FRASERS GROUP

UNAUDITED

INTERIM RESULTS.

FOR THE 26 WEEKS TO 25 OCTOBER 2020

FRASERS GROUP PLC

AT A GLANCE

FOUNDED AS A SINGLE STORE IN 1982, FRASERS GROUP PLC (SPORTS DIRECT, THE GROUP, THE BUSINESS OR THE COMPANY) IS TODAY THE UK'S LARGEST SPORTING GOODS RETAILER BY REVENUE.

The Group operates a diversified portfolio of sports, fitness, fashion and Premium Lifestyle fascias in over 20 countries. We have approx. 30,000 staff across five business segments: UK Sports Retail, Premium Lifestyle, European Retail, Rest of World Retail and Wholesale & Licensing. Our business strategy is to invest in our people, our business, and our key third-party brand partners, in order to elevate our retail proposition across all our channels to attain new levels of excellence.

The Group is advancing its elevation strategy to being the international leader in sports, lifestyle, and luxury apparel retail, by offering our customers a dynamic range of iconic brands. We value our people, our customers, our shareholders and our third-party brand partners and we strive to adopt good practices in all our corporate dealings. We are committed to treating all people with dignity and respect. We offer our customers an often innovative and unrivalled retail experience. We do not run the business for the short-term but work to ensure we deliver shareholder value over the medium to long-term, whilst adopting accounting principles that are conservative, consistent and simple.

MISSION STATEMENT

TO BECOME EUROPE'S LEADING ELEVATED SPORTING GOODS RETAILER.

OUTLOOK

The successful reopening of our stores in England on 2 December 2020 combined with continuing strong online performance means we can confidently raise the bottom end of our full year guidance for FY21. We now believe the Group will achieve a 20% to 30% improvement in Underlying EBITDA(1) during FY21.

(1) Underlying EBITDA excludes the effects of IFRS 16, realised foreign exchange gains / losses in selling and administration costs, exceptional costs, and the profit / loss on disposal of subsidiaries, strategic investments and properties.

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HIGHLIGHTS

7.4%

GROUP REVENUE DECREASED BY 7.4%

Excluding acquisitions and on a currency neutral basis, revenue decreased by 11.2%[4]

44.0%

43.8%

GROUP GROSS MARGIN INCREASED TO 44.0% FROM 43.8%, AS WE MAINTAINED PRODUCT MARGIN OVER THE PERIOD

24.9%

GROUP UNDERLYING EBITDA[1] INCREASED BY 24.9% TO £226.3M COMPARED TO £181.2M IN THE PRIOR PERIOD

Excluding acquisitions and on a currency neutral basis, underlying EBITDA was 18.8% up on the prior period[4]

16.0p

12.0p

REPORTED BASIC EARNINGS PER SHARE GREW BY 33.3% TO 16.0P, FROM 12.0P

Underlying basic earnings per share increased by 51.9% to 23.4p from 15.4p[1]

29.1%

REPORTED PROFIT AFTER TAX WAS £84.4M UP 29.1% FROM £65.4M

43.7%

£146.3M

UNDERLYING PROFIT BEFORE TAX[1] INCREASED BY 43.7% TO £146.3M FROM £101.8M

HIGHLIGHTS

£162.3M → £252.6M

UNDERLYING FREE CASH FLOW (PRE-CAPEX)[2] INCREASED TO £252.6M COMPARED TO £162.3M IN THE PRIOR PERIOD DUE TO THE GROWTH IN UNDERLYING EBITDA AND IMPROVED WORKING CAPITAL

£90.2M → £106.1M

REPORTED PROFIT BEFORE TAX WAS £106.1M, UP 17.6% FROM £90.2M

Driven by the strong reopening of stores after lockdown, growth in our online business, new Flannels stores, a full year of trade of the prior year acquisitions, and continued operating efficiencies

£250.1M

NET DEBT DECREASED TO £250.1M FROM £366.0M AT 26 APRIL 2020 (FY20 H1: £254.4M)[3]

23.1%

GROUP REPORTED EBITDA INCREASED BY 23.1% TO £357.1M COMPARED TO £290.0M IN THE PRIOR PERIOD.

Largely driven by the strong reopening of stores after lockdown, growth in our online business, new Flannels stores, a full year of trade of the prior year acquisitions, and continued operating efficiencies.

3.7%

EUROPEAN RETAIL REVENUE DECREASED BY 3.7%, LARGELY CAUSED BY TEMPORARY STORE CLOSURES DUE TO COVID-19

Excluding acquisitions and on a currency neutral basis, revenue decreased by 12.3%[4]

4.8%

PREMIUM LIFESTYLE REVENUE INCREASED BY 4.8%

Largely due to new Flannels stores, increased web sales, and a full period of the prior year acquisitions of Jack Wills and Sofa.com, offset by the temporary store closures due to Covid-19.

Excluding acquisitions, revenue decreased by 0.7%[4]

9.8%

UK SPORTS RETAIL REVENUE DECREASED BY 9.8%, LARGELY CAUSED BY TEMPORARY STORE CLOSURES DUE TO COVID-19 OFFSET BY GROWTH IN OUR ONLINE BUSINESS

	FY21 H1	FY20 H1(5)	CHANGE (%)
	£M	£M	
GROUP REVENUE	**1,893.3**	**2,043.5**	**(7.4)**
UK Sports Retail	1,071.6	1,188.1	(9.8)
Premium Lifestyle	320.4	305.8	4.8
European Retail	352.0	365.5	(3.7)
Rest of World Retail	77.1	92.1	(16.3)
Wholesale & Licensing	72.2	92.0	(21.5)
GROUP GROSS MARGIN (%)	**44.0%**	**43.8%**	
REPORTED EBITDA	**357.1**	**290.0**	**23.1**
Underlying EBITDA(1)	226.3	181.2	24.9
REPORTED PROFIT BEFORE TAX	**106.1**	**90.2**	**17.6**
Underlying profit before tax (PBT)(1)	146.3	101.8	43.7
REPORTED PROFIT AFTER TAX	**84.4**	**65.4**	**29.1**
REPORTED BASIC EARNINGS PER SHARE	**16.0P**	**12.0P**	**33.3**
Underlying basic earnings per share (EPS)(1)	23.4p	15.4p	51.9
Underlying free cash flow(2)	252.6	162.3	55.6
Net debt(3)	(250.1)	(254.4)	1.7

(1) Underlying EBITDA, underlying profit before taxation and underlying EPS exclude the effects of IFRS 16, realised foreign exchange gains / losses in selling and administration costs, exceptional costs, and the profit / loss on disposal of subsidiaries, strategic investments and properties. Further detail on this calculation can be found in note 3 and the Glossary on page 30.

(2) Underlying free cash flow is defined as operating cash flow after working capital and pre IFRS 16, made up of underlying EBITDA plus realised foreign exchange gains and losses, less corporation tax paid. Further detail on this calculation can be found in the Chief Executive's Report and Business Review on page 8.

(3) Net debt is borrowings (excluding IFRS 16 lease liabilities) less cash and cash equivalents held.

(4) A reconciliation of excluding acquisitions and currency neutral performance measures can be found in the Glossary on page 30.

(5) The FY20 H1 numbers have been re-categorised due to changes in the reporting segments, with Jack Wills and Sofa.com being moved from UK Sports Retail to Premium Lifestyle.

CHAIR'S STATEMENT

COVID-19

Unfortunately the Covid-19 crisis continues to be a significant issue for all of us and we are currently living through a second wave. This has resulted in more lockdowns and restrictions which are materially impacting the business.

From 5 November virtually all of our Group stores in England were closed until 2 December. Our stores in Scotland and Northern Ireland largely remained open, but in Wales were closed from 23 October to 9 November. Across much of Europe further restrictions have caused stores in a number of countries to close at various times. Against this backdrop, our online offering remains resilient and helps to mitigate to a certain extent the negative effect caused by these bricks and mortar closures.

I am incredibly impressed by the resilience of our staff and their willingness to adapt and to be flexible as we face new challenges in our places of work. Over the past several months all of our retail staff have worked together to create a safe environment in our stores which complies with Government safety standards and ensures that we are doing our very best to allow our customers to enjoy a safe shopping experience with us.

This good work has been mirrored with equal thoroughness in our office and warehouse environments to ensure that our staff feel comfortable and safe at work and are able to embrace the challenges of working while social distancing. We have been visited by health and safety experts, as well as public health authorities at a number of our sites, including our Shirebrook HQ, and been found to be more than complying with the Government guidelines.

The Board are extremely appreciative and grateful for the extra hard work from our staff during these difficult times.

I do not wish to comment on the wider Covid-19 picture but from a general retail perspective it is impossible to ignore the lack of clarity of guidance when it finally arrives. Fortunately the Frasers Group is a strong business built on solid foundations. We can weather most of the storms faced this calendar year, however much of the UK High Street, which was already suffering before Covid-19, won't survive unless the Government addresses the out of date business rates regime which is due to return come April 2021.

BRAND RELATIONSHIPS

The Group continues to strengthen relationships with key suppliers, building upon our position as the UK's largest sporting goods retailer by revenue. Our aim is to become, in the minds of consumers, partners and suppliers, the number one sporting goods retailer in Europe.

Our business strategy is Elevation No Limits. To support this we have invested in our people, our key third party brand relationships, and our infrastructure. This includes significant investment, which was recently announced, in our digital business, which will elevate our retail proposition across all our retail channels. Our investment in our business gives us a unique position in the market. Our retail business covers multiple fascias. We own and invest in a number of dynamic and iconic brands. We don't simply occupy shops within retail destinations, we invest in them. In many cases we actually own the properties from which we operate. This gives us a competitive advantage over many other businesses. We can adapt to rapidly changing situations which includes elevating our stores and digital offering. We are bringing new consumer experiences to our stores. This capability has strengthened our relationship with some of our important suppliers, such as Nike for Sports Direct, Burberry for Flannels, and Hugo Boss for House of Fraser. We will continue to build these partnerships to develop a successful business between us in the coming years.

Our store programme continues to go from strength to strength with the recent opening of our new 25,000 square foot flagship multi fascia offering in **Cascades Shopping Centre**, Portsmouth. We are also undertaking significant investment on our flagship Sports Direct store on Oxford Street in London, confident in its future trading prospects.

Our promotional, digital and marketing efforts are being elevated with the focal point being our Christmas advertisements which can be viewed here for **Sports Direct** and **Flannels**.

ELEVATION NO LIMITS

Even through these testing periods it is clear that our elevation strategy has no limits and will continue to be the focal point in the coming months and years.

We have continued our elevated store roll out with Portsmouth, Birmingham and Wolverhampton opening recently. At our full year results announcement in August 2020 we stated we would be investing in excess of £100m in our digital elevation strategy. The digital elevation strategy is very exciting for the Group and is already bearing fruit. With this in mind, and with the continued growth and progression in our Flannels business, we are now considering a further investment specifically in digital luxury elevation for the Flannels business. We will announce further details with our full year results in Summer 2021.

We have long invested in businesses we feel are an important strategic match to the Group's long term plans, and in recent years with the success of the elevation strategy this has continued. As announced before our August 2020 results, we had increased our investment in Hugo Boss to approximately 10%, and in November further purchases of shares in Mulberry has taken our holding to approximately 37% of the issued share capital. Mulberry is a truly iconic luxury British brand that we strongly believe will find its rightful home in our Flannels business.

OUR PEOPLE

I am very proud of two initiatives that are focused on elevating our people which were launched recently.

At our AGM in October our shareholders gave approval for a bonus scheme we are calling the Fearless 1000, which could pay out £100m in shares if our share price reaches £10 any time over the next 4 years. The share price must stay above £10 for 30 consecutive trading days to trigger the vesting of shares at the end of the vesting period which could see 10 workers receiving shares worth £1m if the share price is at £10 at the vesting dates. One thousand of our Fearless workers, who live and breathe our values, thinking without limits, not hesitating and owning it, will be eligible to receive share bonuses ranging from £50k right up to £1m if the share price is at £10 at the vesting dates.

There is also a cash bonus scheme which runs concurrently with the share scheme which will pay out bonuses for those eligible workers who do not qualify for the Fearless 1000.

We recently welcomed 27 new people to the Group through the Frasers Group Elevation Programme. This is a new programme open to exceptional individuals be they school leavers, graduates or anyone else, to fast track them to peak performance within two years, with the inherent responsibilities and rewards.

We launched the Elevation Programme via social media which resulted in over 4m impressions. We received approximately 2,500 high quality applications and then we personally assessed 94 candidates. 27 Fearless people were offered positions. We are extremely enthusiastic about the calibre of the initial intake into this programme and this is a big step to elevating our people and to help us in developing the future leaders of the Group.

AGM

We would like extend a big thank you to our shareholders for your support and unanimous approval for all of the resolutions that were passed at our AGM in October. Virtually every resolution received the support of over 99% of our shareholders, and I believe this reflects the great strides the business has made in many areas including our corporate governance.

RESULTS AND LOOKING FORWARD

Our results in this half year have been pleasing, particularly given the fact our stores in the UK were virtually all closed until mid-June. In an industry sector blighted by the decline of the High Street we are really proud of our performance and our people who helped us get there.

Unfortunately given we entered the further lockdown in England right after our half year date, and given the current rolling lockdowns we may be under for some time, we have had to be conservative with our judgements. The coming months will continue to be tough but we are well prepared and positioned for the future.

THE ENVIRONMENT

As we disclosed in our FY20 annual report, we continue to have a strong focus on our impact on the community and the environment. During the period we launched a Sustainability Steering Group, and going forward this will be made up of 'Sustainability Champions' from across the business who have a keen interest in sustainability and making a difference in their respective departments. The Steering Group aims to identify areas for improvement across the business, develop and implement action plans, and to increase engagement from colleagues.

CLOSED PERIOD

The Group takes insider dealing very seriously and has taken every step to ensure adequate policies and procedures are in place to mitigate the risk. The Group sought independent advice with regard to the communication of the Group's closed period and their findings stated that 'the notification goes well beyond the legal requirements' and 'is a very protectionary measure you are taking'.

DIVIDEND / SHARE BUYBACK

No dividend was paid during the half year period and the Board has decided not to declare an interim dividend in respect of this period. No share buyback took place during the half year period.

David Daly

Non-executive Chair

10 December 2020

CHIEF EXECUTIVE'S REPORT AND BUSINESS REVIEW

SUMMARY OF RESULTS

	26 weeks ended 25 October 2020	26 weeks ended 27 October 2019
Group revenue	£1,893.3m	£2,043.5m
Underlying EBITDA (1)	£226.3m	£181.2m
Group gross margin	44.0%	43.8%
Underlying basic earnings per share (2)	23.4p	15.4p
Underlying free cash flow (3)	£252.6m	£162.3m
Net debt	£250.1m	£254.4m
Number of retail stores (4)	1,557	1,576

(1) The method for calculating underlying EBITDA is set out in the Glossary on page 30.
(2) The method for calculating underlying basic earnings per share is set out in the Glossary on page 30.
(3) Underlying free cash flow is defined as operating cash flow after working capital and pre IFRS 16, made up of underlying EBITDA plus realised foreign exchange gains and losses, less corporation tax paid. See Cash Flow and Net Debt section of this report for calculation.
(4) Excluding associates and stores in the Baltic states that trade under fascias other than SPORTLAND or SPORTSDIRECT.com and other niche fascias.

