Half Year Report 2019

jd sports fashion plc

Sports Fashion

JD UK & International
www.jdsports.co.uk
www.jdsports.fr
www.jdsports.nl
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www.jdsports.se
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www.jdsports.fi
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www.jdsports.my
www.jdsports.kr
www.jd-sports.com.au
www.jdsports.com.sg
www.jdgyms.co.uk
www.size.co.uk
www.sizeofficial.ie
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www.sizeofficial.nl
www.sizeofficial.se
www.sizeofficial.de
www.sizeofficial.it
www.sizeofficial.dk
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www.sizeofficial.be
www.footpatrol.co.uk
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www.footpatrol.ie
www.footpatrol.nl
www.footpatrol.de
www.footpatrol.it
www.footpatrol.dk
www.footpatrol.se
www.footpatrol.fi
www.supplyanddemand.co.uk
www.scotlandfootballshop.co.uk
www.walesfootballshop.co.uk
www.northernirelandfootballshop.co.uk

Other UK Fascias
www.scottsmenswear.com
www.tessuti.co.uk
www.mainlinemenswear.co.uk
www.thehipstore.co.uk
www.woodhouseclothing.com
www.bbclothing.co.uk
www.kidscavern.co.uk
www.topgradesportswear.com
www.getthelabel.com
www.kukrisports.com
www.nicholasdeakins.com
www.basefashion.co.uk
www.choicestore.com
www.weaversdoor.com
www.xileclothing.com
www.prettygreen.com
www.urbancelebrity.com
www.rascalclothing.com
www.bernardboutique.com
www.giuliofashion.com
www.footasylum.com

Other International Fascias
www.chausport.com
www.sprinter.es
www.sportzone.es
www.sportzone.pt
www.aktiesport.nl
www.perrysport.nl
www.finishline.com
www.hot-t.co.kr

Outdoor

www.blacks.co.uk
www.millets.co.uk
www.tiso.com
www.georgefisher.co.uk
www.ultimateoutdoors.com
www.activinstinct.co.uk
www.activinstinct.com.au
www.brasher.co.uk
www.eurohike.co.uk
www.peterstorm.com
www.gooutdoors.co.uk
www.fishingrepublic.co.uk

Non Trading

www.uksourcelab.com
www.fly53.com
www.peterwerth.co.uk
www.2squaredagency.co.uk

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Revenue

2019	£2,721.2m
2018	£1,846.3m
2017	£1,367.2m
2016	£970.6m
2015	£809.9m

Interim dividend payable per ordinary share

2019	0.28p
2018	0.27p
2017	0.26p
2016	0.25p
2015	0.24p

Profit before tax and exceptional items*

2019	£158.6m
2018	£121.9m
2017	£102.7m
2016	£77.4m
2015	£46.6m

Adjusted basic earnings per ordinary share*

2019	12.57p
2018	10.05p
2017	8.09p
2016	5.97p
2015	3.72p

Net assets

2019	£1,227.3m
2018	£918.9m
2017	£652.0m
2016	£460.1m
2015	£329.4m

Net cash / (debt)

2019	£118.1m
2018	£(85.1)m
2017	£222.7m
2016	£231.8m
2015	£100.3m

* Throughout this Half Year Report '*' indicates the first instance of a term defined and explained in the Glossary on page 36

Sports Fashion Fascias

JD UK & ROI	Stores	000 SQ FT
Period End	394	1,610
Period Start	390	1,583

JD Europe	Stores	000 SQ FT
Period End	275	737
Period Start	252	661

JD Asia Pacific	Stores	000 SQ FT
Period End	53	231
Period Start	46	201

JD US	Stores	000 SQ FT
Period End	6	26
Period Start	5	22

Size	Stores	000 SQ FT
Period End	40	58
Period Start	41	59

Sub-total JD and Size	Stores	000 SQ FT
Period End	768	2,662
Period Start	734	2,526

Fashion UK	Stores	000 SQ FT
Period End	154	496
Period Start	84	250

Other Europe (i)	Stores	000 SQ FT
Period End	430	2,833
Period Start	438	2,869

Other Asia Pacific (ii)	Stores	000 SQ FT
Period End	27	131
Period Start	33	156

Finish Line (own)	Stores	000 SQ FT
Period End	518	1,762
Period Start	529	1,797

Finish Line (Macy's iii)	Stores	000 SQ FT
Period End	321	300
Period Start	349	311

Total	Stores	000 SQ FT
Period End	2,218	8,184
Period Start	2,167	7,909

Outdoor Fascias

Blacks	Stores	000 SQ FT
Period End	57	202
Period Start	56	198

Millets	Stores	000 SQ FT
Period End	101	213
Period Start	99	209

Ultimate Outdoors	Stores	000 SQ FT
Period End	6	146
Period Start	6	146

Tiso	Stores	000 SQ FT
Period End	13	93
Period Start	14	96

Go Outdoors	Stores	000 SQ FT
Period End	66	1,942
Period Start	64	1,904

Go Outdoors Fishing	Stores	000 SQ FT
Period End	9	48
Period Start	14	79

Total	Stores	000 SQ FT
Period End	252	2,644
Period Start	253	2,632

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

There were 25 JD branded Gyms at the period end.

I am very pleased to report that this has been another period of significant progress for the Group with revenue growing by 47% to £2,721.2 million (2018: £1,846.3 million) and the headline profit before tax and exceptional items increasing by a further 30% to £158.6 million (2018: £121.9 million).

The result for the 26 weeks ended 3 August 2019 reflects the application of IFRS 16 'Leases' for the first time. The Group has adopted the modified retrospective transition approach to this new accounting standard with the result to 4 August 2018, which reflected the application of IAS 17 'Leases', not requiring restatement. On a consistent accounting basis, the proforma headline profit before tax and exceptional items to 3 August 2019 under IAS 17 'Leases' would have been £166.2 million being £7.6 million higher than that reported under IFRS 16 'Leases'.

This result includes a contribution of £35.7 million (£34.7 million on a proforma basis under IAS 17 'Leases') from the combined Finish Line and JD business in the United States (2018: £4.8 million for the seven week period post acquisition).

JD (UK and Republic of Ireland)
Against a backdrop of widely reported retail challenges in the UK, it is extremely encouraging that JD has delivered like for like sales growth of more than 10% with an improved conversion reflecting consumers' increasingly positive reaction to our elevated multichannel proposition where a unique and constantly evolving sports and fashion premium brand offer is presented in a vibrant retail theatre with innovative digital technology. We ensure that the JD proposition retains its dynamic appeal and forges deeper connection with its consumers through the continual investment in our physical store portfolio, digital platforms and creative marketing. We also recognise the importance of having flexibility and relevance in our third party brand line up with an increasing number of premium brands attracted to JD's market leading proposition.

We are very aware of the financial benefit that other retailers appear to get when they downsize their estates and, whilst we have no plans to fundamentally alter the size of the JD store network in the UK at this time, we continue to seek fairness and flexibility in the terms of our leases.

JD (International)
The JD fascia has also made further significant progress in its international markets with a net increase of 31 stores in the first half:

- Europe: JD continues to gain momentum with a further double digit increase in total like for like sales and a net increase of 23 stores in the period with new stores in most of our existing territories together with our first JD store in Austria. The new stores in the period included the conversion of six former Chausport stores in France in locations where we believe that the JD proposition is more appropriate to the particular local market. The average size of the new stores opened in the period was 3,900 sqft (2018: 3,200 sqft) with the larger footprint a reflection of our increased confidence of consumers' appetite for the full JD proposition in these markets. JD now has a presence in 11 countries in mainland Europe and we are increasingly confident that JD is developing the same emotional resonance with consumers in Europe as it is in its core UK and Ireland market. We would expect to open a similar number of stores across Europe in the second half. We have also now committed on a flagship store in the centre of Paris on the Rue De Rivoli with fit out commencing in the new year.

