

CANTERBURY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Registered number: 06930025

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Table of Contents

	Page
Strategic Report.....	2
Director's Report.....	5
Independent auditor's report to the members of Canterbury Limited.....	8
Profit and loss account.....	12
Statement of comprehensive income	12
Balance Sheet	13
Statement of changes in equity.....	14
Notes to the financial statements	15

CANTERBURY LIMITED

Strategic Report for the year ended 31 December 2020

The directors present the strategic report of the company for the year ended 31 December 2020.

Review of the Business and Future Developments

The company holds the intellectual property of the 'Canterbury' and 'Canterbury of New Zealand' brands for which it receives licensed royalty income from subsidiary companies and third party licensees. The company bears the cost of global brand development including for trademark protection, international marketing and product development and acts as a holding company for subsidiary undertakings of the Canterbury Group.

Performance

The company's profit for the financial year is £2,079k (2019: loss of £3,143k) and is shown in the profit and loss account on page 12. The company's net liabilities as at 31 December 2020 is £1,114k (2019: net liability of £3,193k). The directors do not recommend the payment of a dividend (2019: £nil).

Given the straightforward nature of the business, the key performance indicators are limited to the following:

	2020 £'000	2019 £'000
Revenue	2,637	4,190

Principal Risks and Uncertainties

The directors of Pentland Group Holdings Limited, the ultimate parent company, manage the group's risk and key performance indicators at a group level, rather than at an individual entity level, including financial risk management.

The principal risks and uncertainties of Pentland Group Holdings Limited, which include many of those of the company, are discussed within the group's annual report which does not form part of this report. Copies of Pentland Group Holdings Limited's consolidated financial statements are available from the company's registered office at 26 New Street, St Helier, Jersey, JE2 3RA.

However, the key risks and uncertainties specific to the company are as follows:

Category	Risk	Mitigating Activity
Liquidity and Funding		
Intercompany Funding		
The company is in a net liability position.	Access to funding from the immediate parent may not be available on demand.	Regular profit and cash flow forecasts are provided to the Group Treasury function to highlight peaks and troughs in the working capital cycle of the company, so that funding availability can be managed accordingly.

CANTERBURY LIMITED

Strategic Report for the year ended 31 December 2020 (continued)

Requirement to report in respect of Section 172 Companies Act 2006

The following disclosure describes how the directors have approached and met their responsibilities under section 172 Companies Act 2006, and in particular how the directors have satisfied themselves that they have acted in a way which is most likely to promote the success of the company for the benefit of its members as a whole, and in doing so having regard for stakeholders interests, and forms the directors' statement required under section 414CZA of The Companies Act 2006.

As a business we set the highest standards of conduct, which are outlined on the Pentland Brands website (<https://pentlandbrands.com/reports-and-resources/>). These set out the high expectations we set for ourselves, our employees, our business partners and our suppliers. We have presented below a summary of the key stakeholder groups, as well as the key decisions made during the year, with reference to how our key stakeholders were impacted and how directors engaged with those stakeholders to promote the success of the company.

- Pentland Group Limited

Pentland Group Limited is the company's immediate parent company and provides significant intercompany funding. Continued access to capital is vital to the long-term success of the company.

Regular profit and cash flow forecasts are provided to Pentland Group Limited and the Group Treasury function, not only to advise on when funding is needed, but also to highlight sales and profit growth to ensure we are creating value for the ultimate shareholders. These are challenged and scrutinised as well as regular forecast update and outlook processes.

- Licensing Partners

Sustaining long lasting relationships with our licensing partners is vital to the success of the company and regular meetings with our partners take place to ensure this continues. We also regularly review the terms in place and ensure both the company and the partner can meet the demands placed on them.

- Employees

Whilst all employee contracts are held by Pentland Brands Limited, a sister company within the group, the company recognises that certain of those employees represent the company in the conduct of its principal activity. Accordingly, we believe they are crucial to operating our business successfully and engage to ensure that we are fostering an environment in which they are happy to work.

- Community

Having a positive impact on the wider community is key to the company. To reflect the growing need to factor our social and environmental impact into all that we do, in 2020 we introduced our commitment to 'positive business' – our strategy to take action for people and our planet. This includes building brands with purpose, creating products sustainably, embracing a diverse and inclusive workforce, supporting our communities and protecting the people working within our supply chain. In addition to publishing its 4th Modern Slavery Report, Pentland Brands published its first standalone Positive Business report, which outlines the activities and actions taken and our commitments from 2020 onwards - You can read the full reports of both on the Pentland Brands website - <https://pentlandbrands.com/about-us/>.

