess of consideration paid over net assets on acquisition of £11.6 million is best considered as goodwill on acquisition representing future operating synergies. Due to the proximity of the date of acquisition and the interim period end, it has not been possible to present a final goodwill calculation or the final fair values of the assets and liabilities acquired.

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 EBITDA multiple, a suitable discount rate and approved forecasts and the initial liability of £6.2 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 in the 26 week period ended 31 July 2021 is revenue of £1.2 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. As at the date of acquisition, the provisional fair value of the contingent consideration was £nil.

Included within the provisional 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 £10.3 million is best considered as goodwill on acquisition representing future operating synergies. Due to the proximity of the date of acquisition and the interim period end, it has not been possible to present a final goodwill calculation or the final fair values of the assets and liabilities acquired.

Included in the 26 week period ended 31 July 2021 is revenue of £1.8 million and a reported loss of £0.1 million in respect of WatchShop.

Other Acquisitions

During the period, the Group made other acquisitions which were 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 26 week period to 31 July 2021 would have been £4.0 billion and £356.1 million respectively.

Acquisition Costs

Acquisition related costs amounting to £5.6 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.

7. Acquisitions (continued)

Prior Period Acquisitions

Onepointfive Ventures Limited trading as Livestock ('Livestock')

On 10 February 2020, the Group acquired 100% of the issued share capital of Onepointfive Ventures Limited DBA Livestock ('Livestock') through a newly established Canadian holding company (JDSF Holdings (Canada) Inc.) ('Holdco'). Based in Vancouver, this business and its management will provide the platform to develop JD Group fascias in Canada.

Consideration was comprised of £7.0 million in cash, of which £0.6 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 26 week period ended 31 July 2021 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)**
Corporation tax	(0.3)	–	**(0.3)**
Net identifiable (liabilities) / assets	**(0.5)**	**0.9**	**0.4**
Goodwill on acquisition			**8.4**
Consideration – satisfied in cash			**6.4**
Consideration – fair value of shares issued			**1.8**
Consideration – deferred (paid June 2021)			**0.6**
Total consideration			**8.8**

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.

7. Acquisitions (continued)

Prior Period Acquisitions (continued)

X4L Gyms Limited

On 22 July 2020, X4L Gyms Limited, a 100% owned subsidiary of JD Gyms Limited acquired certain assets of Wright Leisure Limited t/a Xercise4less following the Group being placed into administration on the same date.

Xercise4less is a UK-based value-gym chain with 50 operational clubs at the date of administration. The Company offers high-quality, low-cost contract and non-contract memberships to its members from large operational facilities nationwide.

The Board believes that Xercise4Less further strengthens the Group's presence in the growing UK fitness market with the acquisition providing immediate reach to a wider membership base as well as facilitating the Group's presence as a key player in the market. Xercise4less is a well-established business with a wealth of knowledge in the UK fitness market which the Board believes will be complementary to JD Gyms. The Board also believes that there will be significant operational and strategic benefits from a combination of the two businesses.

The Board believes the excess of cash consideration paid over the net identifiable assets on acquisition of £14.2 million is best considered as goodwill representing future operating synergies.

No measurement adjustments have been made during the 26 week period ended 31 July 2021 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.

Shoe Palace Corporation and Nice Kicks LLC

On 14 December 2020, JD Sports Fashion Plc's wholly owned intermediate holding company in the United States, Genesis Holdings, acquired 100% of the issued shares in 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 $672.9 million, comprising $316.7 million of cash consideration (of which $100 million was deferred as at the date of acquisition) and $356.2 million, being the initial fair value of this equity in the enlarged group in the United States calculated using an EBITDA multiple and approved forecasts. Post acquisition, $78.1 million of the deferred consideration has been settled to date with the remaining $21.9 million due by December 2021.

Additionally, several put and call options, to enable future exit opportunities for the minority interest have also been agreed, which commence after the end of the financial year to 1 February 2025. A valuation of these put options has been performed using an EBITDA multiple, a suitable discount rate and approved forecasts and the initial liability of £261.6 million 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.