- Asia Pacific: There was a net increase of seven stores in the period with additional stores in Malaysia, Australia and Singapore. The relatively slower pace of openings in the period is purely a timing issue, reflecting the availability of property, and we would still expect to open more than 15 stores across the region over the full year. We continue to make learnings in all of our territories which we use to further refine our integrated digital proposition and, with the ongoing support of our key brand partners, we remain confident that further opportunities will prevail to expand the reach of our exciting and dynamic proposition in the region. Subsequent to the period end we disposed of the legacy Glue retail business in Australia which was becoming an increasing distraction. We do not believe that there will be any adverse impact on the development of JD in the country which is now well established with its own identity and operational infrastructure.

- United States: We have now opened our sixth JD store in the United States after the conversion of the former Finish Line store in the Mall of America at Bloomington, Minnesota. These JD stores now have digital support following the launch of a trading website in May. These initial stores were deliberately chosen as we believed they would give us the greatest width of intelligence both geographically and demographically thereby helping us to shape our future strategy. We may convert an additional small number of Finish Line stores to JD in the second half to expand our market knowledge further although this will depend on receiving the necessary local planning consents in time to enable the conversions to be open ahead of the key holiday period. We anticipate further significant developments for JD in 2020 as we begin to open stores organically in the major metropolitan areas with work starting recently on the fit out of a flagship store in Times Square, New York which is currently scheduled to open in Spring 2020. We remain encouraged by the early performance of the apparel ranges which are now becoming increasingly representative of the JD offer.

Other Fascias
Away from JD, there are positive developments to report in our other Sports Fashion businesses:

- Premium brand fashion (UK): We recognise the important role of our premium brand fashion businesses in elevating our offer to consumers and we continue to invest in both the stores and multichannel infrastructure to further enhance the consumer and brand experience. We have also completed a number of small selective complementary acquisitions in this area in the period to expand our geographical presence and provide us with additional brand authority. These include the acquisition of the intellectual property and trading assets relating to the highly regarded Pretty Green brand from its administrator for a total consideration of £1.5 million. This business is now more appropriately scaled with one flagship store in Manchester and a trading website complementing its wholesale operations.

- Gyms (UK): Our Gyms business continues to increase in critical mass with a membership of approximately 120,000 members across 25 gyms. Works are ongoing at a further four sites with openings scheduled later in the year.

- Sprinter & Sport Zone (Iberia): The process to integrate the Sport Zone businesses in Portugal and the Canary Islands into the Sprinter infrastructure is nearing completion. It remains our intention to retain the Sport Zone banner in Portugal although, as with Spain, we are transferring the stores in the Canary Islands to the Sprinter name with this process expected to be complete before the end of the year. We firmly believe that the rapid integration of Sport Zone into the Sprinter infrastructure has left the Sport Zone business well positioned for future positive development.

- Finish Line (United States): We continue to believe that there is an opportunity to deliver a sustained improvement in the performance of the Finish Line business over the longer term with a focus on four key pillars:

  1. Improving sales densities: We have now commenced a trial which is focussed on driving additional sales of apparel in stores through extended ranges. This project, which requires a modest capital investment in stores, is supported by the secondment of a number of key commercial personnel from the core JD business. We are encouraged by the initial performance of these new ranges which are now in more than 20 stores.

  2. Improving product margins: We continue to support the Finish Line management team with a focus on buying disciplines and the intense management of markdown, leveraging from JD's strength and experience in these key commercial areas. We are pleased with the early progress in this area with product margins for the first half 0.5% ahead of the proforma equivalent period in the prior year.

  3. Exiting underperforming stores: We have exited a further 10 Finish Line stores (excluding Mall of America which was transferred to JD) and 29 Macy's concessions in the first half. We would expect a similar number of Finish Line store closures in the second half.

  4. Appropriate scaling of central overheads: We continue to work with the Finish Line management team on various initiatives including incentive schemes which are self-funded through growth in profitability.

Footasylum
In April we acquired the Footasylum business for cash consideration of £86.0 million with the Group also assuming net debt of approximately £7.8 million. At acquisition, Footasylum had 69 stores across the UK complemented by a highly regarded trading website which contributed approximately 30% of sales. This was a compelling acquisition for a number of reasons:

- Footasylum has a complementary product range and customer demographic to the Group's core JD fascia with its casual fashion proposition being more fashion-led and appealing to an older consumer.

- Footasylum offers an attractive and creative range of in-house / own label brands which will bring additional differentiation to the Group's brand portfolio. We believe that there will be opportunities to exploit these new brands internationally by leveraging from JD's extensive international reach.

- Footasylum sells its in-house / own label brands on a wholesale basis and we believe there will be learnings which we can apply in expanding the wholesale business across the wider Group.

The acquisition of Footasylum is currently under review by the Competition and Markets Authority which has issued the Group with an enforcement order which obliges us to operate the Footasylum business separately until they have completed their review. We are complying and assisting fully with this process in order that it can be completed in the most timely and efficient manner.

Outdoor
This has been another challenging period for our Outdoor businesses overall and, whilst we are pleased with the positive trading and improved result in the Blacks and Tiso businesses, these gains have been overshadowed by a significant loss in the larger Go Outdoors business.

The Go Outdoors business has historically worked with a store replenishment model where branded suppliers delivered goods direct to store. We believed that this model resulted in an inflexible supply chain with weak product availability in stores at times of high consumer demand and that the stores would therefore be better served, and the consumer experience enhanced, with a central warehousing model for stock combined with a migration onto the Group's IT platforms, leveraging from JD's highly successful replenishment methodologies. We took possession of a 353,000 sqft facility in Middlewich, Cheshire in February with replenishment commencing from this facility, which is operated by a third party, at the end of April. Fulfilment of online orders has also now been transferred to this site.

There were a number of initial challenges arising from the execution of this change which had a significant impact on availability, replenishment to stores and online fulfilment in the key trading period of May and June. We have now resolved many of the issues and are more widely reassured over the longer term potential for Go Outdoors after the business delivered like for like sales growth in July.

We maintain our belief that this new flexible supply chain model, where we have greater control over the replenishment, will bring longer term financial benefits to Go Outdoors. Furthermore, we remain convinced that greater integration of the Outdoor businesses, with Blacks and Go Outdoors having access to one pool of stock with common merchandising systems will also provide the most robust and effective platform for the long term development of our Outdoor businesses. However, we believe it is prudent to allow time for operations in the new facility to further stabilise and so we have delayed the transfer of the Blacks stocks from Kingsway to Middlewich until early 2020.

Kingsway Warehouse Facility
Works to install the additional automation equipment in the 352,000 sqft extension at our primary Kingsway warehouse have now been completed. Commissioning of the site has now commenced and will be done in phases through the Autumn with this process expected to be substantially complete ahead of the peak trading period.

The disruption to operations which we experienced in the second half of the prior year has continued throughout the first half necessitating further frequent changes in operating procedures and additional levels of manual process. We have now been able to start reducing the level of manual working as we bring the site into operational use although, as a contingency, we will retain an element of this additional trained labour through the peak trading period.

Elsewhere, we have now commissioned a new operational section in Kingsway which will offer a more bespoke packing and fulfilment service to the trading websites of our premium fashion businesses. Whilst there is some additional cost associated with this, we believe that it is justified as it further elevates the experience to our premium fashion consumers and brand partners.

Sports Fashion

Sports Fashion has had another exceptional first half with profit before tax and exceptional items increasing by a further 43% to £182.4 million (2018: £127.7 million). On a consistent accounting basis, the proforma headline profit before tax and exceptional items to 3 August 2019 under IAS 17 'Leases' would have been £188.1 million being £5.7 million higher than that reported under IFRS 16 'Leases'.

We are delighted with trading in the first half with like for like store sales across our global Sports Fashion fascias (excluding Finish Line) increasing by 9% and total like for like sales, including online, growing by 12%. All regions for the JD fascia delivered significant like for like growth although we are particularly encouraged by the extremely robust performance in our core UK and Ireland market where total like for like sales (including online) grew by more than 10%. This was an excellent performance given the growth over the previous five years.

Elsewhere, JD continues to develop positively in its established European markets with increased investment in marketing helping to drive a further significant double digit increase in total like for like sales. Further afield, the combined JD businesses in the Asia Pacific region delivered total like for like growth of just under 10% although the earlier timing of Chinese New Year relative to last year did impact on the performance of the business in Malaysia in the early part of the period. We also continue to address some challenges on our operational execution in South Korea with our joint venture partners and, whilst these have had an adverse impact on the short term performance in this particular territory, we believe that the learnings will be useful when we are considering opportunities to expand the JD fascia into other geographies in the Asia Pacific region.