The Directors have adopted Alternative Performance Measures (APM's). APM's should be considered in addition to IFRS measures. The Directors believe that underlying EBITDA, underlying profit before tax and underlying basic EPS provide further useful information for shareholders on the underlying performance of the Group in addition to the reported numbers and are consistent with how business performance is measured internally. They are not recognised profit measures under IFRS and may not be directly comparable with "adjusted" or "alternative" profit measures used by other companies.

PERFORMANCE OVERVIEW

Group revenue was down 7.4% to £1,893.3m, largely caused by temporary store closures due to Covid-19, offset by the strong reopening of stores after lockdown and growth in our online business.

Gross margin for the Group increased 20 basis points to 44.0% (FY20 H1: 43.8%) as we maintained product margins over the period.

Underlying EBITDA is up 24.9%, largely driven by the strong reopening of stores after lockdown, growth in our online business, new Flannels stores, a full year of trade of the prior year acquisitions, and continued operating efficiencies. Excluding acquisitions and on a currency neutral basis underlying EBITDA is up 18.8%.

In FY21 H1, depreciation and amortisation increased by 26.5% to £239.6m and Net Interest decreased to £6.0m from £9.3m. Underlying profit before tax increased by 43.7% to £146.3m (FY20 H1: £101.8m). Underlying basic EPS increased by 51.9% to 23.4p (FY20 H1: 15.4p).

Reported Profit Before Tax increased by 17.6% to £106.1m (FY20 H1: £90.2m).

The Group generated underlying free cash flow of £252.6m during the period, up from £162.3m in the prior period.

The Group has a Revolving Credit Facility (RCF) of £913.5m (FY20 H1: £913.5m) as at 25 October 2020, valid until November 2021 and £847.5m valid to November 2022. The Group continues to operate comfortably within its banking facilities and covenants and the Board remains comfortable with the Group's available headroom.

Net debt decreased to £250.1m at the period end (£366.0m at 26 April 2020), equating to 0.5 times LTM Reported EBITDA[1] (FY20 H1: 0.8 times on net debt of £254.4m).

(1) LTM EBITDA is the last twelve months historic Reported EBITDA excluding IFRS 16.

The Fearless 1000 bonus scheme was approved at our AGM in October but, given the proximity to period-end, there has been £nil impact to these Unaudited Interim Financial Statements.

REVIEW BY BUSINESS SEGMENT

UK SPORTS RETAIL

UK Sports Retail includes core sports retail store operations in the UK, plus all the Group's sports retail online business (excluding Bob's Stores, Eastern Mountain Sports and Malaysia), the gyms, the Group's Shirebrook campus operations, GAME UK stores and online operations, and retail store operations in Northern Ireland. UK Sports Retail is the main driver of the Group trading performance and accounts for 57% of Group revenue.

	26 weeks ended 25 October 2020	26 weeks ended 27 October 2019[1]
Revenue	£1,071.6m	£1,188.1m
Cost of Sales	£(595.4)m	£(674.6)m
Gross Profit	£476.2m	£513.5m
Gross Margin %	44.4%	43.2%
Underlying EBITDA	£151.4m	£141.9m

(1) The FY20 H1 numbers have been re-categorised due to changes in the reporting segments, with Jack Wills and Sofa.com being moved from UK Sports Retail to Premium Lifestyle.

Revenue decreased 9.8% to £1,071.6m. Excluding acquisitions revenue fell 12.6%. This was largely due to the temporary store closures in the UK caused by Covid-19, offset by growth in our online business.

Gross margin increased to 44.4%, as product margins were maintained and continued to improve.

Underlying EBITDA for UK Sports Retail was £151.4m, an increase of 6.7% for the period, largely due the strong reopening of stores after lockdown, growth in our online business, and improved operating efficiencies.

UK SPORTS RETAIL STORE PORTFOLIO

	25 October 2020	27 October 2019[3]	26 April 2020
England	395	370	367
Scotland	42	37	37
Wales	32	28	28
Northern Ireland	21	17	17
Isle of Man	1	1	1
USC	27	32	27
Evans Cycles [2]	53	54	50
GAME UK [1]	244	257	242
Total	**815**	**796**	**769**
Opened	42	8	25
Closed	(38)	(8)	(53)
Acquired	42	339	256
Area (sq.ft.)	approx 7.1m	approx 6.5m	approx. 6.3m

(1) The GAME UK store numbers include 33 concessions operating within Sports Direct fascia stores (26 April 2020: 3) and does not include BELONG arenas.
(2) The Evans Cycles store numbers include 1 concession operating within a House of Fraser fascia (26 April 2020: none).
(3) The 27 October 2019 numbers have been re-categorised due to changes in the reporting segments, with Jack Wills and Sofa.com being moved from UK Sports Retail to Premium Lifestyle.

PREMIUM LIFESTYLE

Premium Lifestyle consists of Flannels, Cruise, van mildert, House of Fraser, Jack Wills and Sofa.com fascia stores and corresponding web sales.

	26 weeks ended 25 October 2020	26 weeks ended 27 October 2019[2]
Gross Transaction Value (GTV)[1]	£350.4m	£403.6m
Revenue	£320.4m	£305.8m
Cost of Sales	£(169.9)m	£(148.3)m
Gross Profit	£150.5m	£157.5m
Gross Margin %	47.0%	51.5%
Underlying EBITDA	£28.4m	£(7.6)m

(1) GTV being gross sales net of VAT, discounts and returns and gross sales where the Group acts as agent.
(2) The FY20 H1 numbers have been re-categorised due to changes in the reporting segments, with Jack Wills and Sofa.com being moved from UK Sports Retail to Premium Lifestyle.

Revenue grew 4.8% to £320.4m. This was largely due to new Flannels stores, increased web sales, and a full period of the prior year acquisitions of Jack Wills and Sofa.com, offset by the temporary store closures due to Covid-19. Excluding acquisitions, revenue fell by 0.7%.

Gross margin decreased to 47.0%. This is driven by a reduction in concession sales within House of Fraser as a percentage of total sales which have a higher gross margin.

Underlying EBITDA for Premium Lifestyle improved from a loss of £7.6m in FY20 H1 to a profit of £28.4m for the period, largely due to Flannels store openings, a full period of trading for prior year acquisitions, continued operating efficiencies, and business rates relief particularly in House of Fraser.

PREMIUM LIFESTYLE STORE PORTFOLIO

	25 October 2020	27 October 2019[3]	26 April 2020
Flannels	38	35	37
Cruise	6	6	5
van mildert	1	1	1
Jack Wills	64	82	67
House of Fraser	45	52	48
Sofa.com [1]	19	-	21
Total	**173**	**176**	**179**
Opened	2	5	10
Acquired	-	82	117
Closed	(8)	(5)	(42)
Area (sq.ft.)	approx. 4.4m	approx. 5.2m	approx. 4.5m

(1) Sofa.com store numbers include 12 concessions operating within House of Fraser fascia stores.

EUROPEAN RETAIL

The European Retail division includes the Group's sports retail store management and operations in Europe, including the Group's European distribution centres in Belgium and Austria, stores in the Baltic regions and GAME Spain stores.

	26 weeks ended 25 October 2020	26 weeks ended 27 October 2019
Revenue	£352.0m	£365.5m
Cost of Sales	£(205.3)m	£(214.1)m
Gross Profit	£146.7m	£151.4m
Gross Margin %	41.7%	41.4%
Underlying EBITDA	£25.1m	£32.9m

Revenue decreased 3.7% to £352.0m. On a currency neutral basis and excluding acquisitions, European Retail revenue decreased by 12.3% largely due to temporary store closures as a result of Covid-19.

Gross margin increased to 41.7%, as product margins were maintained.

Underlying EBITDA was £25.1m, a decrease of 23.7% for the period, largely due to temporary store closures caused by Covid-19.

All of the following stores are operated by companies wholly owned by the Group, except Estonia, Latvia and Lithuania where the Group owns 60.0%.

EUROPEAN RETAIL STORE PORTFOLIO(1)

	25 October 2020	27 October 2019(3)	26 April 2020
GAME Spain	241	263	261
Belgium	36	35	35
Republic of Ireland(2)	33	40	35
Austria	22	25	22
Estonia(1)(3)	25	26	25
Portugal	21	20	21
Latvia(1)(3)	19	19	18
Lithuania(1)	18	18	18
Poland	15	16	16
Slovenia	14	14	14
Czech Republic	12	12	12
Hungary	8	8	8
Cyprus	6	6	6
Holland	5	5	5
Slovakia	5	5	5
France	4	4	4
Germany	2	2	2
Luxembourg	2	2	2
Spain	4	2	1
Iceland	1	1	1
Total	**493**	**523**	**511**
Opened	7	8	11
Acquired	-	263	(14)
Closed	(25)	(4)	265
Area (sq.ft.)	approx. 3.9m	approx. 3.8m	approx. 4.0m

(1) Includes only stores with SPORTSDIRECT.com and SPORTLAND fascias.
(2) Excluding Heatons fascia stores.
(3) FY19 figures have been revised to exclude outlet stores in Estonia and Latvia in line with other countries.

REST OF WORLD RETAIL

Rest of World Retail includes sports stores in Malaysia trading under the SPORTSDIRECT.com fascia and retail stores in the US trading under Bob's Stores and Eastern Mountain Sports, along with their e-commerce sites. In Malaysia the stores are 51.0% owned by the Group.

	26 weeks ended 25 October 2020	26 weeks ended 27 October 2019
Revenue	£77.1m	£92.1m
Cost of Sales	£(46.6)m	£(55.8)m
Gross Profit	£30.5m	£36.3m
Gross Margin %	39.6%	39.4%
Underlying EBITDA	£10.4m	£(2.5)m

Revenue decreased 16.3% to £77.1m. Gross margin increased to 39.6% from 39.4%. Underlying EBITDA was £10.4m, compared to a loss of £2.5m in FY20 H1, largely due to operating efficiencies in the US businesses.

REST OF WORLD RETAIL STORE PORTFOLIO

	25 October 2020	27 October 2019(3)	26 April 2020
Malaysia	31	33	31
Bob's Stores	24	27	24
Eastern Mountain Sports	21	21	20
Total	**76**	**81**	**75**
Area (sq.ft.)	approx. 1.3m	approx. 1.3m	approx. 1.3m

(1) Includes only stores with SPORTSDIRECT.com and SPORTLAND fascias.
(2) Excluding Heatons fascia stores.
(3) FY19 figures have been revised to exclude outlet stores in Estonia and Latvia in line with other countries.

WHOLESALE & LICENSING

The portfolio of Group brands includes a wide variety of world-famous sport and lifestyle brands. The Group's Sports Retail division sells products under these brands in its stores, and the Wholesale & Licensing division sells the brands through its wholesale and licensing activities. The Wholesale & Licensing division continues to sponsor a variety of prestigious events and retains a variety of globally recognised, high-profile celebrities and sporting professionals as brand ambassadors.

	26 weeks ended 25 October 2020	26 weeks ended 27 October 2019
Wholesale	£61.6m	£77.8m
Licensing	£10.6m	£14.2m
Total Revenue	£72.2m	£92.0m
Cost of Sales	£(42.3)m	£(55.8)m
Gross Profit	£29.9m	£36.2m
Gross Margin %	41.4%	39.3%
Underlying EBITDA	£11.0m	£16.5m

Revenue decreased by 21.5% to £72.2m. Wholesale revenues are down 20.8% to £61.6m, and Licensing revenues decreased 25.4% to £10.6m, largely due to the ongoing impact of Covid-19.

Total gross margin increased by 210 bps to 41.4% (FY20 H1: 39.3%) driven by wholesale, in particular Everlast.

Underlying EBITDA decreased 33.3% to £11.0m (FY20 H1: £16.5m).

ACQUISITIONS

On 22 August 2020, the Group acquired the trade and assets of DW Sports for cash consideration of £37.0m. The acquisition complements the Group's existing gym and fitness club portfolio and is consistent with the Group's elevation strategy. Further information regarding the acquisition can be found in note 12.

STRATEGIC INVESTMENTS

The Group continues to hold various other interests. On the 29 June 2020 the Group increased its direct investment in Hugo Boss AG to 2.5%. Subsequent to the period-end, in November 2020 the Group increased its investment in luxury handbag retailer Mulberry from 12.5% to 36.8% for consideration of £21.9m.

Included within long-term financial assets at the period ended 25 October 2020 are the following direct interests held by the Group:

	25 October 2020	27 October 2019	26 April 2020
	%	%	%
Studio Retail Group plc (formerly Findel plc)	36.7	36.9	36.9
French Connection Group plc	26.6	26.1	26.1
Hugo Boss AG	2.5	-	0.2
Mulberry Group plc	12.5	-	12.5
Iconix Brand Group, Inc.	4.8	4.8	4.8

The movements in fair value of these long-term financial assets are recognised within Other Comprehensive Income.

The fair value of the contracts for difference and options are recognised in Derivative Financial Assets or Liabilities on the Group Balance Sheet, with the movement in fair value recorded in the Income Statement.

FOREIGN EXCHANGE AND TREASURY

The Group reports its results in GBP but trades internationally and is therefore exposed to currency fluctuations on currency cash flows in various ways. These include purchasing inventory from overseas suppliers, making sales in currencies other than GBP and holding overseas assets in other currencies. The Board mitigate the cash flow risks associated with these fluctuations with the careful use of currency hedging using forward contracts and other derivative financial instruments.

The Group uses forward contracts that qualify for hedge accounting in two main ways – to hedge highly probable EUR sales income and USD inventory purchases. This introduces a level of certainty into the Group's planning and forecasting process. Management has reviewed detailed forecasts and the growth assumptions within them and are satisfied that the forecasts meet the criteria as being highly probable forecast transactions.

As at 25 October 2020, the Group had the following forward contracts that qualified for hedge accounting under IFRS 9 Financial Instruments, meaning that fluctuations in the value of the contracts before maturity are recognised in the Hedging Reserve through Other Comprehensive Income. After maturity, the sales and purchases are then valued at the hedge rate.

Currency	Hedging against	Currency value	Timing	Rates
EUR / GBP	Euro sales	EUR 390m	FY21 – FY23	0.99 – 1.09
USD / GBP	USD inventory purchases	USD 160m	FY21	1.31
USD / EUR	USD inventory purchases	USD 60m	FY21	1.32

The Group also uses currency options, swaps and spots for more flexibility against cash flows that are less than highly probable and therefore do not qualify for hedge accounting under IFRS 9 Financial Instruments. The fair value movements before maturity are recognised in the Income Statement.

The Group has the following currency options and unhedged forwards:

Currency	Expected use	Currency value	Timing	Rates
EUR / GBP	Euro sales	EUR 470m	FY21 – FY23	0.99 – 1.09

The Group also holds short-term swaps for Treasury management purposes:

Currency	Expected use	Currency value	Timing	Rates
EUR / USD	Cash flow management	EUR 100m	FY21	1.18

The Group is proactive in managing its currency requirements. The Treasury team works closely with senior management to understand the Group's plans and forecasts, and discuss and understand appropriate financial products with various financial institutions, including those within the Group Revolving Credit Facility. This information is then used to implement suitable currency products to align with the Group's strategy.

Regular reviews of the hedging performance are performed by the Treasury team alongside senior management to ensure the continued appropriateness of the currency hedging in place, and where suitable, either implementing additional strategies and/or restructuring existing approaches in conjunction with our financial institution partners.

Given the potential impact of commodity prices on raw material costs, the Group may hedge certain input costs, including cotton, crude oil and electricity.