Our Principal Decisions

- COVID-19

In common with many businesses, a significant area for decision making in 2020 related to the global COVID-19 pandemic. Please see our Statement in relation to COVID-19 below for further information.

CANTERBURY LIMITED

Strategic Report for the year ended 31 December 2020 (continued)

Statement in relation to COVID-19

During the ongoing COVID-19 pandemic, our number one priority has been the health and wellbeing of our people, those working for our partners and suppliers and the communities in which we operate; whilst also keeping our business running.

- Pandemic Committee

From the outset we set up a Pandemic Committee with experts from across the global organisation. The Committee was responsible for monitoring the escalating situation, advising and agreeing actions and support aligned to WHO and various government guidelines for its employees, partners and vendors.

The rapidly evolving COVID-19 crisis has significantly impacted our partners and our expectation is that the COVID-19 global pandemic will have a significant impact on our business well into 2021.

- Employees

With our revenue significantly impacted over the past 12 months, we were grateful to access government support to protect as many jobs as possible across the Pentland Brands group of companies. Given our improved confidence in the recovery, we have repaid all UK government support received since the start of the crisis.

- Health and Safety

We closed our offices in-line with the relevant government guidelines in 2020. We introduced changes in working practises to minimise the risks and to protect the wellbeing of our teams.

- Supplier Engagement

We standardised the majority of supplier terms at 60-days, which is significantly shorter than the industry average of 90 days.

Pentland has long-standing relationships with the majority of its suppliers and, throughout the year, kept vendors informed of all business and leadership changes with regular updates.

By order of the board



T E Cullen
Company Secretary
Date: 7 July 2021

CANTERBURY LIMITED

Directors' Report for the year ended 31 December 2020

The directors present their report of the company for the year ended 31 December 2020.

Future Developments and Financial Risk Management

Refer to the Strategic Report on page 2.

Going Concern

Notwithstanding net current liabilities of £1,123k as at 31 December 2020 and a profit for the year then ended of £2,079k, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds through funding from its immediate parent company, Pentland Group Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Pentland Group Limited providing additional financial support during that period. Pentland Group Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

Dividends

Refer to the Strategic Report on page 2.

Financial Instruments

Cash flows which are denominated in a foreign currency present risk and uncertainty as to the value of these cash flows in an entity's functional currency. Due to the significant volumes of USD and EUR cash flows across the group, these exposures are managed centrally by Group Treasury on a combined rather than individual brand basis. The objectives of this policy are to maximise the efficiency benefits of group hedging and to provide a level of exchange rate certainty to individual brands to assist them in the forecasting, planning and budgeting processes.

Directors

The directors who held office during the year and up to the date of signing the financial statements were:

A K Rubin
A M Long
K L Nurse (resigned 30 September 2020)
C Y Patel (appointed 1 October 2020)
J M Godden (appointed 1 October 2020)
D Highfield (appointed 1 October 2020)

Qualifying Third Party and Pension Scheme Liability Provisions

The company has provided an indemnity for the directors and the secretary of the company, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006 and was in force during the financial year and at the date of approving these financial statements.

CANTERBURY LIMITED

Directors' Report for the year ended 31 December 2020 (continued)

Employee Policies

Pentland supports and promotes policies which are designed to ensure that employees, and those who seek to work for us, are treated equally and with respect, regardless of age, disability, ethnicity, gender, marital status, religion, social background or sexual orientation. Pentland's policy is to recruit, develop and promote people purely on their aptitude and ability. We are determined to ensure that no applicant or employee receives less favourable treatment. For people with disabilities, including anyone who becomes disabled whilst in our employment, this includes taking into consideration and making the appropriate adjustments so they have equal opportunities in recruitment, promotion and career development.

Pentland sees employee engagement as a key aspect of ensuring that teams remain motivated and well informed about activities and developments across the business. Various group, subsidiary and brand updates are distributed throughout the year and webinars are held to keep employees informed of performance and strategy. Management is charged with communicating and explaining group's financial results to their team and maintain constant communication with direct reports so that employee's views may be considered in making decisions. Other communications, and the methods used for consulting employees and their representatives, vary locally according to the type of business and the nature of employee representation. Employees are encouraged to identify with the aims of the group through various schemes suited to local circumstances.

Greenhouse Gas Emissions

The disclosure on greenhouse gas emissions and energy consumption for the company is stated in the consolidated financial statements of Pentland Group Holdings Limited. These are prepared in accordance with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 and are available from the company's registered office at 26 New Street, St Helier, Jersey JE2 3RA.

Political Contributions

Neither the company nor its subsidiaries made any political donations nor incurred any political expenditure during the year.