The combined Finish Line and JD business in the United States contributed £35.7 million (£34.7 million on a proforma basis under IAS 17 'Leases') in its first full half year as part of the Group (2018: £4.8 million for the seven week period post acquisition). On a proforma basis, compared to the same 26 week period in the prior year, total like for like sales for the Finish Line own stores grew by 3% which was complemented by a further pleasing double digit growth online as the business continues to exploit its clear strength in this area. We are also satisfied with the progression on gross margin for the period to

42.9% (proforma 26 weeks to 3 August 2018: 42.4%) as we start to see the benefits of the work to bring enhanced rigour to the buying and merchandising disciplines. Overall, we remain pleased with our acquisition of this business and are confident that the business, which remains under the joint leadership of the Finish Line CFO and JD's Global Retail Director, has a clear strategy and is well positioned for profitable development.

As anticipated, our overall results in Iberia have been impacted by a further loss in the Sport Zone business of £4.1 million (£3.9 million on a proforma basis under IAS 17 'Leases') (2018: £9.5 million) as we continued with the process to clear excess legacy stocks aggressively ahead of the transfer of operations to Sprinter's facility in Alicante.

The overall gross margin in Sports Fashion reduced to 47.4% (2018: 48.9%) largely from the inclusion of the lower margin Finish Line business for the full period. Whilst a high proportion of exclusivity and newness in the offer of the core JD fascia clearly helps to maintain margins, we fully recognise that the inventory must still be turned regularly. We will continue to drive this by managing the sellthroughs of ranges intensely with promotional activity that is selective, specific and relevant fully utilising the reach provided by our international store estate and portfolio of trading websites.

Outdoor

Our Outdoor businesses have had mixed trading in the first half of the year.

Extremes of weather continue to provide both opportunities and challenges to trading whether they be in the current period or when measured relative to the prior year. In this regard, we anticipated a challenging first quarter with tough comparatives following our exploitation of the favourable trading conditions offered by a more severe winter in the previous year. Ultimately, we exited the first quarter with a composite total like for like sales decline across stores and online of 6% (2018: Q1 total LFL growth +7%).

Trading in the Blacks and Tiso businesses then improved significantly through the second quarter. These businesses operate out of smaller space than Go Outdoors with less reliance on camping to drive footfall and sales in the summer season. Consequently, the cooler and somewhat wetter summer through the UK provided more opportunities for positive trading compared to the hot and dry weather of the prior year with both of these businesses ending the half year period with a total like for like sales growth across stores and online of 3%.

Go Outdoors had a challenging start to the second quarter with a significant double digit decline in total like for like sales in May consequent to the integration issues associated with the transition of fulfilment to the new warehouse at Middlewich. We are confident that the Go Outdoors business has retained the loyalty of its customers through these short term difficulties and that the business still provides people with the proposition and inspiration to make the most of their time outdoors. We are encouraged with the positive performance in July.

On a consistent accounting basis, there was a proforma EBITDA loss of £11.5 million (2018: profit of £2.9 million). However, within this, we are pleased that the smaller Blacks and Tiso businesses have both delivered small improvements in their first half EBITDA.

The overall loss before tax and exceptional items increased to £20.1 million (2018: £3.8 million). On a consistent accounting basis, the proforma headline loss before tax and exceptional items to 3 August 2019 under IAS 17 'Leases' would have been £18.2 million.

In the period, we recognised an exceptional charge of £20.7 million (2018: £nil) in relation to a partial impairment of the goodwill arising in previous years on the acquisition of the Go Outdoors business. We also recognised a charge of £4.4 million (2018: £nil) for costs arising on the integration and consolidation of the principal IT systems, warehousing and other infrastructure in Go Outdoors.

Group Performance

Revenue and Gross Margin

Total revenue increased by 47.4% in the period to £2,721.2 million (2018: £1,846.3 million). This includes £725.2 million of revenue from Finish Line and JD in the United States (2018: £180.0 million for the seven week period post acquisition). Like for like store sales for the period across our global Group fascias, excluding Finish Line but including the more established businesses in Europe, Asia Pacific and Outdoor, increased by 7% with the overall like for like growth for the same fascias, including online, increasing by 10%.

Total gross margin in the period of 46.9% was 1.3% lower than the prior year (2018: 48.2%). This primarily reflects the inclusion of the lower margin Finish Line business for the whole period. There was also a reversal of prior year non-cash fair value gains on forward contracts. Commercially, we maintain our strong focus on minimising discounting in the principal Sports Fashion businesses with an intensely analytical process to reviewing product performance.

Profit Before Tax

Profit before tax and exceptional items increased by 30.1% to £158.6 million (2018: £121.9 million). On a consistent accounting basis, the proforma headline profit before tax and exceptional items to 3 August 2019 under IAS 17 'Leases' would have been £166.2 million.

The profit before tax and exceptional items includes £35.7 million (£34.7 million on a proforma basis under IAS 17 'Leases') in relation to the Finish Line and JD business in the United States in its first full half year as part of the Group (2018: £4.8 million for the seven week period post acquisition).

There were exceptional items in the year of £28.7 million (2018: £nil) primarily from the non-cash impairment of intangible assets arising on the acquisition of Go Outdoors. These exceptional items comprised:

	2019	2018
	£m	£m
Non-cash impairment of intangible assets (1)	20.7	-
Movement in fair value of put and call options (2)	3.6	-
Integration and consolidation of Outdoor fascias (3)	4.4	-
Total exceptional charge	28.7	-

1. The impairment in the current period relates to the partial impairment of the goodwill arising in prior years on the acquisition of Go Outdoors Topco Limited. The carrying value of the remaining goodwill balance is sensitive to further changes in key assumptions.

2. Movement in the fair value of the liabilities in respect of the put and call options.

3. Costs arising from the integration and consolidation of the principal IT systems, warehousing and other infrastructure in Go Outdoors.

Group profit before tax ultimately increased by 6.6% to £129.9 million (2018: £121.9 million). On a consistent accounting basis, the Group profit before tax under IAS 17 'Leases' would have been £137.5 million

Cash and Working Capital

The net cash balance at the end of the period was £118.1 million (2018: net debt of £85.1 million) with the further significant investments on both acquisitions, including Footasylum, and capital expenditure being funded by the ongoing strong cash generation in our core retail fascias.

Net stocks increased by £89.1 million to £913.2 million (2018: £824.1 million). This includes £47.6 million in relation to stocks in businesses acquired since 4 August 2018. The growth in stocks in the like for like businesses is consistent with the growth in sales and we maintain our robust approach to stock management.

Gross capital expenditure (excluding disposal costs) decreased to £69.8 million (2018: £91.4 million) with the decrease reflecting the fact that the significant investment to extend our Kingsway warehouse is nearing completion with spend in the period reducing to £2.8 million (2018: £28.5 million). The primary focus of our capital expenditure remains our retail fascias with a spend in the period of £41.5 million (2018: £44.0 million). This incorporates an increased investment in our international Sports Fashion businesses of £29.7 million (2018: £24.9 million). Away from Kingsway, other investment in infrastructure includes £2.5 million (2018: £2.5 million) at our warehouse in Alicante and £2.5 million (2018: £nil) in relation to the new warehouse for our Outdoor businesses at Middlewich.

We now expect that the capital expenditure for the full year will be in the range of £175 million to £200 million and we will continue to use our cash resources to make selected acquisitions and investments where they benefit our strategic development.