CASH FLOW AND NET DEBT

Net debt decreased by £115.9m from £366.0m at 26 April 2020 to £250.1m at 25 October 2020. Net interest on bank loans and overdrafts decreased to £5.6m (FY20 H1: £8.0m) due to reduced LIBOR and interest rates payable on the RCF.

Analysis of net debt:

	25 October 2020	27 October 2019	26 April 2020
	£m	£m	£m
Cash and cash equivalents	371.3	326.0	534.0
Borrowings	(621.4)	(580.4)	(900.0)
Total	**(250.1)**	**(254.4)**	**(366.0)**

The Group's Working Capital Facility is £913.5m (FY20: £913.5m) and is available until November 2021 and is not secured against any of the Group's assets. £847.5m of the facility is due to expire in November 2022.

The Group continues to operate well within its banking covenants and the Board remains comfortable with the Group's available headroom.

Cash flow:

	26 weeks ended 25 October 2020	26 weeks ended 27 October 2019
	£m	£m
Underlying EBITDA	226.3	181.2
Realised foreign exchange (loss) / gain	(7.4)	4.6
Taxes paid	(54.3)	(50.7)
Movement in inventory	92.0	(161.3)
Working capital and other	(4.0)	188.5
Underlying free cash flow after working capital	**252.6**	**162.3**
Invested in:		
Purchase of own shares	-	(38.4)
Purchase of subsidiaries, net of cash acquired	(37.0)	16.1
Purchase of listed investments	(49.9)	-
Purchase of associates	-	(5.0)
Proceeds on disposal of investments	4.2	-
Net capital expenditure	(49.7)	(8.8)
Exchange movement on cash balances	1.4	0.9
Investment income received	0.3	6.3
Finance income received less finance costs paid	(6.0)	(9.3)
Decrease in net debt(1)	**115.9**	**124.1**

(1) This table excludes the impact of IFRS 16

BALANCE SHEET

	25 October 2020	27 October 2019	26 April 2020
	£m	£m	£m
Property, plant and equipment	1,308.6	1263.9	1,347.6
Inventory	1,110.3	1,231.4	1,198.3
Trade and other receivables	578.8	437.5	414.2
Provisions	331.8	350.2	336.0
Trade and other payables	626.0	748.2	602.5
Lease liabilities	715.6	669.7	624.1
Borrowings	621.4	580.4	900.0

The increase within property, plant and equipment is mainly due to the purchase of freehold properties, store fitouts and warehouse automation in the period. Right of use assets relate to leasehold properties capitalised under IFRS 16. Right of use assets have decreased from 26 April 2020 largely due to impairments in the period of £124.9m.

Inventory has decreased from 26 April 2020 after lockdown ended and stores reopened in addition to the stock provision increasing from 15.7% at 26 April 2020 to 15.9% at period end.

Trade and other receivables includes a £118.3m reimbursement asset in relation to the Group's ongoing non-UK tax enquiries (26 April 2020: £118.3m) and £158.6m relating to deposits in respect of derivative financial instruments (26 April 2020: £71.3m) with the increase mainly relating to Hugo Boss.

Trade and other payables has increased from 26 April 2020 largely due to lease payments under negotiation as a result of Covid-19.

Lease liabilities relate to the present value of property lease payments expected to be made over the remaining life of the lease under IFRS 16. The lease liability has increased largely due to reassessments in the period as a result of rent reviews.

Borrowings have decreased from 26 April 2020. At 26 April 2020 the vast majority of the RCF was drawn down, albeit not fully utilised, as this was the peak of the Covid-19 crisis. Continued positive net cash inflow from operating activities in the current period have allowed for repayment of this draw down.

GOING CONCERN

Having thoroughly reviewed the performance of the Group and having made suitable enquiries, the Directors are confident that the Group have adequate resources to remain in operational existence for the foreseeable future which is at least 12 months from the date of approval of these Unaudited Interim Financial Statements. Full details of this assessment can be found in note 1.

DIRECTORS' RESPONSIBILITY STATEMENT

Each of the directors confirm that to the best of their 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 Guidance and Transparency Rules, being an indication of important events during the first 26 weeks 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 26 weeks 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 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.

The summary of results for the 52 weeks ended 26 April 2020 is an extract from the published Annual Report and Financial Statements which have been reported on by the Group's auditors at the time and delivered to the Registrar of Companies. The audit report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s498 (2) or s498 (3) of the Companies Act 2006.

Mike Ashley

Chief Executive

10 December 2020

UNAUDITED CONSOLIDATED INCOME STATEMENT

FOR THE 26 WEEKS ENDED 25 OCTOBER 2020

	Notes	26 weeks ended 25 October 2020 £m	26 weeks ended 27 October 2019 £m	52 weeks ended 26 April 2020 £m
Revenue		**1,893.3**	**2,043.5**	**3,957.4**
Cost of sales		(1,059.5)	(1,148.6)	(2,294.8)
Gross profit		**833.8**	**894.9**	**1,662.6**
Selling, distribution and administrative expenses		(728.3)	(825.1)	(1,564.3)
Other operating income		15.1	16.4	32.5
Exceptional items	4	3.7	(3.3)	(13.1)
Profit on sale of properties		-	23.3	54.2
Operating profit		**124.3**	**106.2**	**171.9**
Investment income	5	40.0	7.2	15.2
Investment costs	6	(37.1)	(4.2)	(49.8)
Finance income	7	2.2	6.2	31.0
Finance costs	8	(23.3)	(19.6)	(29.3)
Share of loss of associated undertakings		-	(5.6)	(15.9)
Fair value gain on step acquisition		-	-	20.4
Profit before taxation		**106.1**	**90.2**	**143.5**
Taxation		(21.7)	(24.8)	(42.5)
Profit for the period		**84.4**	**65.4**	**101.0**
ATTRIBUTABLE TO:				
Equity holders of the Group		80.4	61.3	93.8
Non-controlling interests		4.0	4.1	7.2
Profit for the period		**84.4**	**65.4**	**101.0**
EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS				
		Pence per share	Pence per share	Pence per share
Basic earnings per share	9	16.0	12.0	18.5
Diluted earnings per share	9	16.0	12.0	18.5

The Unaudited Consolidated Income Statement has been prepared on the basis that all operations are continuing.

The accompanying accounting policies and notes form part of these Interim Financial Statements.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 26 WEEKS ENDED 25 OCTOBER 2020

	Notes	26 weeks ended 25 October 2020 £m	26 weeks ended 27 October 2019 £m	52 weeks ended 26 April 2020 £m
Profit for the period		**84.4**	**65.4**	**101.0**
OTHER COMPREHENSIVE INCOME				
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS				
Fair value movement on long-term financial assets		(0.5)	12.5	(19.7)
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS				
Exchange differences on translation of foreign operations		(9.9)	3.7	9.8
Fair value movement on hedged contracts – recognised in the period	11	(15.3)	13.4	16.4
Fair value movement on hedged contracts – ineffectiveness	11	-	(1.5)	0.2
Fair value movement on hedged contracts – reclassified and reported in sales	11	(1.3)	(1.2)	(1.7)
Fair value movement on hedged contracts – reclassified and reported in cost of sales	11	(8.7)	(19.4)	(37.4)
Fair value movement on hedged contracts – taxation taken to reserves	11	4.3	1.7	3.8
OTHER COMPREHENSIVE (COST) / INCOME FOR THE PERIOD, NET OF TAX		**(31.4)**	**9.2**	**(28.6)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**53.0**	**74.6**	**72.4**
ATTRIBUTABLE TO:				
Equity holders of the Group		49.0	70.5	65.2
Non-controlling interest		4.0	4.1	7.2
		53.0	**74.6**	**72.4**

The accompanying accounting policies and notes form part of these Interim Financial Statements.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 25 OCTOBER 2020

	Notes	25 October 2020 £m	27 October 2019 £m	26 April 2020 £m
ASSETS – NON CURRENT				
Property, plant and equipment		1,308.6	1,263.9	1,347.6
Investment properties		18.2	46.2	18.9
Intangible assets		131.7	170.9	143.4
Investments in associated undertakings		-	0.3	-
Long-term financial assets		127.2	86.2	83.8
Deferred tax assets		59.3	29.3	49.9
		1,645.0	**1,596.8**	**1,643.6**
ASSETS – CURRENT				
Inventories		1,110.3	1,231.4	1,198.3
Trade and other receivables		578.8	437.5	414.2
Derivative financial assets	11	64.9	83.1	78.1
Cash and cash equivalents		371.3	326.0	534.0
		2,125.3	**2,078.0**	**2,224.6**
TOTAL ASSETS		**3,770.3**	**3,674.8**	**3,868.2**
Share capital		64.1	64.1	64.1
Share premium		874.3	874.3	874.3
Treasury shares reserve		(295.7)	(320.2)	(295.7)
Permanent contribution to capital		0.1	0.1	0.1
Capital redemption reserve		8.0	8.0	8.0
Foreign currency translation reserve		68.0	71.8	77.9
Reverse combination reserve		(987.3)	(987.3)	(987.3)
Own share reserve		(67.0)	(67.0)	(67.0)
Hedging reserve	11	7.0	39.7	28.0
Retained earnings		1,644.8	1,568.6	1,564.9
Issued capital and reserves attributable to owners of the parent		1,316.3	1,252.1	1,267.3
Non-controlling interests		17.0	9.9	13.0
TOTAL EQUITY		**1,333.3**	**1,262.0**	**1,280.3**
LIABILITIES – NON CURRENT				
Borrowings		621.4	580.4	900.0
Lease liabilities		585.9	507.2	476.2
Retirement benefit obligations		2.0	1.9	1.9
Deferred tax liabilities		19.6	13.1	25.6
Provisions	10	331.8	350.2	336.0
		1,560.7	**1,452.8**	**1,739.7**
LIABILITIES – CURRENT				
Derivative financial liabilities	11	88.4	19.9	44.2
Trade and other payables		626.0	748.2	602.5
Lease liabilities		129.7	162.5	147.9
Current tax liabilities		32.2	29.4	53.6
		876.3	**960.0**	**848.2**
TOTAL LIABILITIES		**2,437.0**	**2,412.8**	**2,587.9**
TOTAL EQUITY AND LIABILITIES		**3,770.3**	**3,674.8**	**3,868.2**

The accompanying accounting policies and notes form part of these Interim Financial Statements.

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

FOR THE 26 WEEKS ENDED 25 OCTOBER 2020

	Notes	25 October 2020 £m	27 October 2019 £m	26 April 2020 £m
CASH INFLOW FROM OPERATING ACTIVITIES	13	**330.5**	**270.8**	**425.2**
Income taxes paid		(54.3)	(50.6)	(48.5)
NET CASH INFLOW FROM OPERATING ACTIVITIES		**276.2**	**220.2**	**376.7**
CASH FLOW FROM INVESTING ACTIVITIES				
Proceeds on disposal of property, plant and equipment		2.7	125.8	152.6
Proceeds on disposal of intangible assets		4.6	-	-
Proceeds on disposal of listed investments		4.2	-	4.9
Purchase of associates		-	(5.0)	(5.6)
Purchase of subsidiaries, net of cash acquired	12	(37.0)	16.1	(7.3)
Purchase of property, plant and equipment		(57.0)	(134.6)	(323.5)
Purchase of listed investments		(49.9)	-	(24.8)
Investment income received		0.3	6.3	0.5
Finance income received		2.2	1.0	9.8
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		**(129.9)**	**9.6**	**(193.4)**
CASH FLOW FROM FINANCING ACTIVITIES				
Lease payments		(17.1)	(57.9)	(113.6)
Finance costs paid		(14.7)	(10.3)	(18.3)
Borrowings drawn down		1,551.4	63.8	510.0
Borrowings repaid		(1,830.0)	(310.0)	(436.5)
Purchase of own shares		-	(38.4)	(43.9)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		**(310.4)**	**(352.8)**	**(102.3)**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(164.1)**	**(123.0)**	**81.0**
Exchange movement on cash balances		1.4	1.0	5.0
CASH AND CASH EQUIVALENTS INCLUDING OVERDRAFTS AT BEGINNING OF PERIOD		**534.0**	**448.0**	**448.0**
CASH AND CASH EQUIVALENTS INCLUDING OVERDRAFTS AT THE PERIOD END		**371.3**	**326.0**	**534.0**

The accompanying accounting policies and notes form part of these Interim Financial Statements.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium[1]	Treasury shares	Foreign currency translation	Own share reserve	Retained earnings	Other[2]	Total attributable to owners of parent	Non-controlling Interests	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 26 April 2020	64.1	874.3	(295.7)	77.9	(67.0)	1,564.9	(951.2)	1,267.3	13.0	1,280.3
Profit for the financial period	-	-	-	-	-	80.4	-	80.4	4.0	84.4
OTHER COMPREHENSIVE INCOME										
Cash flow hedges - recognised in the period	-	-	-	-	-	-	(15.3)	(15.3)	-	(15.3)
Cash flow hedges - reclassified and reported in sales	-	-	-	-	-	-	(1.3)	(1.3)	-	(1.3)
Cash flow hedges - reclassified and reported in cost of sales	-	-	-	-	-	-	(8.7)	(8.7)	-	(8.7)
Cash flow hedges - taxation	-	-	-	-	-	-	4.3	4.3	-	4.3
Fair value adjustment in respect of long term financial assets - recognised	-	-	-	-	-	(0.5)	-	(0.5)	-	(0.5)
Translation differences - Group	-	-	-	(9.9)	-	-	-	(9.9)	-	(9.9)
Total comprehensive income for the period	-	-	-	(9.9)	-	79.9	(21.0)	49.0	4.0	53.0
At 25 October 2020	**64.1**	**874.3**	**(295.7)**	**68.0**	**(67.0)**	**1,644.8**	**(972.2)**	**1,316.3**	**17.0**	**1,333.3**
At 29 April 2019	**64.1**	**874.3**	**(281.7)**	**68.1**	**(67.2)**	**1,494.8**	**(932.5)**	**1,219.9**	**5.8**	**1,225.7**
Purchase of own shares	-	-	(38.5)	-	0.2	-	-	(38.3)	-	(38.3)
Transactions with owners	**-**	**-**	**(38.5)**	**-**	**0.2**	**-**	**-**	**(38.3)**	**-**	**(38.3)**
Profit for the financial period	-	-	-	-	-	61.3		61.3	4.1	65.4
OTHER COMPREHENSIVE INCOME										
Cash flow hedges - recognised in the period	-	-	-	-	-	-	13.4	13.4	-	13.4
Cash flow hedges – ineffectiveness	-	-	-	-	-	-	(1.5)	(1.5)	-	(1.5)
Cash flow hedges - reclassified and reported in sales	-	-	-	-	-	-	(1.2)	(1.2)	-	(1.2)
Cash flow hedges - reclassified and reported in cost of sales	-	-	-	-	-	-	(19.4)	(19.4)	-	(19.4)
Cash flow hedges - taxation	-	-	-	-	-	-	1.7	1.7	-	1.7
Fair value adjustment in respect of long term financial assets - recognised	-	-	-	-	-	12.5	-	12.5	-	12.5
Translation differences - Group	-	-	-	3.7	-	-	-	3.7	-	3.7
Total comprehensive income for the period	-	-	-	**3.7**	**-**	**73.8**	**(7.0)**	**70.5**	**4.1**	**74.6**
At 27 October 2019	**64.1**	**874.3**	**(320.2)**	**71.8**	**(67.0)**	**1,568.6**	**(939.5)**	**1,252.1**	**9.9**	**1,262.0**

(1) The share premium account is used to record the excess proceeds over nominal value on the issue of shares.
(2) Other reserves comprises permanent contribution to capital, capital redemption reserve, reverse combination reserve and the hedging reserve. All movements in the period related to the hedging reserve.