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

CANTERBURY LIMITED

Directors' Report for the year ended 31 December 2020 (continued)

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Disclosure of Information to Auditor

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Independent Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



T E Cullen
Company Secretary
Date: 7 July 2021

Independent Auditor's Report to the Members of Canterbury of Limited

Opinion

We have audited the financial statements of Canterbury Limited ("the company") for the year ended 31 December 2020 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Enquiring of directors as to the company's high-level policies and procedures to prevent and detect fraud, and the company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

Independent Auditor's Report to the Members of Canterbury of Limited (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the company's income primarily arises from non-complex, individually low value transactions, with few sources of judgement. In addition, no pressures or incentives for management to commit fraudulent financial reporting through inappropriate revenue recognition were identified.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety and anti-bribery, recognising the nature of the company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent Auditor's Report to the Members of Canterbury of Limited (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on pages 6 and 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Members of Canterbury of Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Aimie Keki (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

15 Canada Square

London

E14 5GL

9 July 2021

CANTERBURY LIMITED

Financial statements for the year ended 31 December 2020

Profit and loss account

<i>All amounts in £'000</i>	Note	<u>Year ended 31 December</u>	
		2020	2019
Turnover	5	2,637	4,190
Gross profit		2,637	4,190
Administrative expenses		(72)	(573)
Operating profit	6	2,565	3,617
Impairment of fixed asset investment		-	(6,079)
Profit/(Loss) before taxation		2,565	(2,462)
Tax charge on profit/loss	8	(486)	(681)
Profit/(Loss) for the financial year		2,079	(3,143)

Statement of comprehensive income

<i>All amounts in £'000</i>	<u>Year ended 31 December</u>	
	2020	2019
Profit/(Loss) for the financial year	2,079	(3,143)
Total comprehensive income/(loss) for the year	2,079	(3,143)

The notes on pages 15 to 26 are an integral part of these financial statements.

CANTERBURY LIMITED

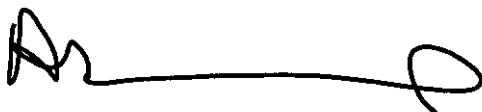
Financial statements for the year ended 31 December 2020 (continued)

Balance Sheet

<i>All amounts in £'000</i>	Note	As at 31 December	
		2020	2019
Fixed assets			
Tangible fixed assets	10	9	31
		9	31
Current assets			
Debtors	13	12,711	9,664
Deferred tax	14	15	13
		12,726	9,677
Creditors: amounts falling due within one year	15	(13,849)	(12,901)
Net current liabilities		(1,123)	(3,224)
Total assets less current liabilities		(1,114)	(3,193)
Net liabilities		(1,114)	(3,193)
Capital and reserves			
Called-up share capital	16	26	26
Share premium account	17	25,883	25,883
Accumulated losses		(27,023)	(29,102)
Total equity		(1,114)	(3,193)

The notes on pages 15 to 26 are an integral part of these financial statements.

The financial statements on pages 12 to 26 were authorised for issue by the board of directors on 7 July 2021 and signed on its behalf by:



A M Long
Director
Canterbury Limited
Registered number: 06930025

CANTERBURY LIMITED

Financial statements for the year ended 31 December 2020 (continued)

Statement of changes in equity

<i>All amounts in £'000</i>	Note	Called-up share capital	Share premium account	Accumulated losses	Total Equity
Balance as at 1 January 2019	16,17	26	25,883	(25,959)	(50)
Loss for the financial year		-	-	(3,143)	(3,143)
Total comprehensive loss for the year		-	-	(3,143)	(3,143)
Balance as at 31 December 2019	16,17	26	25,883	(29,102)	(3,193)
Balance as at 1 January 2020	16,17	26	25,883	(29,102)	(3,193)
Profit for the financial year		-	-	2,079	2,079
Total comprehensive income for the year		-	-	2,079	2,079
Balance as at 31 December 2020	16,17	26	25,883	(27,023)	(1,114)

The notes on pages 15 to 26 are an integral part of these financial statements.

CANTERBURY LIMITED

Notes to the financial statements

1 General Information

Canterbury Limited is a private company limited by shares and is incorporated in England and Wales. Its registered office is situated at 8 Manchester Square, London, W1U 3PH.

The company holds the intellectual property of the 'Canterbury' and 'Canterbury of New Zealand' brands for which it receives licensed royalty income from subsidiary companies and third party licensees. The company bears the cost of global brand development including for trademark protection, international marketing and product development and acts as a holding company for subsidiary undertakings of the Canterbury Group.

All amounts in the financial statements have been rounded to the nearest £1,000.