Store Portfolio

During the period, store numbers have moved as follows:

Sports Fashion Fascias

(Store Nos.)	JD UK & ROI	JD Europe	JD AsiaPac	JD US	Size	**JD & Size**	Fash'n UK	Other Europe (i)	Other AsiaPac (ii)	Fin.Line (own)	Fin.Line (Macy's) (iii)	**Total**
Period start	390	**252**	46	5	41	**734**	84	438	33	529	349	**2,167**
New stores	6	**20**	8	-	-	**34**	1	3	-	-	1	**39**
Transfers	(1)	**6**	-	1	-	**6**	1	(6)	-	(1)	-	**-**
Acquired	-	**-**	-	-	-	**-**	73	-	-	-	-	**73**
Closures	(1)	(3)	(1)	-	(1)	**(6)**	(5)	(5)	(6)	(10)	(29)	**(61)**
Period end	394	275	53	6	40	**768**	154	430	27	518	321	**2,218**
(000 Sq Ft)												
Period start	1,583	661	201	22	59	**2,526**	250	2,869	156	1,797	311	**7,909**
New stores	27	77	36	-	-	**140**	3	18	-	-	1	**162**
Extensions	3	-	-	-	-	**3**	2	-	-	-	-	**5**
Transfers	(2)	7	-	4	-	**9**	2	(7)	-	(4)	-	**-**
Acquired	-	-	-	-	-	**-**	247	-	-	-	-	**247**
Closures	(1)	(8)	(6)	-	(1)	**(16)**	(8)	(47)	(25)	(31)	(12)	**(139)**
Period end	1,610	737	231	26	58	**2,662**	496	2,833	131	1,762	300	**8,184**

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

There were also 25 JD branded gyms at the period end.

Outdoor Fascias

(Store Nos.)	Blacks	Millets	Ultimate Outdoors	Tiso	Go Outdoors	Go Outdoors Fishing	**Total**
Period start	56	99	6	14	64	14	**253**
New stores	1	3	-	-	2	1	**7**
Closures	-	(1)	-	(1)	-	(6)	**(8)**
Period end	57	101	6	13	66	9	**252**
(000 Sq Ft)							
Period start	198	209	146	96	1,904	79	**2,632**
New stores	4	6	-	-	38	3	**51**
Closures	-	(2)	-	(3)	-	(34)	**(39)**
Period end	202	213	146	93	1,942	48	**2,644**

Dividends and Earnings per Ordinary Share

The Board proposes paying an interim dividend of 0.28p (2018: 0.27p) per ordinary share, an increase of 3.7%. This dividend will be paid on 3 January 2020 to shareholders on the register at 29 November 2019. We continue to believe that it is in the longer term interests of all shareholders to keep dividend growth restrained so as to maximise the available funding for our ongoing growth opportunities.

The basic earnings per ordinary share decreased slightly to 9.67p (2018: 10.05p) largely reflecting the higher participation of profits from the United States, with higher rates of corporate taxation, in the overall Group result.

The adjusted* earnings per ordinary share have increased by 25.1% to 12.57p (2018: 10.05p).

People

On 13 May 2019, Kath Smith joined the Board as an independent Non-Executive Director after having previously been the General Manager / Vice President of The North Face EMEA. With more than 20 years' experience in the sports brand industry, she will assist the Group to enhance its already well-established relationships with leading global brands.

The Group was promoted into the FTSE100 list for the first time on 24 June 2019. This is a very notable landmark for the Group which could not have been achieved without the commitment of all of our colleagues. Our increasingly global achievements have their foundations in the successful transfer of the JD DNA into local markets. Whilst I would particularly like to thank the numerous colleagues who have actively sought international secondments to help deliver this, I also acknowledge the invaluable contribution of the wider teams whose flexibility has made these secondments possible and who have ensured that the core business continues to progress.

Given the growth opportunities available to the Group, particularly with respect to our international development, we will continue to look to strengthen our senior management team where appropriate.

Corporate Governance Review

Following the Company's promotion into the FTSE100, the Board considered that it was an appropriate time to carry out a review of various matters which are important to the business and its shareholders from a corporate governance perspective. In addition, in the announcement released following the Company's AGM on 3 July, the Board committed to carrying out a review of its corporate governance practices. The Company has now commenced its engagement with shareholders in relation to this review.

Brexit

We recognise that there is heightened uncertainty surrounding the nature of the UK's exit from the European Union and we are very cognisant of the increased risk of a disorderly exit which could have potential adverse consequences on supply chains, tariffs, exchange rates and consumer demand.

The Group currently operates with a highly integrated stock management infrastructure for its stores across Europe where the stock requirement for the JD stores outside of the UK is aggregated with that of the UK stores with one consolidated order then sent to the supplier. All stocks are then delivered to the Group's primary Kingsway warehouse for onward fulfilment both to stores and to online customers.

The Group always expected that, for operational purposes, a European warehouse would be required sometime after 2021 with the risks associated with Brexit bringing this decision forward. We are working with our logistics partners to secure an initial 80,000 sqft of space at a facility in Belgium which will provide us with sufficient capacity to process launch product for footwear for the key brands. This facility would be available for use in early 2020.

Current Trading and Outlook

We are pleased by the continued positive trends to date in the second half in Sports Fashion whilst recognising the tougher comparatives ahead.

Notwithstanding the ongoing uncertainty with regards to Brexit, the Board is confident that, without the impact from the transition to IFRS 16, the Group would have been on track to deliver headline profit before tax for the full year at the top end of market expectations which currently range from £402 million to £424 million. However, after adjusting for the impact of the transition to IFRS 16, we would expect to deliver results at the mid-point of expectations. We remain encouraged by our prospects for further growth.

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

Peter Cowgill
Executive Chairman
10 September 2019

For the 26 weeks to 3 August 2019

	Note	26 weeks to 3 August 2019 £m	26 weeks to 4 August 2018 £m	52 weeks to 2 February 2019 £m
Revenue		**2,721.2**	1,846.3	4,717.8
Cost of sales		**(1,446.1)**	(956.4)	(2,474.5)
Gross profit		**1,275.1**	889.9	2,243.3
Selling and distribution expenses		**(919.1)**	(674.9)	(1,632.9)
Administrative expenses - normal		**(160.8)**	(92.7)	(253.6)
Administrative expenses - exceptional	4	**(28.7)**	-	(15.3)
Other operating income		**4.6**	1.6	4.7
Operating profit		**171.1**	123.9	346.2
Before exceptional items		**199.8**	123.9	361.5
Exceptional items	4	**(28.7)**	-	(15.3)
Financial income		**0.4**	0.5	1.2
Financial expenses		**(41.6)**	(2.5)	(7.5)
Profit before tax		**129.9**	121.9	339.9
Income tax expense	5	**(31.9)**	(26.5)	(75.7)
Profit for the period		**98.0**	95.4	264.2
Attributable to equity holders of the parent		**94.1**	97.8	261.8
Attributable to non-controlling interest		**3.9**	(2.4)	2.4
Basic earnings per ordinary share	7	**9.67p**	10.05p	26.90p
Diluted earnings per ordinary share	7	**9.67p**	10.05p	26.90p

Condensed Consolidated Statement of Comprehensive Income
For the 26 weeks to 3 August 2019

	26 weeks to 3 August 2019 £m	26 weeks to 4 August 2018 £m	52 weeks to 2 February 2019 £m
Profit for the period	**98.0**	95.4	264.2
Other comprehensive income:			
Items that may be classified subsequently to the Consolidated Income Statement:			
Exchange differences on translation of foreign operations	**65.7**	10.8	(0.8)
Total other comprehensive income for the period	**65.7**	10.8	(0.8)
Total comprehensive income and expense for the period (net of income tax)	**163.7**	106.2	263.4
Attributable to equity holders of the parent	**155.5**	106.9	260.0
Attributable to non-controlling interest	**8.2**	(0.7)	3.4