The accompanying accounting policies and notes form part of these Interim Financial Statements.

NOTES TO THE FINANCIAL INFORMATION

FOR THE 26 WEEKS ENDED 25 OCTOBER 2020

1. BASIS OF PREPARATION

Non-Statutory

The results for the first half of the financial year have not been audited or reviewed by external auditors. The financial information in the Group's Annual Report and Financial Statements is prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The Interim Results have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the UK's Financial Conduct Authority (DTR). This consolidated financial information for the 26 Weeks ended 25 October 2020 and 27 October 2019, and for the 52 Weeks ended 26 April 2020 does not constitute statutory financial statements within the meaning of s434 of the Companies Act 2006.

The summary of results for the 52 weeks ended 26 April 2020 is an extract from the published Annual Report and Financial Statements which have been reported on by the Group's auditors at the time and delivered to the Registrar of Companies. The audit report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s498 (2) or s498 (3) of the Companies Act 2006.

Going Concern

In light of the current economic uncertainty caused by Covid-19, the Directors have reviewed the current financial performance and liquidity of the business, including modelling a number of scenarios that include further lockdowns and periods of store closures. The Group is still profitable, highly cash generative and has considerable financial resources. The Group is able to operate within its banking facilities and covenants, which run until November 2022, and is well placed to take advantage of strategic opportunities as they arise. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the continued uncertain economic outlook.

Management have assessed the level of trading to date since the initial impact of Covid-19 and has forecast and projected a conservative base case and also a number of even more conservative scenarios taking into account the second lockdown, potential further lockdowns, Government support, foreign exchange exposure and cost saving initiatives. These forecasts and projections show that the Group will be able to operate within the level of the current facility and its covenant requirements (being interest cover and net debt to EBITDA ratios). Management also have a number of mitigating actions which could be taken if required such as putting on hold discretionary spend, liquidating certain assets on the balance sheet and paying down the Revolving Credit Facility.

Having thoroughly reviewed the Group's performance and having made suitable enquiries, the Directors are confident that the Group has adequate resources to remain in operational existence for at least 12 months from the date of approval of these financial statements. Trading would need to fall significantly below levels observed during the pandemic, including during the various lockdowns already experienced, to require mitigating actions or a relaxation of covenants. On this basis, the Directors continue to adopt the going concern basis for the preparation of these Unaudited Interim Financial Statements which is a period of at least twelve months from the date of approval of these Unaudited Interim Financial Statements.

New accounting standards, interpretations and amendments adopted by the Group

The principal accounting policies have remained unchanged from the prior financial information for the 52 weeks ended 26 April 2020. The IFRS 16 Covid-19 Rent Concessions Amendment and the IFRS 3 Amendments to the Definition of a Business are not considered to have a material impact on the Group. The Group continues to monitor the potential impact of other new standards and interpretations which have been or may be endorsed and required adoption by the Group in future reporting period. The Group does not consider that any other standards, amendments or interpretation issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

The Group has received government support in the period relating to business rates relief and the Coronavirus Job Retention Scheme (CJRS) as a result of the Covid-19 pandemic. Government grants that compensate the Group for expenses incurred are recognised in profit or loss, as a deduction against the related expense, over the periods necessary to match them with the related costs.

Risks and uncertainties

The Board has considered the risks and uncertainties for the remaining half of the financial year and determined that the risks presented in the FY20 Annual Report, noted below, also remain relevant for the rest of the financial year:

- Strategy
- Third-party brand relationships, key suppliers and supply chain management
- Financial and business performance
- Treasury, liquidity and credit risks
- Customer
- Legal and regulatory compliance
- Technology capability and infrastructure renewal
- Cyber risks, data loss and data privacy
- Business continuity management and incident response
- Group entities and extended enterprise
- People, talent management and succession
- COVID-19
- Brexit

2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The critical accounting estimates and judgements made by the Group regarding the future or other key sources of estimation, uncertainty and judgement that may have a significant risk of giving rise to a material adjustment to the carrying values of assets and liabilities within the next financial period are:

Key Judgements

Determining Related Party Relationships

Management determines whether a related party relationship exists by assessing the nature of the relationship by reference to the requirements of IAS 24, Related Party Disclosures. This is in order to determine whether significant influence exists as a result of control, shared directors or parent companies, or close family relationships. The level at which one party may be expected to influence the other is also considered for transactions involving close family relationships.

Control And Significant Influence Over Certain Entities

Under IAS 28 Investments in Associates and Joint Ventures, if an entity holds 20% or more of the voting power of the investee, it is presumed that the entity has significant influence, unless it can clearly demonstrate that this is not the case. The Group holds greater than 20% of the voting rights of Studio Retail Group Plc and French Connection Group Plc, whereby management consider that the Group does not have significant influence over these entities for combinations of the following reasons:

- The Group does not have any representation on the board of directors of the investee other than a Frasers Group representative having an observer role on the board of Studio Retail Group Plc. Management have reviewed the terms of the observer arrangement and have concluded that this does not give them the right to participate in or influence the financial or operating decisions of Studio Retail Group Plc. Studio Retail Group Plc can terminate this arrangement at any time, and can determine which parts of the board meetings the representative can be present at and what information they are given access to;
- There is no participation in decision making and strategic processes, including participation in decisions about dividends or other distributions;
- There have been no material transactions between the entity and its investee companies;
- There has been no interchange of managerial personnel;
- No non-public essential technical management information is provided to the investee.

In assessing the level of control that management have over certain entities, management will consider the various aspects that allow management to influence decision making. This includes the level of share ownership, board membership, the level of investment and funding and the ability of the Group to influence operational and strategic decisions and effect its returns through the exercise of such influence.

The Group holds 49% of the share capital of Four (Holdings) Limited which is accounted for using the equity method. The Group does not have any representation on the board of directors and no participation in decisions about relevant activities such as establishing operating and capital decisions, including budgets, appointing/remunerating key management personnel or service providers and terminating their services or employment. However, in prior periods the Group has provided Four (Holdings) Limited with a significant loan. At the reporting date, the amount owed by Four (Holdings) Limited totalled £68.5m (£34.8m net of amounts recognised in respect of expected credit losses). The Group is satisfied that the existence of these transactions provides evidence that the entity has significant influence over the investee but in the absence of any other rights, in isolation it is insufficient to meet the control criteria of IFRS 10, as the Group does not have power over Four (Holdings) Limited.

Cash Flow Hedging

The Group uses a range of forward and option contracts that are entered into at the same time, they are in contemplation with one another and have the same counterparty. A judgement is made in determining whether there is an economic need or substantive business purpose for structuring the transactions separately that could not also have been accomplished in a single transaction. Management are of the view that there is a substantive distinct business purpose for entering into the options and a strategy for managing the options independently of the forward contracts. The forward and options contracts are therefore not viewed as one instrument and hedge accounting for the forwards is permitted.

Under IFRS 9 in order to achieve cash flow hedge accounting, forecast transactions (primarily Euro denominated sales and USD denominated purchases) must be considered to be highly probable. The hedge must be expected to be highly effective in achieving offsetting changes in cash flows attributable to the hedged risk. The forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss. Management have reviewed the detailed forecasts and growth assumptions within them, and are satisfied that forecasts in which the cash flow hedge accounting has been based meet the criteria per IFRS 9 as being highly probable forecast transactions. Should the forecast levels not pass the highly probable test, any cumulative fair value gains and losses in relation to either the entire or the ineffective portion of the hedged instrument would be taken to the Income Statement.

Management considers various factors when determining whether a forecast transaction is highly probable. These factors include detailed sales forecasts by channel, geographical area and seasonality, conditions in target markets and the impact of expansion in new areas. Management also consider any change in alternative customer sales channels that could impact on the hedged transaction.

If the forecast transactions were determined to be not highly probably and all hedge accounting was discontinued, the Hedging reserve of £7.0m (excluding deferred tax) would be shown in Finance Income.

Defining Operating Segments

Management determines its operating segments with reference to the Chief Operational Decision Maker's process for making key decisions over allocation of resources to the segment and in assessing a segment's performance. This is based on:

- The nature of the operation type and products sold
- The type of class of customer targeted
- Product distribution methods

Similar operations are amalgamated into operating segments for the purposes of segmental reporting. See also note 3.

Key Estimates

Provision For Obsolete, Slow Moving or Defective Inventories

The Directors have applied their knowledge and experience of the retail industry in determining the level and rates of provisioning required in calculating the appropriate inventory carrying values. Specific estimates and judgements applied in relation to assessing the level of inventory provisions required are considered in relation to the following areas:

a. Continuity inventory
b. Seasonal inventory lines – specifically seasons that have now finished
c. Third party versus own brand inventory
d. Ageing of inventory
e. Sports Retail or Premium Lifestyle
f. Local economic conditions
g. Divisional specific factors
h. Increased cost of inventory and lower margins with the devaluation of the Pound
i. Over-stock and out of season inventory as a result of Covid-19

Provision estimates are forward looking and are formed using a combination of factors including historical experience, management's knowledge of the industry, group discounting, sales pricing protocols and the overall assessment made by management of the risks in relation to inventory. Management use a number of internally generated reports to monitor and continually re-assess the adequacy and accuracy of the inventory provision. The additional cost of repricing inventory and handling charges in relation to relocating inventory (tunnelling) are considered in arriving at the appropriate percentage provision. The assessment involves significant estimation uncertainty, therefore in order to check that the assumptions applied remain valid, management produces a range of outcomes and the provision is set within this range.

Key assumptions used to create the estimates are:

- Discounting – Based on historical experience and managements anticipated future discounting including the impact of Covid-19
- Tunnelling – Cost of handling stock for reworking, repacking and repricing
- Repricing – Labour cost associated with repricing units of stock
- Shrinkage – Stock lost through damage and theft

Total Group inventory provision at 25 October 2020 is 15.9% (27 October 2019: 14.1%, 26 April 2020: 15.7%). A 1% change in the total provision would impact underlying and reported EBITDA by approx. £13.6m (27 October 2019: £14.3m, 26 April 2020: £14.2m).

Property Related Provisions

Property related estimates and judgements are continually evaluated and are based on historical experience, external advice and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Dilapidations

The Group provides for its legal responsibility for dilapidation costs following advice from chartered surveyors and previous experience of exit costs (including strip out costs and professional fees). Management use a reference estimate of £100,000 (FY20: £100,000) for large leasehold stores, £50,000 (FY20: £50,000) for smaller leasehold stores (£25,000 per store for Game UK and Game Spain stores) and $/€50,000 (FY20: $/€50,000) for non-UK stores. Management do not consider these costs to be capital in nature and therefore dilapidations are not capitalised, except for in relation to the sale and leaseback of Shirebrook in the prior year in which a material dilapidations provision was recognised.

A 10% increase per store would result in an approx. £8.0m charge to the income statement.

Other Provisions

Provisions are made for items where the Group has identified a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Legal and regulatory provisions relate to management's best estimates of provisions required for legal and regulatory claims and ongoing non-UK tax enquiries. Other provisions relate to management's best estimates of provisions required for restructuring, employment and commercial. Where applicable these are inclusive of any estimated penalties, interest and legal costs.

In relation to the non-UK tax enquiries during H1 FY21 management have made a judgement to consider all claims collectively, applying the following key estimates to the gross amounts (excluding re-imbursement assets):

- 10% penalty (FY20: 10%). A 5% increase would result in approx. £7m increase in the provision.
- 3% interest on the liability (FY20: 3%). A 1% increase would result in approx. £10m increase in the provision.

Management are satisfied that the judgement to consider all claims collectively is the only reasonable approach because they are all dependant on the outcome of a court ruling on the interpretation of the non-UK tax enquiries.

Management are satisfied that with regard to timing a reasonable range of outcomes are all greater than one year and so are satisfied with including the provisions as non-current.

Other Receivables And Amounts Owed By Related Parties

Other receivables and amounts owed by related parties are stated net of provision for any impairment. Management have applied estimates in assessing the recoverability of working capital and loan advances made to investee companies. Matters considered include the relevant financial strength of the underlying investee company to repay the loans, the repayment period and underlying terms of the monies advanced, forecast performance of the underlying borrower, and where relevant, the Group's intentions for the companies to which monies have been advanced.

The key estimate within the loan assessment for the Four (Holdings) Limited amounts owed by related parties is the discount rate applied and management have based the discount rate on a market rate of 6.5%. The discount rate would need to be increased by 2% for a further loss allowance to be recognised.

IFRS 16

The key areas of judgement in relation to property leases recognised under IFRS 16 are below:

- IFRS 16 defines the lease term as the non-cancellable period of a lease together with the options to extend or terminate a lease, if the lessee were reasonably certain to exercise that option. The Group will assess the likelihood of extending lease contracts beyond the break date by taking into account current economic and market conditions, current trading performance, forecast profitability and the level of capital investment in the property.
- IFRS 16 states that the lease payments shall be discounted using the lessee's incremental borrowing rate where the rate implicit in the lease cannot be readily determined. Accordingly, all lease payments have been discounted using the incremental borrowing rate (IBR). The IBR has been determined by using a synthetic credit rating for the Group which is used to obtain market data on debt instruments for companies with the same credit rating, this is split by currency to represent each of the geographical areas the Group operates within and adjusted for the lease term.
- Management have performed an assessment of core and non-core entities to which management have applied the IBR to core entities. The remaining non-core entities are not significant to the Group and therefore the core IBR has also been applied to these.
- Exit costs have not been capitalised within the right of use asset (except for Shirebrook), this is in line with the Group's property, plant and equipment capitalisation policy.
- The right of use asset will be reviewed for impairment at each reporting period in line with IAS 36 impairment to review whether the carrying amount exceeds it recoverable amount. For impairment testing purposes the Group has determined that each store is a separate CGU. The recoverable amount is calculated based on the Group's latest forecast cash flows which are then extrapolated to cover the period to the break date of the lease taking into account historic performance and knowledge of the current market, together with the Group's views on future profitability of each CGU. The key assumptions in the calculations which are subject to a high degree of estimation uncertainty are the sales growth rates, gross margin rates, changes in the operating cost base and the pre-tax discount rate derived from the Group's weighted average cost of capital using the capital asset pricing model, the inputs of which include a risk-free rate, equity risk premium and a risk adjustment (Beta). Impairments in the period have been recognised in the amount of £124.9m due to the ongoing impact of Covid-19 and the challenges in the retail sector on the forecast cash flows of the CGU.

The key assumptions, which are equally applicable to each CGU, in the cash flow projections used to support the carrying amount of the right of use asset were as follows:

Key assumptions used	25 October 2020	27 October 2019	26 April 2020
Sales decline – year 1	12.0%	5.0%	10.0%
Sales decline – year 2	8.0%	1.0%	1.0%
Sales decline – year 3	4.0%	1.0%	1.0%
Sales decline – year 4-5	1.0%	1.0%	1.0%
Gross margin reduction in basis points – year 1	300	250	300
Operating costs increase	3.0%	3.0%	3.0%
Discount rate	6.0%	6.0%	6.0%

Management have revised the sales assumptions during the period due to the expectation that Covid-19 will continue to impact customer habits and the potential risk of further lockdowns. A sensitivity analysis has been performed in respect of sales as management consider this to be the most sensitive of the key assumptions. A change in the year 1 sales assumption from 12% to 13% would result in an increase in impairment of £3.9m (26 April 2020: from 10% to 11% result in £5.4m).