7. 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 £410.1 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 period ended 31 July 2021 which resulted in changes to the measurement adjustments. The changes made were not significant in nature or value, with updated values presented in the table below:

	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	10.6	(2.1)	**8.5**
Trade and other payables – current	(64.2)	6.4	**(57.8)**
Trade and other payables – non-current	(9.5)	9.5	**–**
Deferred tax liability	–	(32.8)	**(32.8)**
Lease liabilities	(139.8)	–	**(139.8)**
Net identifiable assets	**11.5**	**96.0**	**107.5**
Goodwill on acquisition			**410.1**
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, Russia, Ukraine, 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 period ended 31 July 2021 which resulted in changes to the measurement adjustments. The changes made were not significant in nature or value.

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.

7. 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.

8. Financial instruments

Fair Value of Financial Instruments
The fair value of put options are calculated by management based on the contractual agreement, Board forecasts and an appropriate discount rate in order to calculate present value.

The fair value of forward exchange contracts is calculated by management based on external valuations received from the Group's bankers and is based on forward exchange rates and anticipated future interest yield respectively.

For interest bearing loans and borrowings, the notional amount is deemed to reflect the fair value.

Fair Value Hierarchy
As at 31 July 2021, the Group held the following financial instruments carried at fair value on the Statement of Financial Position:

(a) Foreign exchange forward contracts – non-hedged

(b) Put and call options

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

At 31 July 2021	Carrying amount £m	Level 1 £m	Level 2 £m	Level 3 £m
Loans and receivables				
Deposits	**37.6**	–	37.6	–
Cash and cash equivalents	**1,304.7**	–	1,304.7	–
Financial assets at fair value through profit or loss				
Foreign exchange forward contracts – non-hedged	**0.3**	–	0.3	–
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts – non-hedged	**(4.0)**	–	(4.0)	–
Contingent consideration	**(5.7)**	–	–	(5.7)
Other financial liabilities				
Interest-bearing loans and borrowings – current	**(275.3)**	–	(275.3)	–
Interest-bearing loans and borrowings – non-current	**(34.3)**	–	(34.3)	–
Put options held by non-controlling interests	**(491.1)**	–	–	(491.1)

8. Financial instruments (continued)

At 1 August 2020	Carrying amount £m	Level 1 £m	Level 2 £m	Level 3 £m
Loans and receivables				
Deposits	**40.6**	–	40.6	–
Cash and cash equivalents	**1,078.1**	–	1,078.1	–
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts – non-hedged	**(34.9)**	–	(34.9)	–
Other financial liabilities				
Interest-bearing loans and borrowings – current	**(251.6)**	–	(251.6)	–
Interest-bearing loans and borrowings – non-current	**(61.6)**	–	(61.6)	–
Put options held by non-controlling interests	**(73.2)**	–	–	(73.2)

At 30 January 2021	Carrying amount £m	Level 1 £m	Level 2 £m	Level 3 £m
Loans and receivables				
Deposits	**41.0**	–	41.0	–
Cash and cash equivalents	**964.4**	–	964.4	–
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts – non-hedged	**(20.7)**	–	(20.7)	–
Other financial liabilities				
Interest-bearing loans and borrowings – current	**(120.9)**	–	(120.9)	–
Interest-bearing loans and borrowings – non-current	**(48.1)**	–	(48.1)	–
Put options held by non-controlling interests	**(365.9)**	–	–	(365.9)

9. Analysis of Net Cash

	At 30 January 2021 £m	On acquisition of subsidiaries £m	Cashflow £m	Non-cash movements £m	At 31 July 2021 £m
Cash at bank and in hand	964.4	120.5	217.4	2.4	**1,304.7**
Overdrafts	(15.7)	(23.2)	(6.8)	–	**(45.7)**
Cash and cash equivalents	**948.7**	**97.3**	**210.6**	**2.4**	**1,259.0**
Interest-bearing loans and borrowings:					
Bank loans	(84.4)	(140.3)	155.5	(1.5)	**(70.7)**
Syndicated bank facility	–	–	(176.3)	–	**(176.3)**
Other loans	(68.9)	–	52.0	–	**(16.9)**
Net cash / (financial debt)	**795.4**	**(43.0)**	**241.8**	**0.9**	**995.1**
Lease liabilities	(1,929.8)	(207.9)	163.2	(180.5)	**(2,155.0)**
Net debt	**(1,134.4)**	**(250.9)**	**405.0**	**(179.6)**	**(1,159.9)**

10. Related Party Transactions and Balances

Transactions and balances with 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.

During the period, the Group entered into the following transactions with related parties who are not members of the Group.