As at 3 August 2019

	As at 3 August 2019 £m	As at 4 August 2018 £m	As at 2 February 2019 £m
Assets			
Intangible assets	**463.8**	410.8	394.3
Property, plant and equipment	**2,693.2**	497.8	539.8
Other assets	**72.6**	74.9	79.1
Investment in associate	**2.6**	-	0.1
Total non-current assets	**3,232.2**	983.5	1,013.3
Inventories	**913.2**	824.1	763.8
Trade and other receivables	**255.5**	217.3	177.2
Cash and cash equivalents	**346.6**	243.4	251.2
Total current assets	**1,515.3**	1,284.8	1,192.2
Total assets	**4,747.5**	2,268.3	2,205.5
Liabilities			
Interest-bearing loans and borrowings	**(187.5)**	(187.6)	(63.8)
Lease liabilities	**(489.5)**	-	-
Trade and other payables	**(922.3)**	(837.2)	(808.1)
Provisions	**(2.2)**	(1.2)	(1.3)
Income tax liabilities	**(18.7)**	(30.1)	(27.3)
Total current liabilities	**(1,620.2)**	(1,056.1)	(900.5)
Interest-bearing loans and borrowings	**(41.0)**	(140.9)	(62.2)
Lease liabilities	**(1,747.9)**	-	-
Other payables	**(93.9)**	(139.7)	(153.8)
Provisions	**(1.0)**	(1.9)	(1.2)
Deferred tax liabilities	**(16.2)**	(10.8)	(11.0)
Total non-current liabilities	**(1,900.0)**	(293.3)	(228.2)
Total liabilities	**(3,520.2)**	(1,349.4)	(1,128.7)
Total assets less total liabilities	**1,227.3**	918.9	1,076.8
Capital and reserves			
Issued ordinary share capital	**2.4**	2.4	2.4
Share premium	**11.7**	11.7	11.7
Retained earnings	**1,096.4**	855.4	1,016.3
Other reserves	**39.2**	(8.4)	(21.6)
Total equity attributable to equity holders of the parent	**1,149.7**	861.1	1,008.8
Non-controlling interest	**77.6**	57.8	68.0
Total equity	**1,227.3**	918.9	1,076.8

For the 26 weeks to 3 August 2019

	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 2 February 2019	2.4	11.7	1,016.3	(36.3)	14.7	**1,008.8**	68.0	**1,076.8**
Profit for the period	-	-	94.1	-	-	**94.1**	3.9	**98.0**
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	-	61.4	**61.4**	4.3	**65.7**
Total other comprehensive income	–	–	–	–	61.4	**61.4**	4.3	**65.7**
Total comprehensive income for the period	–	–	94.1	-	61.4	**155.5**	8.2	**163.7**
Dividends to equity holders	–	–	(14.0)	-	-	**(14.0)**	-	**(14.0)**
Acquisition of non-controlling interest	–	–	-	(0.6)	-	**(0.6)**	-	**(0.6)**
Non-controlling interest arising on acquisition	–	–	-	-	-	**-**	1.4	**1.4**
Balance at 3 August 2019	**2.4**	**11.7**	**1,096.4**	**(36.9)**	**76.1**	**1,149.7**	**77.6**	**1,227.3**

For the 26 weeks to 4 August 2018

	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 3 February 2018	2.4	11.7	773.6	(33.8)	16.5	**770.4**	63.9	**834.3**
Profit for the period	-	-	97.8	-	-	**97.8**	(2.4)	**95.4**
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	-	9.1	**9.1**	1.7	**10.8**
Total other comprehensive income	–	–	–	–	9.1	**9.1**	1.7	**10.8**
Total comprehensive income for the period	-	-	97.8	-	9.1	**106.9**	(0.7)	**106.2**
Dividends to equity holders	-	-	(13.3)	-	-	**(13.3)**	(0.1)	**(13.4)**
Acquisition of non-controlling interest	-	-	(2.7)	-	-	**(2.7)**	(5.2)	**(7.9)**
Non-controlling interest arising on acquisition	-	-	-	(0.2)	-	**(0.2)**	(0.1)	**(0.3)**
Balance at 4 August 2018	**2.4**	**11.7**	**855.4**	**(34.0)**	**25.6**	**861.1**	**57.8**	**918.9**

For the 26 weeks to 3 August 2019

	Notes	26 weeks to 3 August 2019 £m	26 weeks to 4 August 2018 £m	52 weeks to 2 February 2019 £m
Cash flows from operating activities				
Profit for the period		98.0	95.4	264.2
Income tax expense	5	31.9	26.5	75.7
Financial expenses		41.6	2.5	7.5
Financial income		(0.4)	(0.5)	(1.2)
Depreciation and amortisation of non-current assets		203.1	47.9	115.0
Forex losses / (gains) on monetary assets and liabilities		6.8	(0.5)	2.5
Impairment of other intangibles and non-current assets		0.2	0.3	11.9
Loss on disposal of non-current assets		2.2	1.0	2.0
Other exceptional items		8.0	-	7.2
Impairment of goodwill and fascia names		20.7	-	8.1
Increase in inventories		(59.1)	(78.1)	(26.2)
Increase in trade and other receivables		(53.5)	(26.3)	(22.5)
Increase in trade and other payables		100.8	37.2	21.2
Interest paid		(41.6)	(2.5)	(7.5)
Income taxes paid		(39.4)	(27.3)	(80.3)
Net cash from operating activities		319.3	75.6	377.6
Cash flows from investing activities				
Interest received		0.4	0.5	1.2
Proceeds from sale of non-current assets		1.9	0.2	1.0
Investment in software development		(7.0)	(5.1)	(12.3)
Acquisition of property, plant and equipment		(58.3)	(84.6)	(173.6)
Acquisition of non-current other assets		(4.5)	(1.7)	(5.1)
Acquisition of subsidiaries, net of cash acquired		(89.3)	(380.0)	(362.0)
Net cash used in investing activities		(156.8)	(470.7)	(550.8)
Cash flows from financing activities				
Drawdown of interest-bearing loans and borrowings		72.7	284.8	82.1
Subsidiary share issued in the period		-	-	6.4
Repayment of lease liabilities		(160.6)	(0.7)	(1.5)
Drawdown of finance lease liabilities		-	5.1	5.8
Equity dividends paid		-	-	(15.9)
Dividends paid to non-controlling interest in subsidiaries		-	(0.1)	(0.7)
Net cash (used in)/provided by financing activities		(87.9)	289.1	76.2
Net increase / (decrease) in cash and cash equivalents	10	74.6	(106.0)	(97.0)
Cash and cash equivalents at the beginning of the period	10	237.7	334.6	334.6
Foreign exchange gains on cash and cash equivalents		11.2	1.2	0.1
Cash and cash equivalents at the end of the period	10	323.5	229.8	237.7

1. Basis of Preparation

JD Sports Fashion Plc (the ‘Company’) is a company incorporated and domiciled in the United Kingdom. The half year financial report for the 26 week period to 3 August 2019 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 10 September 2019.

The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ as adopted by the EU. The annual financial statements of the Group are prepared in accordance with IFRS’s as adopted by the EU. The comparative figures for the 52 week period to 2 February 2019 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 3 August 2019 and 4 August 2018 has been reviewed and the independent review report for the 26 week period to 3 August 2019 is set out in the half yearly financial report.

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 2 February 2019.

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.

This is the first set of the Group’s financial statements in which IFRS 16 has been applied. Changes to significant accounting policies are described in Note 2.

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

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

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 2 February 2019 with the exception of the provisional fair value adjustments to the acquisition of Footasylum Plc which includes significant estimates that may be refined in the second half of the financial period.

A formal ‘Hold Separate’ order was received by the Company from the UK Competition and Markets Authority (‘CMA’) on 17 May 2019 which requires that during the period of the CMA review the Footasylum business must continue to be managed independently of the Group. Ultimately, should the Company agree on remedies with the CMA which require stores to be disposed then there may be a financial impact of these store exit costs. At the date of announcement, the outcome of the review is unknown and consequently no liability has been recognised within these condensed consolidated interim financial statements.

Risks and Uncertainties
The Board has considered the risks and uncertainties for the remaining 26 week period to 1 February 2020 and determined that the risks presented in the Annual Report and Accounts 2019, noted below, remain relevant:

- Key suppliers and brands
- Protection of intellectual property
- Retail property factors
- Seasonality of sales
- Economic factors
- Reliance on non-UK manufacturers
- Brexit
- Reliance on IT systems
- Cyber security
- Reliance on a consolidated warehouse
- Retention of key personnel
- Health and safety
- Foreign exchange risk
- Regulatory and compliance
- GDPR

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 report.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2. Changes in significant accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements.

Changes in accounting policies are expected to be reflected in the Group's consolidated financial statements as at and for the period ending 1 February 2020.