Key Estimates In Relation To Alternative Performance Measures

The Directors have adopted Alternative Performance Measures (APM's). APM's should be considered in addition to IFRS measures. The Directors believe that underlying EBITDA, underlying profit before tax and underlying basic EPS provide further useful information for shareholders on the underlying performance of the Group in addition to the reported numbers and are consistent with how business performance is measured internally. They are not recognised profit measures under IFRS and may not be directly comparable with "adjusted" or "alternative" profit measures used by other companies.

EBITDA is earnings before investment income, finance income and finance costs, tax, depreciation, amortisation and impairment. It includes the Group's share of losses from associated undertakings and joint ventures. Underlying EBITDA excludes the impact of IFRS 16, foreign exchange gains/losses in selling and administration costs, exceptional costs, and the profit / loss on disposal of subsidiaries, strategic investments and properties. Underlying EBITDA also excludes fair value adjustments on step acquisitions.

The following are further key estimates used with regard to the alternative performance measures used by the Group.

Onerous lease provision

Provisions for onerous lease contracts are recognised when the unavoidable costs of meeting lease obligations exceed the economic benefits expected to be received over the term of the lease. Where an onerous lease has been identified, the fixed assets associated to that store are also reviewed for impairment. As at period-end approximately 10% of the Group's store portfolio had an onerous provision recognised in relation to the lease contract.

Management use store EBITDA in order to determine whether an onerous lease exists, specific assumptions which include significant estimation uncertainty to determine the appropriate level of provision include:

a. Forecast sales and margin in stores, reflecting historic and expected future performance including the impact of Covid-19 across the Group

- UK forecasts are currently expecting a sales drop of –12% in FY21, -8% in FY22, -4% in FY23 and then –1% for future years (FY20 H1: -5% in FY20 followed by -1% for future years) and a margin impact of -300bps (FY20 H1: -250bps)
- European forecasts are currently expecting a sales drop of -12% in FY21, -8% in FY22, -4% in FY23 and then –1% for future years (FY20 H1: -2% in FY20 followed by -2% for future years) and a margin impact of –300bps (FY20 H1: -200bps)

b. Forecast wages and direct store cost inflation

- UK wage and operating costs inflation assumes 3% (FY20 H1: 3%) and Europe assumes 3% (FY20 H1: 2%)
- UK rent increases are expected at 2% (FY20 H1: 16%)
- European rent increases are expected at 2% (FY20 H1: 2%)

c. Other

- Discount rate 2% (FY20 H1: 3%) across the Group
- Store profitability includes 100% contribution towards central overheads
- Assumed get out cap of 10 years (FY20 H1: no cap)

d. Planned store closures, relocations and re-brandings

e. Lease obligations calculated to the end of the lease or the earlier of the assumed get out cap / applicable break clause

Sensitivity of estimates:

Forecast:	**Impact of:**	**£m**
Sales year 1	1% change	7.2
Margin	100bps	13.7
Wages and operating costs	1% change	25.0
Rent increase	1% change	1.8
Discount rate	1% change	8.7

3. SEGMENTAL ANALYSIS

Management has determined to present its segmental disclosures consistently with the presentation in the 2020 Annual Report. Management considers operationally that the UK Retail divisions (UK Sports Retail and Premium Lifestyle) are run as one business unit in terms of allocating resources, inventory management and assessing performance. Under IFRS 8 we have not at this reporting date met the required criteria with enough certainty to aggregate these operating segments. We will continually keep this under review at subsequent reporting dates. We continue to monitor the impacts of Covid-19, Brexit, and the continued uncertainties this has brought relating to the political and economic environments, and market and currency volatility in the countries we operate in. European countries have been identified as operating segments and have been aggregated into a single operating segment as permitted under IFRS 8. The decision to aggregate these segments was based on the fact that they each have similar economic characteristics, similar long-term financial performance expectations, and are similar in each of the following respects:

- The nature of the products;
- The type or class of customer for the products; and
- The methods used to distribute the products.

In accordance with paragraph 12 of IFRS 8 the Group's operating segments have been aggregated into the following reportable segments:

1. UK Retail:

i. UK Sports Retail - includes core sports retail store operations in the UK, plus all the Group's sports retail online business (excluding Bob's Stores, Eastern Mountain Sports and Malaysia), the gyms, the Group's Shirebrook campus operations, GAME UK stores and online operations, and retail store operations in Northern Ireland.

i. Premium Lifestyle – includes the results of the premium retail businesses Flannels, Cruise, van mildert, Jack Wills, House of Fraser and Sofa.com along with the related websites.

2. European Retail - includes all the Group's sports retail stores, management and operations in Europe including the Group's European Distribution Centres in Belgium and Austria as well as GAME Spain stores acquired in the prior year.

3. Rest of World Retail – includes the results of US based retail activities, Asia based retail activities along with their e-commerce offering.

4. Wholesale & Licensing – includes the results of the Group's portfolio of internationally recognised brands such as Everlast, Karrimor, Lonsdale and Slazenger.

It is management's current intention to run the Group as four operating segments being UK Retail (including UK Sports Retail and Premium Lifestyle), European Retail, Rest of World Retail and Wholesale & Licensing. Management is satisfied that the UK Sports Retail and Premium Lifestyle segments will meet the criteria permitted under IFRS 8 to aggregate as one segment in due course.

The FY20 H1 numbers have been re-categorised due to changes in the reporting segments, with Jack Wills and Sofa.com being moved from UK Sports Retail to Premium Lifestyle.

Segmental information for the **26 weeks ended 25 October 2020:**

	UK Sports Retail	Premium Lifestyle	UK Retail Total	European Retail	Rest Of World Retail	Total Retail	Wholesale & Licensing	Eliminations	Group Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Sales to external customers	1,071.6	320.4	**1,392.0**	352.0	77.1	**1,821.1**	72.2	-	**1,893.3**
Sales to other segments	-	-	-	-	-	-	30.6	(30.6)	-
Revenue	**1,071.6**	**320.4**	**1,392.0**	**352.0**	**77.1**	**1,821.1**	**102.8**	**(30.6)**	**1,893.3**
Gross profit	476.2	150.5	**626.7**	146.7	30.5	**803.9**	29.9	-	**833.8**
Operating profit before foreign exchange, exceptional items and IFRS 16	**106.8**	**18.7**	**125.5**	**10.5**	**9.2**	**145.2**	**7.1**	-	**152.3**
Exceptional	3.7	-	**3.7**	-	-	**3.7**	-	-	**3.7**
Realised foreign exchange loss	(13.7)	(0.6)	**(14.3)**	7.6	(0.1)	**(6.8)**	(0.6)	-	**(7.4)**
IFRS 16 adjustments	(50.0)	16.0	**(34.0)**	8.7	1.0	**(24.3)**	-	-	**(24.3)**
Operating profit	**46.8**	**34.1**	**80.9**	**26.8**	**10.1**	**117.8**	**6.5**	-	**124.3**
Investment income									**40.0**
Investment costs									**(37.1)**
Finance income									**2.2**
Finance costs									**(23.3)**
Profit before taxation									**106.1**
Taxation									**(21.7)**
Profit for the period									**84.4**

Other segment items included in the Income Statement for the **26 weeks ended 25 October 2020:**

	UK Sports Retail	Premium Lifestyle	UK Retail Total	European Retail	Rest Of World Retail	Total Retail	Wholesale & Licensing	Group Total
	£m	£m	£m	£m	£m	£m	£m	£m
Depreciation	44.3	9.6	**53.9**	14.1	1.3	**69.3**	0.6	**69.9**
IFRS 16 Depreciation/Impairment	133.1	11.1	**144.2**	28.8	5.1	**178.1**	-	**178.1**
IFRS 16 Disposal of lease liabilities	(14.5)	(0.5)	**(15.0)**	(4.3)	-	**(19.3)**	-	**(19.3)**
Impairment	3.7	-	**3.7**	-	-	**3.7**	-	**3.7**
Amortisation	0.3	-	**0.3**	0.5	-	**0.8**	3.3	**4.1**

Information regarding segment assets and liabilities as at 25 October 2020 and capital expenditure for the **26 weeks then ended:**

	UK Sports Retail	Premium Lifestyle	UK Retail Total	European Retail	Rest Of World Retail	Total Retail	Wholesale & Licensing	Eliminations	Group Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Total assets	3,109.0	268.0	**3,377.0**	459.1	125.9	**3,962.0**	340.6	(532.3)	**3,770.3**
Total liabilities	(1,751.5)	(329.0)	**(2,080.5)**	(615.9)	(185.8)	**(2,882.2)**	(87.1)	532.3	**(2,437.0)**
Tangible asset additions	32.7	7.1	**39.8**	12.5	4.7	**57.0**	-	-	**57.0**
Right-of-use asset additions	26.9	13.3	**40.2**	9.7	-	**49.9**	-	-	**49.9**

Segmental information for the **26 weeks ended 27 October 2019[1]:**

	UK Sports Retail	Premium Lifestyle	UK Retail Total	European Retail	Rest Of World Retail	Total Retail	Wholesale & Licensing	Eliminations	Group Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Sales to external customers	1,188.1	305.8	**1,493.9**	365.5	92.1	**1,951.5**	92.0	-	**2,043.5**
Sales to other segments	-	-	-	-	-	-	8.7	(8.7)	-
Revenue	**1,188.1**	**305.8**	**1,493.9**	**365.5**	**92.1**	**1,951.5**	**100.7**	**(8.7)**	**2,043.5**
Gross profit	513.5	157.5	**671.0**	151.4	36.3	**858.7**	36.2	-	**894.9**
Operating profit/(loss) before foreign exchange and exceptional items	98.7	(11.9)	**86.8**	19.8	(5.1)	**101.5**	15.3	-	**116.8**
Operating profit/(loss)	**93.4**	**(18.9)**	**74.5**	**21.3**	**(4.3)**	**91.5**	**14.7**	-	**106.2**
Other investment income									**7.2**
Investment costs									**(4.2)**
Finance income									**6.2**
Finance costs									**(19.6)**
Share of loss of associated undertakings									**(5.6)**
Profit before taxation									**90.2**
Taxation									**(24.8)**
Profit for the period									**65.4**

(1) The FY20 H1 numbers have been re-categorised due to changes in the reporting segments, with Jack Wills and Sofa.com being moved from UK Sports Retail to Premium Lifestyle.

Sales to other segments are priced at cost plus a 10% mark-up.

Other segment items included in the income statement for the **26 weeks ended 27 October 2019[1]:**

	UK Sports Retail	Premium Lifestyle	UK Retail Total	European Retail	Rest Of World Retail	Total Retail	Wholesale & Licensing	Group Total
	£m	£m	£m	£m	£m	£m	£m	£m
Depreciation	38.3	3.7	**42.0**	12.0	2.7	**56.7**	0.9	**57.6**
IFRS 16 Depreciation/Impairment	83.3	6.5	**89.8**	25.0	4.6	**119.4**	-	**119.4**
IFRS 16 Disposal of lease liabilities	-	-	-	(5.2)		**(5.2)**	-	**(5.2)**
Amortisation	2.3	-	**2.3**	0.4	-	**2.7**	0.2	**2.9**
Impairment	8.7	-	**8.7**	0.8	-	**9.5**	-	**9.5**

(1) The FY20 H1 numbers have been re-categorised due to changes in the reporting segments, with Jack Wills and Sofa.com being moved from UK Sports Retail to Premium Lifestyle.

Information regarding segment assets and liabilities as at **27 October 2019** and capital expenditure for the 26 weeks then ended[1]:

	UK Sports Retail	Premium Lifestyle	UK Retail Total	European Retail	Rest Of World Retail	Total Retail	Wholesale & Licensing	Eliminations	Group Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Total assets	3,063.5	400.8	**3,464.3**	549.4	146.3	**4,160.0**	338.4	(823.6)	**3,674.8**
Total liabilities	(1,748.0)	(490.0)	**(2,238.0)**	(733.7)	(190.5)	**(3,162.2)**	(74.2)	823.6	**(2,412.8)**
Tangible asset additions	88.9	14.2	**103.1**	28.2	2.4	**133.7**	0.9	-	**134.6**
Right-of-use asset additions	37.3	0.3	**37.6**	8.8	-	**46.4**	-	-	**46.4**

(1) The FY20 H1 numbers have been re-categorised due to changes in the reporting segments, with Jack Wills and Sofa.com being moved from UK Sports Retail to Premium Lifestyle.

GEOGRAPHIC INFORMATION

Segmental information for the **26 weeks ended 25 October 2020:**

	UK	Other Non-UK	US	Asia	Eliminations	Total
	£m	£m	£m	£m	£m	£m
Segmental revenue from external customers	1,401.3	366.3	106.5	19.2	-	**1,893.3**
Total capital expenditure	39.8	14.3	2.5	0.4	-	**57.0**
Non-current segmental assets*	1,165.2	84.3	194.8	14.2	-	**1,458.5**
Total segmental assets	3,437.9	471.0	352.2	41.5	(532.3)	**3,770.3**

*Excludes deferred tax and financial instruments.

Segmental information for the **26 weeks ended 27 October 2019:**

	UK	Other Non-UK	US	Asia	Eliminations	Total
	£m	£m	£m	£m	£m	£m
Segmental revenue from external customers	1,517.0	381.5	117.2	27.8	-	**2,043.5**
Total capital expenditure	88.7	43.9	1.3	0.7	-	**134.6**
Non-current segmental assets*	1,138.6	117.2	213.1	12.4	-	**1,481.3**
Total segmental assets	3,547.9	544.9	372.0	33.6	(823.6)	**3,674.8**

*Excludes deferred tax and financial instruments.

Material non-current segmental assets – by a non-UK country:

	USA	Belgium	Austria	Estonia	ROI	Spain
	£m	£m	£m	£m	£m	£m
25 October 2020	159.3	46.3	34.8	19.2	30.7	38.6
27 October 2019	173.9	33.5	50.2	27.1	53.6	2.3

The following table reconciles the reported operating profit to the underlying EBITDA as it is one of the main measures used by the Chief Operating Decision Maker when reviewing performance:

Reconciliation of operating profit to underlying EBITDA for the **26 week period ended 25 October 2020:**

	UK Sports Retail	Premium Lifestyle	UK Retail Total	European Retail	Rest Of World Retail	Total Retail	Wholesale & Licensing	Group Total
	£m	£m	£m	£m	£m	£m	£m	£m
Operating profit	**46.8**	**34.1**	**80.9**	**26.8**	**10.1**	**117.8**	**6.5**	**124.3**
IFRS 16 disposal of lease liability	(14.5)	(0.5)	**(15.0)**	(4.3)	-	**(19.3)**	-	**(19.3)**
IFRS 16 ROU depreciation/impairment	131.3	11.1	**142.4**	24.4	5.1	**171.9**	-	**171.9**
IFRS 16 PPE impairment	1.8	-	**1.8**	4.4	-	**6.2**	-	**6.2**
Depreciation	44.3	9.6	**53.9**	14.1	1.3	**69.3**	0.6	**69.9**
Amortisation/impairment	0.3	-	**0.3**	0.5	-	**0.8**	3.3	**4.1**
Reported EBITDA	**210.0**	**54.3**	**264.3**	**65.9**	**16.5**	**346.7**	**10.4**	**357.1**
Exceptional items	(3.7)	-	**(3.7)**	-	-	**(3.7)**	-	**(3.7)**
IFRS 16 adjustments [1]	(68.6)	(26.5)	**(95.1)**	(33.2)	(6.2)	**(134.5)**	-	**(134.5)**
Realised foreign exchange loss / (gain)	13.7	0.6	**14.3**	(7.6)	0.1	**6.8**	0.6	**7.4**
Underlying EBITDA	**151.4**	**28.4**	**179.8**	**25.1**	**10.4**	**215.3**	**11.0**	**226.3**

(1) Relates to the reversal of IFRS 16, offset by rent and onerous lease provisions.