2 Statement of compliance

The individual financial statements of Canterbury Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

(b) Going concern

Notwithstanding net current liabilities of £1,123k as at 31 December 2020 and a profit for the year then ended of £2,079k, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds through funding from its immediate parent company, Pentland Group Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Pentland Group Limited providing additional financial support during that period. Pentland Group Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

CANTERBURY LIMITED

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(c) Exemptions for qualifying entities under FRS 102

The company's ultimate parent undertaking, Pentland Group Holdings Limited, includes the company in its consolidated financial statements. The consolidated financial statements of Pentland Group Holdings Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from the company's registered office at 26 New Street, St Helier, Jersey JE2 3RA. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Pentland Group Holdings Limited include the disclosures equivalent to those required by FRS 102, the company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

(d) Consolidated financial statements

The company is a wholly owned subsidiary of its ultimate parent, Pentland Group Holdings Limited. It is included in the consolidated financial statements of Pentland Group Holdings Limited, which are publicly available. Therefore, the company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are the company's separate financial statements.

(e) Foreign currency

Functional and presentational currency

The company's functional and presentational currency is the pound sterling.

Transactions and balances

Transactions in foreign currencies during the year are translated at the spot exchange rate at the transaction date, or in the case of stock purchases, at an average spot rate of exchange for the period in which the purchases were made or actual spot rate at the transaction date, where this would give a material difference.

At each period end, foreign currency monetary items are translated using the closing spot rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction, and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings, cash and cash equivalents and all other foreign exchange gains or losses are presented in the profit and loss account.

CANTERBURY LIMITED

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(f) Turnover

Turnover comprises the value of external royalties, excluding sales related taxes.

Royalty income

Royalty income is charged to licensee partners according to the terms of licence agreements and is recognised in the same period as the sales or purchases to which the royalty relates.

(g) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted in the countries where the company operates and generates taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

(h) Intangible assets

Intangible assets are reviewed for impairment if factors such as technological advancement or changes in market price indicate that the carrying amount may be impaired. Intangibles are being amortised over a period of 10 years based on management's estimate.

Other intangible assets that are acquired by the company are stated at cost less accumulated amortisation and less accumulated impairment loss.

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

CANTERBURY LIMITED

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(i) Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Fixture and fittings and computer equipment

Plant and machinery and fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate the cost to their residual values over their estimated useful lives as follows:

Depreciation and residual values

Plant and machinery 4 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Derecognition

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

(j) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

(k) Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

All financial assets and liabilities are measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at estimated fair value and subsequently measured at fair value.

(l) Impairment of assets

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its estimated fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

CANTERBURY LIMITED

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(l) Impairment of assets (continued)

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Where indicators exist for a decrease in impairment loss and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

(m) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(n) Investments

Investment in a subsidiary company is held at cost less accumulated impairment losses.

(o) Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned as per FRS 102.

4 Critical accounting estimates and judgements

The company makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of debtors

The company makes an estimate of the recoverable value of trade, intercompany and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 13 for the net carrying amount of the debtors and associated impairment provision.

CANTERBURY LIMITED

Notes to the financial statements (continued)

5 Turnover

Analysis of turnover by geography:

	2020 £'000	2019 £'000
United Kingdom	1,872	2,184
Continental Europe	30	57
North America	27	27
Latin America	30	80
Asia-Pacific	638	1,699
Rest of the world	40	143
	2,637	4,190

Analysis of turnover by category:

	2020 £'000	2019 £'000
Royalty income	2,637	4,190
	2,637	4,190

6 Operating profit

Operating profit is stated after charging:

	2020 £'000	2019 £'000
Depreciation of tangible fixed assets	22	22
Audit fees payable to the company's auditor	11	10
Impairment loss on debtors	34	185

7 Employees and directors

Employees

All employee contracts are held by Pentland Brands Limited, a sister company within the group that provide shared services to all other companies within the Pentland Brands group of companies. The average number of employees is disclosed within the financial statements of Pentland Brands Limited.

All wages and salary costs were incurred by Pentland Brands Limited. In exchange for services received from Pentland Brands Limited, the company receives a management re-charge ("service fee"). In determining the service fee, Pentland Brands Limited takes into account the payroll and non-payroll related costs incurred to provide the services to the company.

The recharged wages and salaries costs are not split out within the wages and salaries disclosure, as it is impracticable to determine the amount of management charge that relates to employee services provided to the company.

Emoluments for the directors who are also directors of the group service company, Pentland Brands Limited, have been included in the service charge included within administrative expenses. Their total emoluments are disclosed in the group service company.