The Group has initially adopted IFRS 16 Leases from 3 February 2019.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied IFRS 16 using the modified retrospective approach, under which any cumulative effect of initial application is recognised in retained earnings at 3 February 2019. Accordingly the comparative information presented for the period to 3 February 2018 has not been restated. Therefore it is presented as previously reported under IAS 17 and related interpretations. The details of changes in accounting policies are disclosed below.

A. Definition of a lease
The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 3 February 2019.

B. As a lessee
The Group leases assets which consist of properties, vehicles and equipment.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. IT equipment). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns. The carrying amount of the right-of-use asset is as below

£m	Property	Vehicles	Total
Balance at 3 February 2019	1,874.7	3.8	1,878.5
Balance at 3 August 2019	2,104.7	3.0	2,107.7

The Group presents lease liabilities separately within the statement of financial position. The carrying amount of the lease liability as at 3 August 2019 is below:

£m	Total
Current	489.5
Non-current	1,747.9
Total	2,237.4

i. Significant accounting policies
The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee, that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

ii. Transition
Previously, the Group classified property leases as operating leases under IAS 17. These include retail, warehouse and office facilities. These leases typically run for a period of 10 years. Some leases include an option to renew the lease for an additional number of years after the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in local price indices.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 3 February 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments on whether leases are onerous

For any finance leases, the carrying amount of the right-of-use asset and the lease liability at 3 February 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

C. As a lessor
The Group sub-leases a small number of properties. Under IAS 17, the head lease and sub-lease contracts were classified as operating leases. The Group has classified these leases as operating leases.

The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. However, when the Group is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

D. Impacts on financial statements

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

£m	3 February 2019
Right-of-use asset presented in property, plant and equipment	1,991.2
Lease liabilities	1,991.2
Retained earnings	-

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the incremental borrowing rate at 3 February 2019. The weighted average rate applied is 2.9%.

£m	3 February 2019
Operating lease commitment at 2 February 2019 as disclosed in the Group's consolidated financial statements	1,619.0
Discounted using the incremental borrowing rate at 3 February 2019	(441.0)
Recognition exemption for leases of low-value assets and for leases with less than 12 months of lease term at transition	(19.8)
Extension options reasonably certain to be exercised	781.0
Working capital movements	(0.6)
Effects of changes in exchange rates for foreign subsidiaries	(32.5)
Intercompany leases	(13.2)
Adjustment for expired leases	98.3
Lease liabilities recognised at 3 February 2019 *(pre adjustment for deferred income, initial direct costs or onerous leases)*	1,991.2

ii. Impacts for the period
As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised £2.1 billion of right-of-use assets and £2.2 billion of lease liabilities as at 3 August 2019.

Also in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the period ended 3 August 2019, the Group recognised £137.8 million of depreciation and £37.5 million of interest from these leases.

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

3. Segmental Analysis

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

Information reported to the Chief Operating Decision Maker is focused more 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 consider that certain items are cross divisional in nature and cannot be allocated between the segments on a meaningful basis. Net funding costs and taxation are treated as unallocated reflecting the nature of the Group's syndicated borrowing facilities and its tax group. Drawdowns from the Group's syndicated borrowing facility of £125.0m (2018: £150.0m) and liabilities for taxation of £34.9m (2018: £40.9m) are included within the unallocated segment.

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

Business Segments

Information regarding the Group's operating segments for the 26 weeks to 3 August 2019 is reported below:

Income statement	Sports Fashion £m	Outdoor £m	Unallocated £m	Total £m
Revenue	2,517.1	204.1	-	**2,721.2**
Operating profit/(loss) before exceptional items	216.2	(16.4)	-	**199.8**
Exceptional items	(3.6)	(25.1)	-	**(28.7)**
Operating profit/(loss)	212.6	(41.5)	-	**171.1**
Financial income	-	-	0.4	**0.4**
Financial expenses	(33.8)	(3.7)	(4.1)	**(41.6)**
Profit before tax	178.8	(45.2)	(3.7)	**129.9**
Income tax expense				**(31.9)**
Profit for the period				**98.0**

Total assets and liabilities	Sports Fashion £m	Outdoor £m	Unallocated £m	Eliminations £m	Total £m
Total assets	4,407.6	493.5	-	(153.6)	4,747.5
Total liabilities	(3,058.8)	(455.1)	(159.9)	153.6	(3,520.2)
Total segment net assets/(liabilities)	**1,348.8**	**38.4**	**(159.9)**	**–**	**1,227.3**

The comparative segmental results for the 26 weeks to 4 August 2018 are as follows:

Income statement	Sports Fashion £m	Outdoor £m	Unallocated £m	**Total £m**
Revenue	1,638.1	208.2	-	1,846.3
Operating profit/(loss) before exceptional items	127.7	(3.8)	-	123.9
Exceptional items	-	-	-	-
Operating profit/(loss)	127.7	(3.8)	-	123.9
Financial income	-	-	0.5	0.5
Financial expenses	-	-	(2.5)	(2.5)
Profit before tax	127.7	(3.8)	(2.0)	121.9
Income tax expense				(26.5)
Profit for the period				95.4

Total assets and liabilities	Sports Fashion £m	Outdoor £m	Unallocated £m	Eliminations £m	Total £m
Total assets	2,086.8	273.8	–	(92.3)	2,268.3
Total liabilities	(1,062.6)	(188.2)	(190.9)	92.3	(1,349.4)
Total segment net assets/(liabilities)	**1,024.2**	**85.6**	**(190.9)**	**-**	**918.9**

Geographical Information

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

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

Revenue	**26 weeks to 3 August 2019 £m**	26 weeks to 4 August 2018 £m
UK	**1,120.7**	958.1
Europe	**727.0**	601.9
US	**730.3**	180.0
Rest of world	**143.2**	106.3
	2,721.2	1,846.3

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

The following is an analysis of the carrying amount of segmental non-current assets by the geographical area in which the assets are located:

Non-current assets	**As at 3 August 2019 £m**	As at 4 August 2018 £m
UK	**1,328.2**	369.0
Europe	**1,213.5**	316.0
US	**558.0**	261.8
Rest of world	**132.5**	36.7
	3,232.2	983.5

4.Exceptional Items

	26 weeks to 3 August 2019 £m	26 weeks to 4 August 2018 £m	52 weeks to 2 February 2019 £m
Impairment of goodwill, brand names and fascia names (1)	20.7	-	8.1
Movement in fair value of put and call options (2)	3.6	-	5.6
Integration and consolidation of Outdoor Fascia (3)	4.4	-	1.6
Administrative expenses – exceptional	**28.7**	-	15.3

(1) The impairment in the current period relates to the impairment of the goodwill arising in prior years on the acquisition of Go Outdoors Topco Limited. The carrying value of the remaining goodwill balance is sensitive to further changes in key assumptions.
(2) Movement in the fair value of the liabilities in respect of the put and call options.
(3) Costs arising from the integration and consolidation of the principal IT systems, warehousing and other infrastructure in Go Outdoors.

Items that are, in aggregate, material in size and / or in nature, are included within operating profit and disclosed separately as exceptional items in the Consolidated Income Statement. Exceptional items are disclosed separately as they are not considered reflective of the year on year trading performance of the Group.

5. Income Tax Expense

	26 weeks to 3 August 2019 £m	26 weeks to 4 August 2018 £m	52 weeks to 2 February 2019 £m
Current tax			
UK Corporation tax at 19% (2018: 19%)	**34.4**	**26.2**	75.6
Adjustment relating to prior periods	**(0.7)**	**(0.5)**	(0.7)
Total current tax charge	**33.7**	**25.7**	74.9
Deferred tax			
Deferred tax (origination and reversal of temporary differences)	**(0.3)**	**0.8**	(0.2)
Adjustment relating to prior periods	**(1.5)**	**0.1**	1.0
Total deferred tax (credit) / charge	**(1.8)**	**0.9**	0.8
Income tax expense	**31.9**	**26.6**	75.7

6. 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 3 August 2019 £m	26 weeks to 4 August 2018 £m	52 weeks to 2 February 2019 £m
0.28p per ordinary share (4 August 2018: 0.27p, 2 February 2019: 1.44p)	**2.7**	**2.6**	14.0

Dividends on Issued Ordinary Share Capital

	26 weeks to 3 August 2019 £m	26 weeks to 4 August 2018 £m	52 weeks to 2 February 2019 £m
Final dividend of 1.44p (2018: 1.37p) per qualifying ordinary share paid in respect of prior period but not recognised as a liability in that period	**14.0**	**13.3**	13.3
Interim dividend of 0.28p per qualifying share paid in respect of the 26 week period to 3 August 2019	**-**	**-**	2.6
	14.0	**13.3**	15.9

7. Earnings Per Ordinary Share

Basic and Diluted Earnings per Ordinary Share

The calculation of basic and diluted earnings per ordinary share at 3 August 2019 is based on the profit for the period attributable to equity holders of the parent of £94.1 million (26 weeks to 4 August 2018: £97.8 million; 52 weeks to 2 February 2019: £261.8 million).