Reconciliation of operating profit to underlying EBITDA for the **26 week period ended 27 October 2019[1]:**

	UK Sports Retail	Premium Lifestyle	UK Retail Total	European Retail	Rest Of World Retail	Total Retail	Wholesale & Licensing	Group Total
	£m	£m	£m	£m	£m	£m	£m	£m
Operating profit / (loss)	**93.4**	**(18.9)**	**74.5**	**21.3**	**(4.3)**	**91.5**	**14.7**	**106.2**
IFRS 16 ROU depreciation/impairment	80.0	6.3	**86.3**	19.0	4.6	**109.9**	-	**109.9**
IFRS 16 PPE impairment	3.3	0.2	**3.5**	6.0	-	**9.5**	-	**9.5**
Depreciation	37.9	4.1	**42.0**	12.0	2.7	**56.7**	0.9	**57.6**
Amortisation/impairment	11.0	-	**11.0**	1.2	-	**12.2**	0.2	**12.4**
Share of loss of associated undertakings	(5.6)	-	**(5.6)**	-	-	**(5.6)**	-	**(5.6)**
Reported EBITDA	**219.9**	**(8.2)**	**211.7**	**59.5**	**3.0**	**274.2**	**15.8**	**290.0**
Profit on sale of properties	(84.9)	-	**(84.9)**	(5.5)	-	**(90.4)**	-	**(90.4)**
Exceptional items	(0.7)	3.8	**3.1**	-	-	**3.1**	0.2	**3.3**
IFRS 16 adjustments [2]	10.3	(3.6)	**6.7**	(18.8)	(5.1)	**(17.2)**	0.3	**(16.9)**
Realised foreign exchange (gain) / loss	(2.7)	0.4	**(2.3)**	(2.3)	(0.4)	**(5.0)**	0.2	**(4.8)**
Underlying EBITDA	**141.9**	**(7.6)**	**134.3**	**32.9**	**(2.5)**	**164.7**	**16.5**	**181.2**

(1) The FY20 H1 numbers have been re-categorised due to changes in the reporting segments, with Jack Wills and Sofa.com being moved from UK Sports Retail to Premium Lifestyle.

(2) Relates to the reversal of IFRS 16, offset by rent and onerous lease provisions.

4. EXCEPTIONAL ITEMS

	26 weeks ended 25 October 2020	26 weeks ended 27 October 2019	52 weeks ended 26 April 2020
	£m	£m	£m
Impairments	3.7	3.3	13.1
Profit on disposal of intangible assets	(7.4)	-	-
	(3.7)	**3.3**	**13.1**

The impairment relates to goodwill, whereby the discounted present value of future cash flows do not support the full value of the assets. The profit on disposal of intangible assets relates to the sale of certain IP relating to the BELONG business.

5. INVESTMENT INCOME

	26 weeks ended 25 October 2020	26 weeks ended 27 October 2019	52 weeks ended 26 April 2020
	£m	£m	£m
Profit on disposal of financial assets and equity derivative financial instruments	4.0	-	7.4
Premium received on derivative financial instruments	16.9	5.9	-
Fair value gain on derivative financial instruments	18.8	1.0	7.3
Dividend income	0.3	0.3	0.5
	40.0	**7.2**	**15.2**

The profit on disposal of financial assets and equity derivative financial instruments and the fair value gain on equity derivative financial instruments mainly relates to current derivative financial assets.

6. INVESTMENT COSTS

	26 weeks ended 25 October 2020	26 weeks ended 27 October 2019	52 weeks ended 26 April 2020
	£m	£m	£m
Loss on disposal of financial assets and equity derivative financial instruments	-	-	14.0
Fair value loss on derivative financial instruments	37.1	4.2	35.8
	37.1	**4.2**	**49.8**

The fair value loss on equity derivatives mainly relates to Hugo Boss. The loss on disposal recognised in the prior period mainly relates to the disposal of equity derivatives.

7. FINANCE INCOME

	26 weeks ended 25 October 2020	26 weeks ended 27 October 2019	52 weeks ended 26 April 2020
	£m	£m	£m
Bank interest receivable	-	0.9	1.6
Other finance income	2.2	0.1	8.1
Fair value adjustment to foreign exchange contracts	-	-	21.3
IFRS 16 adjustment	-	5.2	-
	2.2	**6.2**	**31.0**

The fair value adjustment to foreign exchange contracts relates to differences between the fair value of forward foreign currency contracts and written options that were not designated for hedge accounting from one period end to the next. This also includes immaterial adjustments due to ineffectiveness on hedged contracts. Other finance income largely relates to premiums received on FX contracts.

8. FINANCE COSTS

	26 weeks ended 25 October 2020	26 weeks ended 27 October 2019	52 weeks ended 26 April 2020
	£m	£m	£m
Interest on bank loans and overdrafts	5.6	8.0	17.9
Other interest	2.6	2.3	0.4
Interest on retirement benefit obligations	-	-	0.1
Fair value adjustment to foreign exchange contracts	8.6	3.2	-
IFRS 16 lease interest	6.5	6.1	10.9
	23.3	**19.6**	**29.3**

The fair value adjustment to foreign exchange contracts relates to differences between the fair value of forward foreign currency contracts and written options that were not designated for hedge accounting from one period end to the next.

9. EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year.

For diluted earnings per share, the weighted average number of shares, 501,953,439 (FY20 H1: 509,095,427), is adjusted to assume conversion of all dilutive potential ordinary shares under the Group's share schemes, being 1,239,075 (FY20 H1: 1,239,075), to give the diluted weighted average number of shares of 503,192,514 (FY20 H1: 510,334,502).

BASIC AND DILUTED EARNINGS PER SHARE

	26 weeks ended 25 October 2020	26 weeks ended 25 October 2020	26 weeks ended 27 October 2019	26 weeks ended 27 October 2019	52 weeks ended 26 April 2020	52 weeks ended 26 April 2020
	Basic	Diluted	Basic	Diluted	Basic	Diluted
	£m	£m	£m	£m	£m	£m
Profit for the period	80.4	80.4	61.3	61.3	93.8	93.8
		Number in thousands		Number in thousands		Number in thousands
Weighted average number of shares	501,953	503,193	509,095	510,335	505,827	507,066
		Pence per share		Pence per share		Pence per share
Earnings per share	**16.0**	**16.0**	**12.0**	**12.0**	**18.5**	**18.5**

UNDERLYING EARNINGS PER SHARE

The underlying earnings per share reflects the underlying performance of the business compared with the prior period and is calculated by dividing underlying earnings by the weighted average number of shares for the period. Underlying earnings is used by management as a measure of profitability within the Group. Underlying earnings is defined as profit for the period attributable to equity holders of the parent for each financial period but excluding the post-tax effect of certain non-trading items. Tax has been calculated with reference to the effective rate of tax for the Group.

The Directors believe that the underlying earnings before exceptional items and underlying earnings per share measures provide additional useful information for shareholders on the underlying performance of the business and are consistent with how business performance is measured internally. Underlying earnings is not a recognised profit measure under IFRS and may not be directly comparable with "adjusted" profit measures used by other companies.

Given the market condition for the Fearless 1000 share bonus scheme has not been achieved at period-end, these shares have not been included in the calculation of the diluted weighted average number of shares.

	26 weeks ended 25 October 2020	26 weeks ended 25 October 2020	26 weeks ended 27 October 2019	26 weeks ended 27 October 2019	52 weeks ended 26 April 2020	52 weeks ended 26 April 2020
	Basic	Diluted	Basic	Diluted	Basic	Diluted
	£m	£m	£m	£m	£m	£m
Profit for the period	80.4	80.4	61.3	61.3	93.8	93.8
Post tax adjustments to profit for the period for the following exceptional items:						
Realised foreign exchange loss / (gain)	5.9	5.9	(3.5)	(3.5)	(26.1)	(26.1)
Fair value adjustment to forward foreign exchange contracts	6.9	6.9	2.4	2.4	(16.0)	(16.0)
Fair value gain on step acquisitions	-	-	-	-	(20.4)	(20.4)
Fair value loss / (gain) on derivative financial instruments	18.3	18.3	(1.0)	(1.0)	26.9	26.9
(Profit) / loss on disposal and premium received on financial instruments	(21.2)	(21.2)	(2.0)	(2.0)	7.7	7.7
Profit on disposal of property	-	-	(15.0)	(15.0)	(54.2)	(54.2)
Exceptional items	(3.7)	(3.7)	-	-	13.1	13.1
IFRS 16 adjustments	30.8	30.8	36.0	36.0	56.9	56.9
Underlying profit for the period	**117.4**	**117.4**	**78.2**	**78.2**	**81.7**	**81.7**
		Number in thousands		Number in thousands		Number in thousands
Weighted average number of shares	501,953	503,193	509,095	510,335	505,827	507,066
		Pence per share		Pence per share		Pence per share
Underlying earnings per share	**23.4**	**23.3**	**15.4**	**15.3**	**16.2**	**16.1**

10. PROVISIONS

	Legal and regulatory	Property related	Other	Total
	£m	£m	£m	£m
At 26 April 2020	225.4	107.9	2.7	**336.0**
Amounts provided	1.5	18.1	-	**19.6**
Amounts utilised / reversed	(1.4)	(21.8)	(0.6)	**(23.8)**
At 25 October 2020	**225.5**	**104.2**	**2.1**	**331.8**

Legal and regulatory provisions relate to management's best estimate of the potential impact of claims including legal, commercial, regulatory and ongoing non-UK tax enquiries. The timing of the outcome of non-UK tax enquiries and legal claims made against the Group is dependent on factors outside the Group's control and therefore the timing of settlement is uncertain. After taking appropriate legal advice, the outcomes of these claims are not expected to give rise to material loss in excess of the amounts provided.

A reimbursement asset of £118.3m (26 April 2020: £118.3m) has been recognised separately within debtors relating to ongoing non-UK tax enquiries.

Included within property related provisions are provisions for dilapidations in respect of the Group's retail stores and warehouses. Further details of managements' estimates are included in Note 2.

Other provisions relate to provisions for restructuring and employment (non-retirement related).

11. FINANCIAL INSTRUMENTS

e. Financial assets and liabilities by category and fair value hierarchy

The fair value hierarchy for financial assets and liabilities, which are principally denominated in Sterling or US Dollars, were as follows:

	Level 1	Level 2	Level 3	Other	Total
	£m	£m	£m	£m	£m
FINANCIAL ASSETS – 25 October 2020					
Amortised cost:					
Trade and other receivables*	-	-	-	473.5	**473.5**
Cash and cash equivalents	-	-	-	371.3	**371.3**
Amounts owed by related parties	-	-	-	35.2	**35.2**
FVOCI:					
Long Term Financial Assets (Equity Instruments) - designated	127.2	-	-	-	**127.2**
Derivative financial assets (FV):					
Foreign forward purchase and sale contracts	-	28.4	-	-	**28.4**
Derivative financial assets – contracts for difference	-	36.5	-	-	**36.5**
	-	**64.9**	-	-	**64.9**
FINANCIAL LIABILITIES – 25 October 2020					
Amortised cost:					
Non-current borrowings	-	-	-	(621.4)	**(621.4)**
Trade and other payables**	-	-	-	(568.1)	**(568.1)**
IFRS 16 lease liabilities	-	-	-	(715.6)	**(715.6)**
Derivative financial liabilities (FV):					
Foreign forward and written options purchase and sales contracts – unhedged	-	(6.6)	-	-	**(6.6)**
Derivative financial liabilities – contracts for difference & equity options	-	(81.8)	-	-	**(81.8)**
	-	**(88.4)**	-	-	**(88.4)**

*Prepayments of £70.1m are not included as a financial asset.
**Other taxes including social security costs of £57.9m are not included as a financial liability.

	Level 1 £m	Level 2 £m	Level 3 £m	Other £m	Total £m
FINANCIAL ASSETS – 27 October 2019					
Amortised cost:					
Trade and other receivables*	-	-	-	337.7	**337.7**
Cash and cash equivalents	-	-	-	326.0	**326.0**
Amounts owed by related parties	-	-	-	33.8	**33.8**
FVOCI:					
Long Term Financial Assets (Equity Instruments) - designated	86.2	-	-	-	**86.2**
Derivative financial assets (FV):					
Foreign forward purchase and sale contracts	-	80.2	-	-	**80.2**
Derivative financial assets – contracts for difference	-	2.9	-	-	**2.9**
	-	**83.1**	-	-	**83.1**
FINANCIAL LIABILITIES – 27 October 2019					
Amortised cost:					
Non-current borrowings	-	-	-	(580.4)	**(580.4)**
Trade and other payables**	-	-	-	(707.4)	**(707.4)**
IFRS 16 lease liabilities	-	-	-	(669.7)	**(669.7)**
Derivative financial liabilities (FV):					
Foreign forward and written options purchase and sales contracts – unhedged	-	(18.0)	-	-	**(18.0)**
Derivative financial liabilities – contracts for difference & equity options	(1.9)	-	-	-	**(1.9)**
	(1.9)	**(18.0)**	-	-	**(19.9)**

*Prepayments of £66.0m are not included as a financial asset.
**Other taxes including social security costs of £40.8m are not included as a financial liability.

b. Financial assets and liabilities sensitivities by currency

The Group's principal foreign currency exposures are to US Dollars and Euros. The table below illustrates the hypothetical sensitivity of the Group's reported profit and equity to a 5% increase and decrease in the US Dollar / Sterling and Euro / Sterling exchange rates at the period-end date, assuming all other variables remain unchanged. The figures have been calculated by comparing the fair values of outstanding foreign currency contracts, assets and liabilities at the current exchange rate to those if exchange rates moved as illustrated. The income statement figures include the profit effect of any relevant derivatives which are not in a designated cash flow hedge. The impact on US Dollar and Euro related hedging instruments is included in equity.

The analysis has been prepared using the following assumptions:

1. Existing assets and liabilities are held as at the period end.
2. No additional hedge contracts are taken out.

					Sensitivity			
					USD		EUR	
	GBP & Other	USD	EUR	Total	-5%	+5%	-5%	+5%
25 October 2020:								
Trade and other receivables	393.0	33.6	47.3	**473.9**	(1.6)	1.8	(2.3)	2.5
Cash and cash equivalents	254.8	67.1	49.4	**371.3**	(3.2)	3.5	(2.4)	2.6
Trade and other payables	(436.0)	(36.3)	(95.8)	**(568.1)**	1.7	(1.9)	4.6	(5.0)
27 October 2019:								
Trade and other receivables	282.2	35.1	20.4	**337.7**	(1.7)	1.8	(1.0)	1.1
Cash and cash equivalents	211.3	35.3	79.4	**326.0**	(1.7)	1.9	(3.8)	4.2
Trade and other payables	(516.7)	(36.6)	(154.1)	**(707.4)**	1.7	(1.9)	7.3	(8.1)

There is no difference between fair value and carrying value of the above financial instruments (FY20: £nil).

Fair value hierarchy

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; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Foreign forward purchase and sales contracts and options are classified as Level 2, the Group enters into these derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts and options are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, and yield curves of the respective currencies.