	Income from related parties 26 weeks to 31 July 2021 £m	**Expenditure with related parties 26 weeks to 31 July 2021 £m**	Income from related parties 26 weeks to 1 August 2020 £m	Expenditure with related parties 26 weeks to 1 August 2020 £m
Pentland Group Plc				
Sale of inventory	**0.3**	**–**	1.3	–
Purchase of inventory	**–**	**(20.0)**	–	(10.2)
Royalty costs	**–**	**(5.1)**	–	(2.2)
Other costs	**–**	**(0.6)**	–	(0.1)

At the end of the period, the following balances were outstanding:

	Amounts owed by related parties 2021 £m	**Amounts owed to related parties 2021 £m**	Amounts owed by related parties 2020 £m	Amounts owed to related parties 2020 £m
Pentland Group Plc				
Trade receivables / (payables)	**–**	**(7.8)**	0.9	(2.4)

Pentland Group Limited owns 51.9% (2020: 55.0%) of the issued ordinary share capital of JD Sports Fashion Plc. The Group made purchases from Pentland Group Limited in the period and paid royalties for the use of a brand.

11. Subsequent Events

Deporvillage SL
On 25 June 2021, Iberian Sports Retail Group SL ('ISRG'), the Group's existing 50.02% intermediate holding company in Spain, exchanged contracts on the conditional acquisition of 80% of the issued shares in Deporvillage SL ('Deporvillage') which is based in Manresa, Catalonia. Deporvillage is an online only retailer focussing on the sale of specialist sports equipment principally for cycling, running and outdoor. In the year to 31 December 2020, Deporvillage generated revenues of €117.8 million and delivered a profit before tax of €7.7 million. The gross assets at 31 December 2020 were €51.1 million.

Total maximum cash consideration for the acquisition of the initial 80% holding in Deporvillage, subject to customary cash / debt and working capital adjustments, is €140.4 million, of which €40.4 million has been deferred and will be paid contingent on the performance of the business to 31 December 2021. The cash consideration is being funded from the Group's cash resources and existing bank facilities. Additionally, a number of put and call options, to enable future exit opportunities for the 20% shareholders have also been agreed, which commence two years after closing.

ISRG is a leading operator in the sporting goods market across Iberia through its Sprinter and Sport Zone fascias with the acquisition of Deporvillage 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. Due to the proximity of the date of the acquisition and the date of this Interim Report, it is not possible to present a goodwill calculation, or the fair values of the assets and liabilities acquired. The goodwill calculation and fair value table will be presented in the announcement of our Annual Results on 12 April 2022.

Footasylum
On 2 September 2021, the Competition and Markets Authority ('CMA') announced that it has again provisionally prohibited the Group's acquisition of Footasylum Limited ('Footasylum'). The Group nevertheless remains committed to its transaction goal of improving Footasylum's resources, access to product and differentiated customer proposition. These findings are provisional and we will continue to make our case strongly to the CMA before it releases its Final Report due in October 2021.

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK; and
- The interim management report includes a fair review of the information required by:

a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board

Neil Greenhalgh
Chief Financial Officer

Hollinsbrook Way
Pilsworth
Bury
Lancashire
BL9 8RR

14 September 2021

INDEPENDENT REVIEW REPORT TO JD SPORTS FASHION PLC

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the 26 week period ended 31 July 2021 which comprises Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Statement of Cash Flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 26 week period ended 31 July 2021 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ('the DTR') of the UK's Financial Conduct Authority ('the UK FCA').

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in Note 1, the latest annual financial statements of the Group were prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the next annual financial statements will be prepared in accordance with UK-adopted international accounting standards. The Directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The Purpose of Our Review Work and to Whom We Owe Our Responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Frances Simpson
(Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
St. Peter's Square
Manchester
M2 3AE

14 September 2021

FINANCIAL CALENDAR

Interim Results Announced	14 September 2021
Period End (52 weeks)	29 January 2022
Final Results Announced	12 April 2022

SHAREHOLDER INFORMATION

Registered Office

JD Sports Fashion Plc
Hollinsbrook Way
Pilsworth
Bury
Lancashire
BL9 8RR

Financial Advisers 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

Engine Partners UK LLP
60 Great Portland Street
London
W1W 7RT

Registrars

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Auditor

KPMG LLP
1 St Peter's Square
Manchester
M2 3AE

ALTERNATIVE PERFORMANCE MEASURES

(terms are listed in alphabetical order)

The Directors measure the performance of the Group based on a range of financial measures, including measures not recognised by international financial reporting standards ('IFRSs') adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. These alternative performance measures may not be directly comparable with other companies' alternative performance measures and the Directors do not intend these to be a substitute for, or superior to, IFRS measures. The Directors believe that these alternative performance measures assist in providing additional useful information on the underlying performance of the Group.