CANTERBURY LIMITED

Notes to the financial statements (continued)

8 Tax on loss

	2020 £000	2019 £000
Current tax		
UK - current corporation tax at 19% (2019: 19%)	488	681
Current overseas tax	60	70
Overseas tax relief	(60)	(70)
Total current tax	488	681
Deferred tax		
Origination and reversal of timing differences	-	-
Effect of changes in tax rates	(2)	-
Total deferred tax	(2)	-
Total tax charge on profit	486	681

Reconciliation of tax charge

The tax assessed for the year is lower (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £'000	2019 £'000
Profit/(loss) before taxation	2,565	(2,462)
Profit/(loss) before taxation multiplied by the average rate in the UK of 19% (2019: 19%)	488	(468)
Effects of:		
- Tax rate changes	(2)	-
- Transfer pricing adjustments	-	(6)
- Impairment of investments	-	1,155
Total tax charge for the financial year	486	681

Following announcements made at the Budget 2020, legislation to reverse the planned reduction in corporation tax from 19% to 17% with effect from 1 April 2020 was substantively enacted on 17 March 2020. As a result, the company has re-measured its deferred tax balances at the revised 19% rate.

At the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge.

CANTERBURY LIMITED

Notes to the financial statements (continued)

9 Intangible assets

All amounts in £'000

At 31 December 2019

Cost	7,109
Accumulated amortisation	(7,109)

Net book amount	-
-----------------	---

Year ended 31 December 2019

Opening net book amount	-
Amortisation charge	-

Year ended 31 December 2020	-
------------------------------------	---

At 31 December 2020

Cost	7,109
Accumulated amortisation	(7,109)

Net book amount	-
------------------------	---

Intangible assets comprise the international rights to the rugby brands 'Canterbury' and 'Canterbury of New Zealand'. The directors determined in 2018 that the residual value may not be recoverable and the full amount was written off to the profit and loss.

CANTERBURY LIMITED

Notes to the financial statements (continued)

10 Tangible fixed assets

<i>All amounts in £'000</i>	Plant and machinery	Total
At 31 December 2019		
Cost	87	87
Accumulated depreciation and impairment	(56)	(56)
Net book amount	31	31
Year ended 31 December 2020		
Opening net book amount	31	31
Depreciation	(22)	(22)
Closing net book amount	9	9
At 31 December 2020		
Cost	87	87
Accumulated depreciation and impairment	(78)	(78)
Net book amount	9	9

11 Investments

All amounts in £'000

At 31 December 2019		
Opening net book amount		5,375
Additions		704
Provision for impairment		(6,079)
Net book amount		-
At 31 December 2020		
Opening net book amount		-
Additions		-
Provision for impairment		-
Net book amount		-

CANTERBURY LIMITED

Notes to the financial statements (continued)

11 Investments (continued)

Fixed asset investments relate to subsidiary undertakings listed in note 12.

Given loss making performances and the net liability position of Canterbury of New Zealand Limited, the directors determined a further impairment of £nil in the year (2019: £704k). The best estimate of the recoverable value of the subsidiary is £nil given its current financial position. Similarly, Canterbury of New Zealand Limited (the New Zealand subsidiary) has also been fully impaired (2019: £5,375k) given its loss making performance and best estimate of recoverable value in the prior year. The directors are however hopeful that the subsidiaries will deliver improved results in the foreseeable future.

The directors believe that the carrying value of the investments are supported by the underlying assets.

12 Principal subsidiary undertakings

Name of subsidiary	Registered office	Country of incorporation	Ownership of ordinary shares %	2020 £m	2019 £m
Canterbury International (Far East) Limited	13/F, Harbour Crystal Centre, 100 Granville Road, Tsim Sha Tsui East, Kowloon, Hong Kong	Hong Kong	100%	-	-
Canterbury International (Australia) Pty Limited	195 Botany Road, Waterloo, NSW 2017	Australia	100%	-	-
Canterbury of New Zealand Limited	8 Manchester Square, London, W1U 3PH	UK	100%	-	-
Canterbury European Fashionwear Limited	8 Manchester Square, London, W1U 3PH	UK	100%	-	-
Canterbury of New Zealand Limited	19 Copsey Place, Avondale, Auckland 1026	New Zealand	100%	-	-
Canterbury Cotton Oxford Limited	8 Manchester Square, London, W1U 3PH	UK	100%	-	-
				-	-

With the exception of Canterbury Cotton Oxford Limited, Canterbury European Fashionwear Limited and Canterbury International (Far East) Limited, which are dormant, all of the subsidiaries shown are distributors of leisure wear and rugby apparel, footwear and accessories.