Long-term financial assets such as equity instruments are classified as Level 1 as the fair value is calculated using quoted prices.

The fair value of equity derivative agreements are included within the derivative financial assets balance of £36.5m (27 October 2019: £2.9m) and derivative financial liabilities balance of £81.8m (27 October 2019: £1.9m). The derivative financial assets and derivative financial liabilities as at 25 October 2020 relate to strategic investments.

Sold options are classified as Level 2 as the fair value is calculated using other techniques, where inputs are observable.

Trade receivables / payables, amounts owed from related parties, other receivables / payables, cash and cash equivalents and current / non-current borrowings are held at amortised cost.

c. Derivatives: Foreign currency forward contracts

c. (i) Hedged currency instruments

The most significant exposure to foreign exchange fluctuations relates to purchases made in foreign currencies, principally the US Dollar, and online sales in Euros. The Group's policy is to reduce substantially the risk associated with foreign currency spot rates by using forward fixed rate currency purchase contracts, taking into account any foreign currency cash flows. The Group does not hold or issue derivative financial instruments for trading purposes, however if derivatives, including both forwards and written options, do not qualify for hedge accounting they are accounted for as such and accordingly any gain or loss is recognised immediately in the Income Statement. Management are of the view that there is a substantive distinct business purpose for entering into the written options and a strategy for managing the written options independently of the forward contracts. The forward and written options contracts are therefore not viewed as one contract and hedge accounting for the forwards is permitted under IFRS 9.

Hedge effectiveness is determined at inception of the hedge relationship and at every reporting period end through the assessment of the hedged items and hedging instrument to determine whether there is still an economic relationship between the two.

The critical terms of the foreign currency forwards entered into exactly match the terms of the hedged item. As such the economic relationship and hedge effectiveness are based on the qualitative factors and the use of a hypothetical derivative where appropriate. Hedge ineffectiveness may arise where the critical terms of the forecast transaction no longer meet those of the hedging instrument, for example if there was a change in the timing of the forecast sales transactions from what was initially estimated or if the volume of currency in the hedged item was below expectations leading to over-hedging. Differences can arise when the initial value on the hedging instrument is not zero.

The hedged items and the hedging instrument are denominated in the same currency and as a result the hedging ratio is always one to one.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position. To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued, and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

The fair value of hedged contracts as at 25 October 2020 was:

	25 October 2020	26 April 2020
	£m	£m
Assets		
US Dollar purchases – GBP	0.4	-
US Dollar purchases – EUR	4.6	17.1
Euro sales	23.3	41.5
Total	**28.3**	**58.6**

The details of hedged forward foreign currency purchase contracts and contracted forward rates were as follows:

	25 October 2020			26 April 2020		
	Currency	GBP	Rates	Currency	GBP	Rates
	£m	£m		£m	£m	
US Dollar purchases (USD / GBP)	160.0	122.1	1.31	-	-	-
US Dollar purchases (USD / EUR)	60.0	45.5	1.32	120.0	90.9	1.32
Euro sales (EUR / GBP)	(390.0)	(381.1)	0.99 – 1.09	(540.0)	(519.8)	0.99 – 1.09

The timing of the contracts is as follows:

Currency	Hedging against	Currency value	Timing	Rates
USD / GBP	USD inventory purchases	USD 160m	FY21	1.31
USD / EUR	USD inventory purchases	USD 60m	FY21	1.32
EUR / GBP	Euro sales	EUR 390m	FY21 – FY23	0.99 – 1.09

Hedge ineffectiveness may arise where the critical terms of the forecast transaction no longer meet those of the hedging instrument, for example if there was a change in the timing of the forecast sales transactions from what was initially estimated or if the volume of currency in the hedged item was below expectations leading to over-hedging.

	25 October 2020		26 April 2020	
	£m		£m	
	Change in the fair value of the currency forward	Change in the fair value of the hedged item	Change in the fair value of the currency forward	Change in the fair value of the hedged item
US Dollar purchases – GBP	(0.4)	0.4	-	-
US Dollar purchases – EUR	(3.9)	3.9	6.7	(6.7)
Euro sales	(11.0)	11.0	9.8	(9.5)

At 25 October 2020 £167.6m of purchase contracts and £381.1m of forward sales contracts qualified for hedge accounting and the loss on fair valuation of these contracts of £15.3m has been recognised in other comprehensive income.

At 25 October 2020, £nil hedged purchase contracts had a maturity of greater than 12 months (26 April 2020: £nil of purchase contracts) and £242.0m of hedged sales had a maturity of greater than 12 months (26 April 2020: £242.0m of sales contracts).

The movements through the Hedging reserve are:

	USD/GBP	EUR/GBP	AUD/GBP	USD/EUR	Total Hedge Movement	Deferred Tax	Total Hedging Reserve
	£m	£m	£m	£m	£m	£m	£m
As at 28 April 2019	**34.9**	**8.0**	**0.3**	**13.1**	**56.3**	**(9.6)**	**46.7**
Recognised	-	9.8	-	6.6	16.4	-	**16.4**
Ineffectiveness	-	0.2	-	-	0.2	-	**0.2**
Reclassified in sales	-	(1.4)	(0.3)	-	(1.7)	-	**(1.7)**
Reclassified in inventory / cost of sales	(34.9)	-	-	(2.5)	(37.4)	-	**(37.4)**
Deferred tax	-	-	-	-	-	3.8	**3.8**
As at 26 April 2020	-	**16.6**	-	**17.2**	**33.8**	**(5.8)**	**28.0**
Recognised	(0.4)	(11.0)	-	(3.9)	(15.3)	-	**(15.3)**
Reclassified in sales	-	(1.3)	-	-	(1.3)	-	**(1.3)**
Reclassified in inventory / cost of sales	-	-	-	(8.7)	(8.7)	-	**(8.7)**
Deferred tax	-	-	-	-	-	4.3	**4.3**
As at 25 October 2020	**(0.4)**	**4.3**	-	**4.6**	**8.5**	**(1.5)**	**7.0**

c. (ii) Unhedged currency instruments

The sterling principal amounts of unhedged written currency option contracts and contracted rates were as follows:

	25 October 2020	26 April 2020
	£m	£m
Euro sales	(470.0)	(630.0)
Contracted rates EUR / GBP	0.99 – 1.09	0.99 – 1.09
Euro purchases	-	172.0
Contracted rates EUR / GBP	-	1.16

The loss on fair value of the written options and swaps of £8.6m has been included within finance costs (FY20 H1: £3.2m).

At 25 October 2020, £nil of unhedged purchase contracts had a maturity at inception of greater than 12 months (26 April 2020: £nil) and £242.0m of unhedged sales contracts had a maturity at inception of greater than 12 months (26 April 2020: £242.0m).

These contracts form part of the Treasury management activities, which incorporates the risk management strategy for areas that are not reliable enough in timing and amount to qualify for hedge accounting. This includes acquisitions, disposals of overseas subsidiaries, related working capital requirements, dividends and loan repayments from overseas subsidiaries and purchase and sale of overseas property. Written options carry additional risk as the exercise of the option lies with the purchaser. The options involve the group receiving a premium on inception in exchange for accepting that risk and the outcome is that the bank may require the group to sell Euros or buy USD. However, the Group is satisfied that the use of options as a Treasury management tool is appropriate.

The FY21 H1 value excludes short term swaps of EUR/USD of EUR 100.0m which are required for Treasury management purposes only (26 April 2020: EUR/USD of EUR 80.0m, USD/GBP of USD 190.0m, and EUR/GBP of EUR 75.0m).

d. Sensitivity analysis

The Group's principal foreign currency exposures are to US Dollars and Euros. The table below illustrates the hypothetical sensitivity of the Group's reported profit and equity to a 10% increase and decrease in the US Dollar / Sterling and Euro / Sterling exchange rates at the period-end date, assuming all other variables remain unchanged. The figures for the Income Statement have been calculated by comparing the achieved US Dollar and Euro Income Statement amounts in the period to the equivalent results had the exchange rates moved as illustrated. The impact on the translation of wholly owned subsidiaries who's denominated currency are US Dollar and Euro is included in equity.

Positive figures represent an increase in profit or equity:

	Income Statement		Equity	
	25 October 2020	26 April 2020	25 October 2020	26 April 2020
	£m	£m	£m	£m
Sterling strengthens by 10%				
US Dollar	9.0	14.6	(12.7)	13.4
Euro	0.3	15.1	13.0	37.1
Sterling weakens by 10%				
US Dollar	(11.1)	(34.0)	15.5	(16.4)
Euro	(11.5)	(13.4)	(15.8)	(45.4)

Interest rate sensitivity analysis

The following table illustrates the hypothetical sensitivity of the Group's reported profit and equity to a 0.5% increase or decrease in interest rates, assuming all other variables were unchanged.

The analysis has been prepared using the following assumptions:

- For floating rate assets and liabilities, the amount of asset or liability outstanding at the balance sheet date is assumed to have been outstanding for the whole year
- Fixed rate financial instruments that are carried at amortised cost are not subject to interest rate risk for the purposes of this analysis

Positive figures represent an increase in profit:

	Income Statement	
	25 October 2020	26 April 2020
	£m	£m
Interest rate increase of 0.5%	(3.1)	(4.1)
Interest rate decrease of 0.5%	3.1	4.1

Long term investments sensitivity analysis

The following table illustrates the hypothetical sensitivity of the price risk in relation to long term investments held by the Group:

	Equity	
	25 October 2020	26 April 2020
	£m	£m
Share price increase of 0.5%	9.0	8.0
Share price decrease of 0.5%	(9.0)	(8.0)

e. Liquidity risk

The following table shows the maturity analysis of the undiscounted remaining contractual cash flows of the Group's non derivative liabilities and foreign currency derivative financial instruments:

	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
	£m	£m	£m	£m	£m
25 October 2020					
Non derivative financial liabilities:					
Bank loans and overdrafts	-	621.4	-	-	**621.4**
Bank loans and overdrafts interest	-	8.3	-	-	**8.3**
Trade and other payables	568.1	-	-	-	**568.1**
IFRS 16 lease liabilities	133.3	101.7	173.1	396.2	**804.3**
Derivative financial instruments*:					
Cash inflows	476.9	131.4	484.8	-	**1,093.1**
Cash outflows	(470.6)	(133.1)	(467.6)	-	**(1,071.3)**
	707.7	**729.7**	**190.3**	**396.2**	**2,023.9**
26 April 2020					
Non derivative financial liabilities:					
Bank loans and overdrafts	-	900.0	-	-	**900.0**
Bank loans and overdrafts interest	-	13.2	-	-	**13.2**
Trade and other payables	602.5	-	-	-	**602.5**
IFRS 16 lease liabilities	146.7	102.1	198.2	257.1	**704.1**
Derivative financial instruments*:					
Cash inflows	(1,186.5)	(462.8)	-	-	**(1,649.3)**
Cash outflows	1,225.1	484.8	-	-	**1,709.9**
	787.8	**1,037.3**	**198.2**	**257.1**	**2,280.4**

*Excludes contingent cash flows

Capital Management

The capital structure of the Group consists of equity attributable to the equity holders of the parent company, comprising issued share capital (less treasury shares), share premium, retained earnings and cash and borrowings.

It is the Group's policy to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the development of the business.

In respect of equity, the Board has decided that, in order to maximise flexibility in the near term with regards to a number of inorganic growth opportunities under review, not to return any cash by way of a dividend at this time.

The Board is committed to keeping this policy under review and to looking to evaluate alternative methods of returning cash to shareholders when appropriate.

The objective of Group Share Schemes is to encourage worker share ownership and to link worker's remuneration to the performance of the Company. It is not designed as a means of managing capital.

In respect of cash and borrowings, the Board regularly monitors the ratio of net debt to LTM Reported EBITDA[(1)], the working capital requirements and forecasted cash flows, however no minimum or maximum ratios are set. The ratio for net debt to LTM Reported EBITDA(1) is 0.5 (FY20 H1: 0.8). The objective is to keep this figure below 3.0 (FY20 H1: 3.0).

(1) LTM EBITDA is the last twelve months historic Reported EBITDA excluding IFRS 16.

Based on this analysis, the Board determines the appropriate return to equity holders whilst ensuring sufficient capital is retained within the Group to meet its strategic objectives, including but not limited to, acquisition opportunities.

These capital management policies have remained unchanged from the prior year.

12. ACQUISITIONS

On 22 August 2020, the Group acquired the trade and assets of DW Sports for cash consideration of £37.0m which is deemed to be the fair value of the consideration. The acquisition complements the Group's existing gym and fitness club portfolio and is consistent with the Group's elevation strategy.

We have reviewed the fair value of the assets and liabilities acquired and the following table summarises the provisional amounts recognised:

		DW Sports	
	Book Value	Fair Value Adjustment	Fair Value
	£m	£m	£m
Property, plant and equipment	71.1	(42.1)	29.0
Intangible assets	2.9	(2.9)	-
Inventories	3.1	0.9	4.0
Trade receivables	0.3	-	0.3
Goodwill	-	3.7	3.7
Net assets acquired	**77.4**	**(40.4)**	**37.0**

Goodwill represents the premium associated with advantageous site locations, potential growth opportunities offered by economies of scale, and the assembled workforce.

The fair value adjustment to property, plant and equipment relates to the management's assessment of the price that would be paid for the acquired assets in an orderly transaction between market participants at the acquisition date.

The leases were acquired under short-term licences and therefore no right of use asset or lease liability has been recognised on acquisition.

Since the date of acquisition, revenue of £5.3m and loss before tax of £1.4m have been included within the Group's financial results for the period within the UK Sports Retail segment. Had the acquisition been included from the start of the period, revenue of £8.4m and loss before tax of £0.9m would have been included within the Group's financial results for period.

In line with IFRS 3 Business Combinations, the above values are provisional and subject to change as the period-end date falls in the measurement period for the acquisition.

13. CASH INFLOW FROM OPERATING ACTIVITIES

	26 weeks ended 25 October 2020	26 weeks ended 27 October 2019	52 weeks ended 26 April 2020
	£m	£m	£m
Profit before taxation	106.1	90.2	143.5
Net finance costs/(income)	21.1	13.4	(1.7)
Net investment (income)/costs	(2.9)	(3.0)	34.6
Share of losses of associated undertakings	-	5.6	15.9
Fair value gain on step acquisition	-	-	(20.4)
Operating profit	**124.3**	**106.2**	**171.9**
Depreciation & impairment of property, plant and equipment	247.3	176.3	381.0
Depreciation on investment properties	0.7	0.7	3.3
Gain on disposal of lease liabilities	(19.3)	-	(9.7)
Amortisation of intangible assets	4.1	3.0	14.5
Impairment of intangible assets	3.7	9.5	19.0
Profit on disposal of property, plant and equipment	-	(23.3)	(54.2)
Profit on disposal of intangibles	(7.4)	-	-
Operating cash inflow before changes in working capital	**353.4**	**272.4**	**525.8**
(Increase) / decrease in receivables	(141.7)	82.3	73.5
Decrease / (increase) in inventories	92.0	(161.3)	(120.8)
Increase / (decrease) in payables	31.0	(103.2)	61.8
(Decrease) / increase in provisions	(4.2)	180.6	(115.1)
Cash inflows from operating activities	**330.5**	**270.8**	**425.2**

14. POST BALANCE SHEET EVENTS

On 4 November 2020 the Group increased its stake in luxury handbag retailer Mulberry from 12.5% to 29.7% for consideration of £15.4m, and then to 36.8% on the 19 November 2020 for consideration of £6.5m.