	26 weeks to 3 August 2019 Number	26 weeks to 4 August 2018 Number	52 weeks to 2 February 2019 Number
Issued ordinary shares at beginning and end of period	**973,233,160**	**973,233,160**	973,233,160

Adjusted Basic and Diluted Earnings per Ordinary Share

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

	26 weeks to 3 August 2019 £m	26 weeks to 4 August 2018 £m	52 weeks to 2 February 2019 £m
Profit for the period attributable to equity holders of the parent	**94.1**	**97.8**	261.8
Exceptional items excluding loss on disposal of non-current assets	**28.7**	**-**	15.3
Tax relating to exceptional items	**(0.5)**	**-**	(0.3)
Profit for the period attributable to equity holders of the parent excluding exceptional items	**122.3**	**97.8**	276.8
Basic and diluted earnings per ordinary share	**9.67p**	**10.05p**	26.90p
Adjusted basic and diluted earnings per ordinary share	**12.57p**	**10.05p**	28.44p

8. Acquisitions

Current Period Acquisitions

Footasylum Plc
On 18 February 2019, JD Sports Fashion Plc acquired 19,579,964 Footasylum Plc shares at prices between 50 pence and 75 pence per share, representing 18.7% of the issued ordinary share capital.

On 18 March 2019, in conjunction with the board of Footasylum Plc, JD Sports Fashion Plc announced the terms of an offer to be made for the remaining 81.3% of the ordinary share capital of Footasylum at a price of 82.5 pence per ordinary share. This offer was declared unconditional in all respects on 12 April 2019 with acceptances received for a total of 78,176,481 shares representing a further 74.8% of the issued ordinary share capital. On 26 April 2019, the first bulk transfer was made to acquire an additional 80.5m shares (in addition to the 19.5m already owned). The formal process to acquire the remaining Footasylum shares (incl the dissenting shareholders) was completed on 4 June 2019. Footasylum was delisted on 16 May 2019 and is expected to be converted from an unlisted Plc to a private company by 13 September 2019.

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

Footasylum is a UK-based fashion retailer founded in 2005 focusing on the footwear and apparel market. The company operates a multi-channel model which combines a store estate of 69 stores in a variety of high street, mall and retail park locations in cities and towns throughout Great Britain, with a strong online platform and a recently launched wholesale arm for distributing its own brand ranges via a network of partners.

The Board believes that Footasylum is a well-established business with a strong reputation for lifestyle fashion and, with its offering targeted at a slightly older consumer to JD's existing offering, it is complementary to JD. The Board also believes that there will be significant operational and strategic benefits from a combination of the two businesses.

The directors of the company assessed whether or not the Group has control over Footasylum given the ongoing CMA investigation. In making their judgement, the directors considered the group's ability to direct the relevant activities of Footasylum during the investigation period and concluded that the group has control and that Footasylum should be consolidated from the date of acquisition.

	Book value £m	Measurement adjustments £m	**Provisional fair value at 3 August 2019 £m**
Acquiree's net assets at acquisition date:			
Intangible assets	-	37.3	**37.3**
Property, plant and equipment	29.1	(3.5)	**25.6**
Right of use assets	100.4	-	**100.4**
Inventories	39.6	-	**39.6**
Cash and cash equivalents	5.7	-	**5.7**
Trade and other receivables	19.4	-	**19.4**
Deferred tax assets / (liabilities)	0.2	(6.3)	**(6.1)**
Trade and other payables - current	(42.0)	-	**(42.0)**
Trade and other payables - non current	(0.2)	-	**(0.2)**
Lease liabilities	(107.5)	-	**(107.5)**
Interest bearing loans and borrowings	(13.5)	-	**(13.5)**
Net identifiable assets	31.2	27.5	**58.7**
Goodwill on acquisition			**27.3**
Consideration paid - satisfied in cash			**86.0**

Included in the 26 week period ended 3 August 2019 is revenue of £58.7 million and a loss before tax of £0.7 million in respect of Footasylum.

Rascal Clothing Limited
On 5 February 2019, the Group acquired 50% of the issued share capital of Rascal Clothing Limited ('Rascal') for cash consideration of £2.5 million with additional consideration of up to £1.0 million payable if certain performance criteria were achieved. Rascal is a wholesaler and online retailer of sports inspired leisurewear. At acquisition, management believed that Rascal was on course to meet the performance criteria for the maximum contingent consideration to be payable and therefore the fair value of the contingent consideration at this time was £1.0 million.

The Board believes that the excess of consideration paid over the net assets on acquisition of £2.2 million is best considered as goodwill on acquisition representing future operating synergies.

Included in the 26 week period ended 3 August 2019 is revenue of £1.8 million and a profit before tax of £0.2 million in respect of Rascal Clothing Limited.

Pretty Green Limited
On 4 April 2019, the Group acquired, via its 100% subsidiary PG2019 Limited, the business and certain assets of Pretty Green Limited (in administration), the boutique men's clothing brand, from its administrator. The acquisition included the business, brand and website as well as a flagship store in Manchester. Cash consideration of £1.5 million was paid on completion with the Group also assuming a further £1.8 million of debt.

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

Included in the 26 week period ended 3 August 2019 is revenue of £4.3 million and a profit before tax of £0.1 million in respect of PG2019 Limited.

Giulio Fashion Limited
On 30 April 2019, the Group acquired 80% of the issued share capital of Giulio Fashion Limited including two wholly owned subsidiaries, Giulio Limited (a trading company) and Giulio Woman Limited (a dormant company) for cash consideration of £3.0m. The acquisition included put and call options over the remaining stores exercisable after 3 years.

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

Included in the 26 week period ended 3 August 2019 is revenue of £1.7 million and a profit before tax of £0.1 million in respect of Giulio Fashion Limited.

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

Prior Period Acquisitions

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

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

Included within the fair value of the net identifiable assets on acquisition was an intangible asset of £70.6 million, representing the Finish Line fascia name. The Board believes that the excess of consideration paid over the net assets on acquisition of £98.5 million was best considered as goodwill on acquisition representing future operating synergies. The period in which measurement adjustments could be made has now closed on this acquisition and the final goodwill calculation is summarised below:

	Book value £m	Measurement adjustments £m	**Fair value at 3 August 2019 £m**
Acquiree's net assets at acquisition date:			
Intangible assets	16.9	70.6	**87.5**
Property, plant and equipment	76.5	4.9	**81.4**
Inventories	261.6	(5.8)	**255.8**
Cash and cash equivalents	50.9	-	**50.9**
Trade and other receivables	38.6	-	**38.6**
Income tax liabilities	(1.5)	-	**(1.5)**
Deferred tax assets / (liabilities)	7.0	(11.5)	**(4.5)**
Trade and other payables - current	(135.9)	(16.8)	**(152.7)**
Trade and other payables - non-current	(40.2)	(13.3)	**(53.5)**
Net identifiable assets	273.9	28.1	**302.0**
Goodwill on acquisition			**98.5**
Total consideration - satisfied in cash			**400.5**

No measurement adjustments have been made to the fair values in the 26 week period ended 3 August 2019.