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

Adjusted Earnings Per Share

The calculation of basic and diluted earnings per share is detailed in Note 6. Adjusted basic and diluted earnings per ordinary share have been based on the profit for the period attributable to equity holders of the parent for each financial period but excluding the post-tax effect of certain exceptional items. A reconciliation between basic earnings per share and adjusted earnings per share is shown below:

	26 weeks to 31 July 2021	26 weeks to 1 August 2020	52 weeks to 30 January 2021
Basic earnings per share	**22.19p**	3.85p	23.05p
Exceptional items excluding loss on disposal of non-current assets	**7.26p**	2.10p	10.00p
Tax relating to exceptional items	**(0.29p)**	0.14p	(0.86p)
Adjusted earnings per share	**29.16p**	6.09p	32.19p

Core

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

EBITDA Before Exceptional Items

Earnings before interest, tax, depreciation and amortisation.

	26 weeks to 31 July 2021 £m	26 weeks to 1 August 2020 £m	52 weeks to 30 January 2021 £m
Profit for the period	**276.8**	27.1	229.2
Add back*:*			
Financial expenses	**32.7**	34.2	62.5
Income tax expense	**87.8**	14.4	94.8
Depreciation, amortisation and impairment of non-current assets	**274.7**	241.6	507.9
Exceptional items	**74.9**	20.4	97.3
Deduct*:*			
Financial income	**(0.5)**	(0.7)	(1.5)
EBITDA before exceptional items	**746.4**	337.0	990.2

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.

Net Cash

Net cash consists of cash and cash equivalents together with interest-bearing loans and borrowings.

Operating Profit Before Exceptional Items

A reconciliation between operating profit and exceptional items can be found in the Condensed Consolidated Income Statement.

Profit Before Tax and Exceptional Items (Headline Profit)

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

	26 weeks to 31 July 2021 £m	26 weeks to 1 August 2020 £m	52 weeks to 30 January 2021 £m
Profit before tax	**364.6**	41.5	324.0
Exceptional items	**74.9**	20.4	97.3
Profit before tax and exceptional items	**439.5**	61.9	421.3

Proforma IAS 17

The Group presents results on a proforma basis with rents recognised under the provisions of IAS 17 'Leases' as opposed to IFRS 16 'Leases' so as to assist the user in the interpretation of current performance when compared to previous years. Further, certain management incentives are linked to the results on this basis.

A reconciliation from the IFRS 16 headline profit before tax and exceptional items to the proforma IAS 17 headline profit before tax and exceptional items is as follows:

	26 weeks to 31 July 2021 £m	26 weeks to 1 August 2020 £m	52 weeks to 30 January 2021 £m
Headline profit before tax and exceptional items (IFRS 16)	**439.5**	61.9	421.3
Add back:			
Depreciation and impairment of the Right of Use asset under IFRS 16	**175.3**	168.4	324.8
Lease interest expense	**28.8**	30.6	54.9
Deduct:			
Lease costs expensed to the income statement under IAS 17	**(192.1)**	(188.1)	(340.9)
Headline profit before tax and exceptional items (Proforma IAS 17)	**451.5**	72.8	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:

Sports Fashion

	26 weeks to 31 July 2021 £m	26 weeks to 1 August 2020 £m	52 weeks to 30 January 2021 £m
Profit before tax	**357.2**	81.6	356.6
Exceptional items	**74.9**	–	76.9
Profit before tax and exceptional items - Sports Fashion	**432.1**	81.6	433.5

Outdoor

	26 weeks to 31 July 2021 £m	26 weeks to 1 August 2020 £m	52 weeks to 30 January 2021 £m
Profit / (loss) before tax	**10.8**	(37.2)	(26.5)
Exceptional items	**-**	20.4	20.4
Profit / (loss) before tax and exceptional items - Outdoor	**10.8**	(16.8)	(6.1)

jd sports fashion plc