15. CAPITAL COMMITMENTS

The Group had capital commitments of £10.6m relating to property purchases (FY20 H1: £85.0m) and £48.0m relating to warehouse development (FY20 H1: £nil) as at 25 October 2020.

16. RELATED PARTY TRANSACTIONS

The Group has taken advantage of the exemptions contained within IAS 24 - "Related Party Disclosures" from the requirement to disclose transactions between Group companies as these have been eliminated on consolidation.

26 weeks ended 25 October 2020:

Related party	Relationship	Sales	Purchases	Trade and other receivables	Trade and other payables
	£m	£m	£m	£m	£m
Four (Holdings) Limited & subsidiaries[1]	Associate	1.0	22.6	34.8	1.2
Mash Holdings Limited	Parent company	-	-	0.2	-
Mike Ashley[2]	Plc Director	0.4	-	-	-
N M Design London Limited	Connected persons	-	0.1	-	-
Rangers Retail Limited	Associate	-	-	-	0.1
Newcastle United Football Club & St James Holdings Limited[3]	Connected persons	0.1	-	0.2	2.0

26 weeks ended 27 October 2019:

Related party	Relationship	Sales	Purchases	Trade and other receivables	Trade and other payables
	£m	£m	£m	£m	£m
Four (Holdings) Limited & subsidiaries[1]	Associate	-	15.2	35.5	2.0
Mash Holdings Limited	Parent company	-	-	0.2	-
Mike Ashley[2]	Plc Director	1.2	-	-	-
MM Prop Consultancy Limited	Connected persons	-	-	-	5.4
N M Design London Limited	Connected persons	-	0.4	-	-
Rangers Retail Limited	Associate	-	-	-	0.1
Newcastle United Football Club & St James Holdings Limited[3]	Connected persons	0.4	1.0	0.2	-

(1) The outstanding balance with Four (Holdings) Limited reflects the funding related to Agent Provocateur. Management consider that the underlying results of Four (Holdings) Limited supports the recoverability of the receivables balance. The results of Four (Holdings) Limited do not meet the thresholds requiring more detailed disclosures under IFRS 12.
(2) Use of the Company jet and helicopter are charged at commercial rates.
(3) The sales relate to inventory.

52 weeks ended 26 April 2020:

Related party	Relationship	Sales	Purchases	Trade and other receivables	Trade and other payables
	£m	£m	£m	£m	£m
Four (Holdings) Limited & subsidiaries(1)	Associate	2.1	42.5	33.8	2.4
Mash Holdings Limited	Parent company	-	-	0.2	-
Mike Ashley(2)	Plc Director	2.0	-	-	-
Rangers Retail Limited	Associate	-	-	-	0.1
Newcastle United Football Club & St James Holdings Limited(3)	Connected persons	0.7	2.0	0.1	2.0

(1) The outstanding balance with Four (Holdings) Limited reflects the funding related to Agent Provocateur. Management consider that the underlying results of Four (Holdings) Limited supports the recoverability of the receivables balance. The results of Four (Holdings) Limited do not meet the thresholds requiring more detailed disclosures under IFRS 12.
(2) Use of the Company jet and helicopter are charged at commercial rates.
(3) The sales relate to inventory

An agreement has been entered into with Double Take Limited, a company owned by Mash Holdings Limited and in which Matilda Ashley, Mike Ashley's daughter, is a director. Under the agreement, Double Take Limited licenses the Group the exclusive rights to the cosmetic brand SPORT FX. During the period a review has been undertaken and no royalties or other fees are expected to be payable to Double Take Limited for these rights until at least September 2021, the fee arrangement will continue to be reviewed on an ongoing basis, no provision is required in the financial statements. It should be noted that the Group (rather than Double Take Limited) owns the rights to SPORT FX for clothing, footwear and sports equipment.

N M Design London Limited is a company in which Nicola Murray, Michael Murray's mother, is a director. N M Design London Limited perform design work for the Group in relation to some of the Group's sites.

There is an agreement with Newcastle United Football Club Limited in relation to the Group's advertising at Newcastle United Football Club Limited. Currently, providing that certain criteria are met, the Group will be charged £2.0m for the 2020/21 season (2020: £2.0m for the 2019/20 season). The Group considers this transaction to be in the normal course of business.

The trade and other receivables balance with Four (Holdings) Limited includes a loan balance of £67.5m (gross of amounts recognised in respect of loss allowance) which attracts interest at a rate of 3% within current assets. This has been accounted for at amortised cost in accordance with IFRS 9. The carrying value has been determined by assessing the recoverability of the receivable balance, discounted at an appropriate market rate of interest. £nil was recognised in the period in respect of doubtful debts. The sales amounts in relation to Four (Holdings) Limited relates to the interest charge on the loan and the purchases relate to the purchase of clothing products.

The Group does not have significant influence over but holds greater than 20% of the voting rights of Studio Retail Group plc and French Connection Group plc. Studio Retail Group plc and French Connection Group plc have disclosed transactions with the Group as a related party within their most recent Financial Statements. Transactions between Studio Retail Group plc and French Connection Group plc and the Group related to normal commercial trading arrangements and are not considered material to the results of the Group.

The Group does not consider it has the power to participate in the financial and operating policy decisions of the entities and so management do not consider the Group to be able to exert significant influence over these entities as per IAS 28 Investments in Associates and Joint Ventures and IAS 24 Related Party Disclosures.

MM Prop Consultancy Ltd, a company owned and controlled by Michael Murray, a member of key management, continues to provide property consultancy services to the Group. MM Prop Consultancy Ltd is primarily tasked with finding and negotiating the acquisition of new sites in the UK, Europe and rest of the world for both our larger format stores and our combined retail and gym units but it also provides advice to the Company's in-house property team in relation to existing sites in the UK, Europe and rest of the world. In the year all properties are assessed and those that are considered by the Group's independent non-executive directors to have been completed and be eligible for review at the year-end are assessed and valued by an independent valuer who confirms the value created by MM Prop Consultancy Ltd. The Group's independent non-executive directors then review and agree the value created and have full discretion to approve a payment to MM Prop Consultancy Ltd of up to 25% of the value created. There is a current pipeline of properties that may be eligible to be assessed both positively and negatively by the Group's non-executive directors in future years.

At the period end £nil has been accrued (FY20 H1: £5.35m accrued, subsequently £4.3m paid in FY20) as payable to MM Prop Consultancy. The Independent Non-Executive Directors consider this to be appropriate due to the effects of the Covid-19 pandemic which has resulted in significant economic uncertainty in the UK. With the widespread closure of businesses, furloughing of employees, lockdowns and the unprecedented economic environment; any property valuations would, at best, be uncertain and, at worst, be unreliable. As a consequence, it is not possible to quantify the value created on property transactions reliably. MM Prop Consultancy Ltd has agreed to defer the valuation until a reliable assessment can be performed.

GLOSSARY

ALTERNATIVE PERFORMANCE MEASURES

Reconciliation of excluding acquisitions and currency neutral performance measures:

	UK Sports Retail	Premium Lifestyle	European Retail	Rest Of World Retail	Wholesale & Licensing	Group Total
	£m	£m	£m	£m	£m	£m
			Revenue			
FY21 H1 Reported	1,071.6	320.4	352.0	77.1	72.2	**1,893.3**
Adjustments for acquisitions and currency neutral	(102.8)	(39.6)	(78.1)	-	-	**(220.5)**
FY21 H1 Excluding acquisitions and currency neutral	**968.8**	**280.8**	**273.9**	**77.1**	**72.2**	**1,672.8**
FY20 H1 Reported	1,188.1	305.8	365.5	92.1	92.0	**2,043.5**
Adjustments for acquisitions and currency neutral	(80.1)	(23.1)	(53.1)	(1.9)	(1.0)	**(159.2)**
FY20 H1 Excluding acquisitions and currency neutral	**1,108.0**	**282.7**	**312.4**	**90.2**	**91.0**	**1,884.3**
% Variance	**(12.6)**	**(0.7)**	**(12.3)**	**(14.5)**	**(20.7)**	**(11.2)**
			Revenue			
FY21 H1 Reported	151.4	28.4	25.1	10.4	11.0	**226.3**
Adjustments for acquisitions and currency neutral	5.4	(9.5)	(0.2)	-	-	**(4.3)**
FY21 H1 Excluding acquisitions and currency neutral	**156.8**	**18.9**	**24.9**	**10.4**	**11.0**	**222.0**
FY20 H1 Reported	141.9	(7.6)	32.9	(2.5)	16.5	**181.2**
Adjustments for acquisitions and currency neutral	3.9	2.1	(0.1)	-	(0.2)	**5.7**
FY20 H1 Excluding acquisitions and currency neutral	**145.8**	**(5.5)**	**32.8**	**(2.5)**	**16.3**	**186.9**
% Variance	**7.5**	**443.6**	**(24.1)**	**516.0**	**(32.5)**	**18.8**

The FY20 H1 numbers have been re-categorised due to changes in the reporting segments, with Jack Wills and Sofa.com being moved from UK Sports Retail to Premium Lifestyle.

Movement in provisions pre-IFRS 16:

	Legal and regulatory	Property related	Other	Total
	£m	£m	£m	£m
At 28 April 2019	234.0	198.5	8.0	**440.5**
Amounts provided	13.0	34.7	1.1	**48.8**
Reclassified from accruals	(2.7)	(6.0)	(3.0)	**(11.7)**
Acquisitions	-	12.9	-	**12.9**
At 27 October 2019	**244.3**	**240.1**	**6.1**	**490.5**
At 26 April 2020	**225.4**	**249.5**	**2.7**	**477.6**
Amounts provided	1.5	84.0	-	**85.5**
Amounts utilised / reversed	(1.4)	(19.4)	(0.6)	**(21.4)**
At 25 October 2020	**225.5**	**314.1**	**2.1**	**541.7**

During the period, onerous lease provisions (pre-IFRS 16) were recognised due to an ongoing management review of the Group's store profile and strategy including current and anticipated freehold acquisitions, resulting in additional provisions being made of £84.0m in the period (excluding acquisitions), with reference to the Group's alternative performance measures.

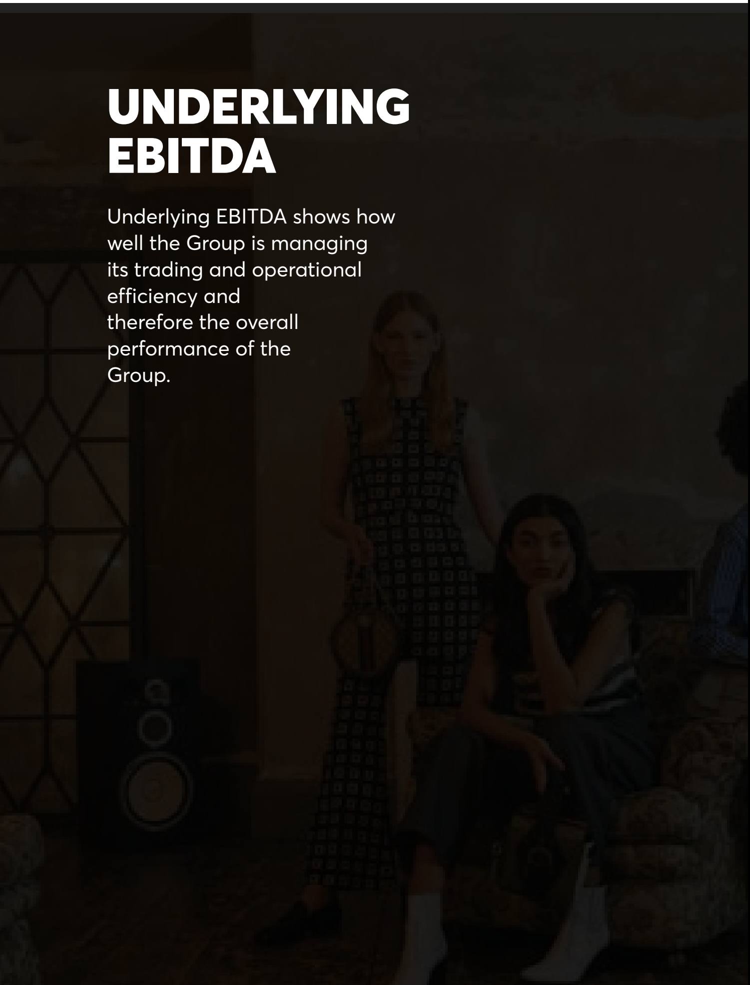
Reconciliation of underlying performance measures (EBITDA and PBT):

	26 weeks ended 25 October 2020		26 weeks ended 27 October 2019	
	EBITDA	PBT	EBITDA	PBT
	£m	£m	£m	£m
OPERATING PROFIT	**124.3**	-	**106.2**	-
Depreciation and amortisation	74.0	-	70.0	-
IFRS 16 depreciation	53.2	-	55.3	-
IFRS 16 impairment	124.9	-	64.1	-
IFRS 16 disposal of lease liabilities	(19.3)	-	-	-
Share of (loss) of associates	-	-	(5.6)	-
REPORTED	**357.1**	**106.1**	**290.0**	**90.2**
Exceptional items	**(3.7)**	**(3.7)**	**3.3**	**3.3**
IFRS 16 reversal of rent expense	(66.5)	(66.5)	(56.6)	(56.6)
IFRS 16 reversal of onerous lease provision	(68.0)	(68.0)	(27.6)	(27.6)
IFRS 16 depreciation	-	53.2	-	55.3
IFRS 16 impairment	-	124.9	-	64.1
IFRS 16 disposal of lease liabilities	-	(19.3)	-	(5.2)
IFRS 16 interest expense	-	6.5	-	6.1
	(134.5)	**30.8**	**(84.2)**	**36.1**
(Profit) on sale of properties:				
(Profit) on sale of properties - Pre-IFRS 16 basis	-	-	(90.4)	(90.4)
IFRS 16 sale and leaseback – Adjustment to post-IFRS 16 basis	-	-	67.3	67.3
	-	-	**(23.1)**	**(23.1)**
(Profit) on disposal of financial instruments	-	(21.2)	-	(6.3)
Realised FX loss / (gain)	7.4	7.4	(4.8)	(4.8)
Fair value adjustment on equity derivatives	-	18.3	-	3.2
Fair value adjustment on foreign currency contracts	-	8.6	-	3.2
UNDERLYING	**226.3**	**146.3**	**181.2**	**101.8**

KEY PERFORMANCE INDICATORS

GROUP REVENUE

The Board considers that this measure is a key indicator of the Group's growth.



UNDERLYING EBITDA

Underlying EBITDA shows how well the Group is managing its trading and operational efficiency and therefore the overall performance of the Group.

UNDERLYING BASIC EARNINGS PER SHARE (EPS)

Underlying basic EPS is a measure of adjusted total shareholder return and ultimately an indicator to our shareholders of the success of our elevation strategy.

UNDERLYING FREE CASH FLOW

Underlying free cash flow is considered an important indicator for the business of the cash available for investment in the elevation strategy.

GROUP GROSS MARGIN

The Board considers that this measure is a key indicator of the Group's trading profitability.

NET DEBT

Net debt is an indicator of both the Group's investment in the elevation strategy and its covenant headroom which is a key component of the Group's going concern considerations.

NUMBER OF RETAIL STORES

The Board considers that this measure is an indicator of the Group's growth. The Group's elevation strategy is replacing older stores and often this can result in the closure of two or three stores to be replaced by one larger new generation store.