Canterbury International (Far East) Limited has subsequently been deregistered as of 26 February 2021.

CANTERBURY LIMITED

Notes to the financial statements (continued)

13 Debtors

	2020 £'000	2019 £'000
Trade debtors	22	566
Amounts owed by group undertakings	12,406	8,565
Corporation tax receivable	-	70
Other debtors	117	-
Prepayments and accrued income	166	463
	12,711	9,664

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Trade debtors are stated after provisions for impairment of £34k (2019: nil).

14 Deferred tax

The deferred taxation asset is as follows:

	2020 £'000	2019 £'000
Accelerated capital allowances	15	13
	15	13

The directors consider that there is sufficient certainty that there will be taxable profits within the Pentland Group Holdings Limited tax group in the foreseeable future such as to realise the deferred tax asset in 2020, and therefore the asset has been recognised in these financial statements.

15 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Amounts owed to group undertakings	13,421	12,811
Corporation Tax	428	70
Accruals and deferred income	-	20
	13,849	12,901

Amounts owed to group undertakings are unsecured, interest free, are repayable on demand and have no fixed repayable date.

CANTERBURY LIMITED

Notes to the financial statements (continued)

16 Called-up share capital

Allotted and fully paid	2020 £'000	2019 £'000
At 1 January – 25,910 ordinary shares of £1	26	26
At 31 December- 25,910 ordinary shares of £1	26	26

17 Share premium account

	2020 £'000	2019 £'000
At 1 January	25,883	25,883
At 31 December	25,883	25,883

18 Commitments and contingencies

At 31 December 2020 (and 2019), the company had no capital commitments or off-balance sheet arrangements.

Bank overdrafts are reported gross but the company is party to a pooling arrangement with its clearing banks whereby sterling, US dollar and euro current account cleared credit balances are set off against the respective currency cleared debit balances of the company and fellow UK group undertakings, with interest paid only on the aggregate net overdrafts.

The aggregate indebtedness on the cleared current account balances in sterling, US dollars and euros, up to a limit of £10,000,000, are guaranteed by Pentland Group Limited.

19 Related party transactions

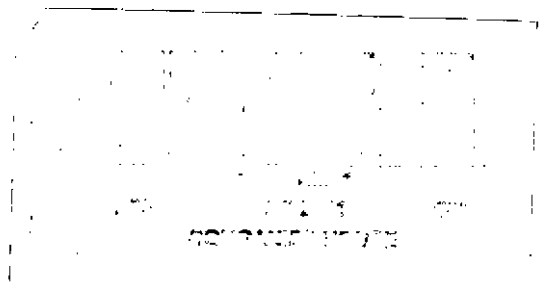
The company is exempt from disclosing related party transactions with wholly owned companies within the group.

20 Controlling parties

The immediate parent undertaking is Pentland Group Limited, a company registered in England and Wales. The ultimate parent undertaking is Pentland Group Holdings Limited, a company registered in Jersey. R S Rubin and his close family are considered the ultimate controlling party by virtue of their control of Pentland Group Holdings Limited. Consolidated financial statements will be prepared by Pentland Group Holdings Limited, which is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements for the year ended 31 December 2020. The consolidated financial statements of Pentland Group Holdings Limited can be obtained from the company's registered office at 26 New Street, St Helier, Jersey, JE2 3RA.

PENTLAND GROUP HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020
Registered number: 129937

THESE ACCOUNTS FORM PART
OF THE ACCOUNTS OF
COMPANY NO: 06930025
CANTEBURY LIMITED



Pentland Group Holdings Limited

Table of contents

	Page
Chairman's Statement.....	1
Strategic report.....	2
Directors' report.....	10
Independent auditor's report to the members of Pentland Group Holdings Limited.....	14
Consolidated profit and loss account.....	17
Consolidated statement of comprehensive income.....	18
Consolidated balance sheet.....	19
Company balance sheet.....	20
Consolidated statement of changes in equity.....	21
Company statement of changes in equity.....	23
Consolidated statement of cash flows.....	24
Notes to the financial statements.....	25

Pentland Group Holdings Limited
Chairman's Statement
For the period ended 31 December 2020

I am pleased to present Pentland Group Holdings Limited's annual report, covering the period to 31 December 2020. This is the first report of the company which acquired Pentland Group Limited in 2019.

Established by my parents in 1932, their vision was to set up a business built on the values of honesty, fairness, respect and hard work. Our Group continues to uphold these same values and, while we do not pretend that we always get it right, our reason for existing continues to be driven by our commitment to looking after our people and make all our decisions in good conscience.