Choice Limited
On 13 August 2018, the Group acquired, via its subsidiary Tessuti Limited, 100% of the issued share capital of Choice Limited for cash consideration of £4.0 million and 8.8% of the issued share capital of Tessuti Limited with a fair value of £1.3 million. Choice Limited operates as a retailer of premium fashion apparel and footwear with six stores and a trading website at acquisition. Included within the provisional fair value of the net identifiable assets on acquisition was an intangible asset of £1.5 million, representing the Choice fascia name. The Board believes that the excess of consideration paid over the net identifiable assets on acquisition of £3.0 million was best considered as goodwill representing future operating synergies.

No measurement adjustments have been made to the fair values in the 26 week period ended 3 August 2019.

Other Acquisitions
During the previous period, the Group made several small acquisitions. These transactions were not material.

9. 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 trade and other receivables / payables (as adjusted for the fair value of foreign exchange contracts) and interest bearing loans and borrowings, the notional amount is deemed to reflect the fair value.

Fair Value Hierarchy
As at 3 August 2019, 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 3 August 2019	Carrying amount £m	Level 1 £m	Level 2 £m	Level 3 £m
Loans and receivables				
Deposits	**35.2**	–	35.2	–
Trade and other receivables	**126.0**	–	126.0	–
Cash and cash equivalents	**346.6**	–	346.6	–
Financial assets at fair value through profit or loss				
Foreign exchange forward contracts – non-hedged	**22.6**	–	22.6	–
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts – non-hedged	**(44.1)**	–	(44.1)	–
Other financial liabilities				
Interest-bearing loans and borrowings – current	**(187.5)**	–	(187.5)	–
Interest-bearing loans and borrowings – non-current	**(41.0)**	–	(41.0)	–
Trade and other payables – current	**(838.7)**	–	(838.7)	–
Trade and other payables – non-current	**(8.1)**	–	(8.1)	–
Put options held by non-controlling interests	**(50.1)**	–	(50.1)	–

At 4 August 2018	Carrying amount £m	Level 1 £m	Level 2 £m	Level 3 £m
Loans and receivables				
Deposits	**32.6**	–	32.6	–
Trade and other receivables	**112.5**	–	112.5	–
Cash and cash equivalents	**243.4**	–	243.4	–
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts – non-hedged	**(4.0)**	–	(4.0)	–
Other financial liabilities				
Interest-bearing loans and borrowings – current	**(187.6)**	–	(187.6)	–
Interest-bearing loans and borrowings – non-current	**(140.9)**	–	(140.9)	–
Trade and other payables – current	**(755.5)**	–	(755.5)	–
Trade and other payables – non-current	**(2.8)**	–	(2.8)	–
Put options held by non-controlling interests	**(38.2)**	–	(38.2)	–

At 2 February 2019	Carrying amount £m	Level 1 £m	Level 2 £m	Level 3 £m
Loans and receivables				
Deposits	**35.2**	–	35.2	–
Trade and other receivables	**73.2**	–	73.2	–
Cash and cash equivalents	**251.2**	–	251.2	–
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts – non-hedged	**9.1**	–	9.1	–
Other financial liabilities				
Interest-bearing loans and borrowings – current	**(63.8)**	–	(63.8)	–
Interest-bearing loans and borrowings – non-current	**(62.2)**	–	(62.2)	–
Trade and other payables – current	**(708.7)**	–	(708.7)	–
Trade and other payables – non-current	**(0.5)**	–	(0.5)	–
Put options held by non-controlling interests	**(46.1)**	–	(46.1)	–

10. Analysis of Net Cash

Net cash consists of cash and cash equivalents together with other borrowings from bank loans and overdrafts, other loans, loan notes, finance leases and similar hire purchase contracts.

	At 2 February 2019 £m	On acquisition of subsidiaries £m	Cash flow £m	Non–cash movements £m	**At 3 August 2019 £m**
Cash at bank and in hand	251.2	7.8	76.4	11.2	**346.6**
Overdrafts	(13.5)	-	(9.6)	-	**(23.1)**
Cash and cash equivalents	**237.7**	**7.8**	**66.8**	**11.2**	**323.5**
Interest–bearing loans and borrowings:					
Bank loans	(74.4)	(15.7)	24.1	(3.5)	**(69.5)**
Syndicated bank facility	(30.0)	-	(95.0)	-	**(125.0)**
Finance lease liabilities	(8.1)	-	(1.0)	-	**(9.1)**
Other loans	-	-	(1.8)	-	**(1.8)**
	125.2	**(7.9)**	**(6.9)**	**7.7**	**118.1**

11. 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 3 August 2019 £m	**Expenditure with related parties 26 weeks to 3 August 2019 £m**	Income from related parties 26 weeks to August 2018 £m	Expenditure with related parties 26 weeks to 4 August 2018 £m
Pentland Group Plc				
Sale of inventory	**0.2**	**-**	-	-
Purchase of inventory	**-**	**(17.3)**	-	(16.0)
Royalty costs	**-**	**1.6**	-	(1.0)
Other income	**(0.1)**	**-**	0.2	-

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

	Amounts owed by related parties 2019 £m	**Amounts owed to related parties 2019 £m**	Amounts owed by related parties 2018 £m	Amounts owed to related parties 2018 £m
Pentland Group Plc				
Trade receivables / (payables)	**0.7**	**(0.8)**	-	(0.7)

Pentland Group Plc owns 57.5% (2018: 57.5%) of the issued ordinary share capital of JD Sports Fashion Plc. The Group made purchases from Pentland Group Plc in the period and paid royalties for the use of a brand. The other income represents payments received for statutory reporting fees, marketing contributions and contractor fees.

We confirm that to the best of our knowledge:

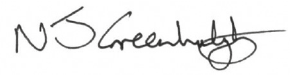
- The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU;

- The interim management report includes a fair review of the information required by:

  a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first 26 weeks of the financial year and their impact on the condensed set of financial statements; and a description of principal risks and uncertainties for the remaining 26 weeks of the year; and

  b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first 26 weeks 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



Chief Financial Officer
Hollinsbrook Way
Pilsworth
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Lancashire
BL9 8RR
10 September 2019

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the period ended 3 August 2019 which comprises a 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 period ended 3 August 2019 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting 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 annual financial statements of the company are prepared in accordance with International Financial Reporting Standards as adopted by the EU. 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 by the EU.

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.

Stuart Burdass
for and on behalf of KPMG LLP
Chartered Accountants
1 St. Peter's Square
Manchester
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Interim Results Announced	10 September 2019
Interim Dividend Record Date	29 November 2019
Interim Dividend Payable	3 January 2020
Period End (52 weeks)	1 February 2020
Final Results Announced	15 April 2020

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The Board wishes to express its thanks to the finance and marketing departments for the in-house production of this Half Year Report.

(Terms listed in alphabetical order)

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

Adjusted Earnings Per Share

The calculation of basic and diluted earnings per share is detailed in Note 7. 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 3 August 2019	26 weeks to 4 August 2018	52 weeks to 2 February 2019
Basic earnings per share	9.67p	10.05p	26.90p
Exceptional items excluding loss on disposal of non-current assets	2.95p	-	1.57p
Tax relating to exceptional items	(0.05p)	-	(0.03p)
Adjusted earnings per share	12.57p	10.05p	28.44p

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

EBITDA
Earnings before interest, tax, depreciation and amortisation.

	26 weeks to 3 August 2019 £m	26 weeks to 4 August 2018 £m	52 weeks to 2 February 2019 £m
Profit for the period	98.0	95.4	264.2
Addback:			
Financial expenses	41.6	2.5	7.5
Income tax expense	31.9	26.5	75.7
Depreciation, amortisation and impairment of non-current assets	203.1	47.9	126.9
Exceptional items	28.7	-	15.3
Deduct:			
Financial income	(0.4)	(0.5)	(1.2)
EBITDA	402.9	171.8	488.4

LFL (Like for Like)
The percentage change year-on-year, removing the impact of new store openings and closures in the current or previous financial year.

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

	26 weeks to 3 August 2019 £m	26 weeks to 4 August 2018 £m	52 weeks to 2 February 2019 £m
Profit before tax	129.9	121.9	339.9
Exceptional items	28.7	-	15.3
Profit before tax and exceptional items	158.6	121.9	355.2