2020 was a challenging year for many of our businesses, requiring them to refocus their priorities to deal with the scale of economic slowdown created by the crisis. Trading within JD Sports Fashion Plc ("JD") and Pentland Brands was significantly compromised, particularly in the UK, due to retail stores, gyms and leisure centres being closed for much of the year. Despite this, I am proud of the response and agility shown by our business leaders and what we have achieved in the year under review. The consolidated results of the Group saw turnover increase by 2.4% to £6,595.7m (2019: £6,443.2m), which resulted in the Group generating an operating profit, before amortisation of intangibles, exceptional items and other operating income, of £499.1m (2019: £509.0m).

JD delivered strong end of year results driven, primarily, by its deep understanding of its consumer, strong performance across its digital channels and its exceptional trading performance in the US. JD global revenues increased by 2.8% to £6,216.6m (2019: £6,047.6m) and the headline profit before tax increasing by a further 3.0% to £371.2m (2019: £360.4m).

During 2020, JD continued to expand globally, most notably with the acquisition of Shoe Palace and in 2021, DTLR in the United States, continuing to strengthen its position as a leading global partner to the top sports and fashion brands. The JD business now employs over 54,000 people and operates in 19 territories through localised trading websites and over 2,600 stores.

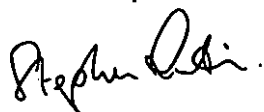
For the Pentland Brands Division, with more people spending time outdoors during the extended periods of lockdown, consumers turned to trusted brands like Berghaus and Endura and both brands increased sales and grew market share in 2020. Conversely, the closure of swimming pools and the cancellation of team sports resulted in a revenue decline for the Speedo and Canterbury brands. In April 2020 the Group completed the acquisition of the Speedo North America license from PVH Corp, which was agreed in January 2020, significantly expanding Pentland Brands global footprint. Despite the challenges presented by the global response to COVID-19, Pentland Brands still delivered external revenues (excluding Speedo North America) of £321.9m (2019: £409.7m).

The exceptional Pentland Investment Division results reflect the fair value adjustment of a number of investments which we continue to hold.

The Group continued to give back to those in need during the year in a number of ways. The Rubin Foundation continued to support charities focused on climate change, inequality and education. The Foundation continued to support the Pentland Centre for Sustainability at Lancaster University, funding disadvantaged young entrepreneurs through The Princes Trust and a public policy scholarship for developing countries with UCL. The JD Foundation continued to support charities working with disadvantaged young people in the UK focused on mental health and homelessness. Pentland Brands continued to support charity partners in communities where they operate working to help disadvantaged young people through empowerment and sport.

We are proud of the work we continue to do to minimise our impact on the environment and, in particular, to limit the effect of our operations on climate change, as listed in the Strategic Report. More information can also be found in our annual CR Review published on pentlandgroup.com and in our report to the United Nations.

It has been an incredibly difficult year for many of us and I would like to acknowledge and thank our employees and our partners for the commitment and valued contribution they gave throughout the year. I am confident that we are in a strong position to continue our positive momentum and fulfil the ambitions of the business and our various stakeholders.



Stephen Rubin
Chairman
7 July 2021

Pentland Group Holdings Limited

Strategic Report

For the period ended 31 December 2020

The directors present their Strategic Report of the Group for the period ended 31 December 2020.

Formation of the Company & Principal Activities

In late 2019 the board and shareholders of our subsidiary, Pentland Group Limited (at that time, the parent company of the Pentland Group) concluded a review of the group's structure. In particular, the objective was to ensure the Group remained resilient in the face of the significant challenges presented by Brexit. The review recommended establishing a new holding company structure, tax resident in Ireland, allowing the Group to continue to benefit from the EU's freedoms and regulatory environment while retaining the group's position as one of the UK's major employers. The recommendations were implemented in late 2019 and, as a result, Pentland Group Holdings Limited (the "Company") is now the new ultimate parent of the Pentland Group. None of our UK trading businesses were moved out of the UK and there was no impact on our UK employees.

As a business established in Liverpool in 1932, we are immensely proud of and are committed to supporting our businesses and employees in the UK.

The Company is the holding company of a trading group -- Pentland Group (the "Group") -- which invests in businesses across a number of different industries. The Group is engaged in the retail and brand management of footwear, clothing and related accessories in the sports, outdoor and fashion sectors both in the UK and internationally. The Company is responsible for formulating and directing overall Group strategy. A list of the subsidiary undertakings is set out in note 15.

The Group comprises three businesses: JD Sports Fashion Plc ("JD"), Pentland Brands and Pentland Investments.

- JD Sports Fashion Plc, which forms the largest trading activity of the Group, is a leading international retailer of branded sportswear, fashion and outdoor clothing and equipment, in which the Group holds a 51.89% share. JD is listed on the London Stock Exchange premium main market and operates mainly in the UK, US and the EU. The board of directors of the Company (the "Board") recognises the independent operation of the JD board of directors, who manage the JD business and the determination of its purpose and strategy as they are closest to their markets and stakeholders. JD publishes its own annual report and its specific strategy, which is available from www.jdplc.com.
- Our Pentland Brands Division is the name behind some of the world's best sports, outdoor and lifestyle brands. It owns Speedo, Berghaus, Canterbury of New Zealand, Ellesse, Endura, SeaVees, KangaROOS, Mitre and Red or Dead.
- Through our Pentland Investment Division, we invest in a range of businesses across diverse sectors and geographies.

Purpose

We are a family business that owns and invests in companies to create value for stakeholders.

Values

As a privately-owned family business, our values are resolutely family values. Honesty, fairness, respect, and hard work run through all that we do, and we believe in creating and maintaining a culture that promotes these values.

Strategy and Business Model

Strategy

The Company creates value through the active allocation of resources to underlying trading businesses and investments, which are actively monitored by the Group directly or through managers. The Group encompasses the Pentland Brands businesses, a wide variety of managed investments and its majority shareholding in JD.

On a consolidated basis, JD represents the main driver of the Group's financial performance. JD Group's core business is branded sports fashion and outdoor retail presented in an omnichannel environment. The principal JD fascia has long been established as a leading retailer of sports fashion apparel and footwear in the UK and Ireland. The JD business continued to expand its global footprint during 2020, most notably with the acquisition of the Shoe Palace business (167 stores) in the United States. A further US acquisition – of DTLR Villa LLC (247 stores) – after the period end expands the JD Group footprint there to over 1100 stores. JD's global expansion is regarded positively by its key international brand partners, ensuring continued access to premium and exclusive product.

Business Model

The Group comprises several businesses, each with their own business model:

JD's core retail fascia, JD, operates as a specialist multiple retailer of fashionable branded and own brand sports and casual wear combining globally recognised premium brands and strong own-label brands. The continuing international growth in physical store space is complemented by ongoing investment in JD's international omnichannel capability through a significant multicurrency and multi-language website estate. JD utilises its digital platforms to maximise its reach and impact to consumers at a domestic and international level with consumers able to shop seamlessly across all channels. JD believe this omnichannel capability is a key differentiator for its business.

The Pentland Brands Division builds brands in sports, outdoor and lifestyle through the process of design, sourcing, marketing and selling globally, through a network of retailers, distributors and licensees, as well as direct to consumer through brand websites.

The Investment Division invests in opportunities across a diverse range of markets and sectors. The scope is agreed by the Board and investments are assessed and monitored by a specialist team.

Pentland Group Holdings Limited
Strategic Report (continued)
For the period ended 31 December 2020

Business Performance

Group Results

While the Group's UK business performance in 2020 was significantly impacted by reductions in trade and consumption as a result of the COVID-19 pandemic, the international business and investment holdings performed better than expected and the consolidated Group results for year-end 31 December 2020 show an excellent result with a growth in turnover of 2.4% and a growth of 4.4% in operating profit to £369.8m (2019 restated: £354.1m):

- Total turnover increased by 2.4% to £6,595.7m (2019: £6,443.2m).
- Group operating profit before amortisation of intangibles, exceptional items and other operating income decreased to £499.1m (2019: £509.0m).
- Exceptional items of £141.0m (2019: £86.7m) relate to impairment of assets, fair value movements on options held by non-controlling interests and other provisions. Refer to note 3.
- Profit attributable to shareholders after non-controlling interests was £492.3m (2019 restated: £141.7m).
- Net funds* position at the year-end increased to £1,102.2m (2019: £755.1m). Refer to note 29.
- Group net assets as at 31 December 2020 were £2,660.0m (2019 restated: £2,105.4m).
- Continuing significant investment in its infrastructure and retail footprint gives the Group the platform for future development.

**Net funds refer to the Group's cash and cash equivalents balance less deductions for overdrafts, loans and finance leases.*

Events After the Reporting Period

The following material events have taken place within the wider Pentland Group since the year end:

Significant JD Transactions

On 31 January 2021, JD exchanged contracts on the conditional acquisition of DTLR Villa LLC which is based in Baltimore, Maryland. At exchange, this business had 247 stores trading primarily as DTLR across 19 states. The transaction was subject to certain conditions, including those related to the Hart-Scott-Rodino Antitrust Improvements Act, with formal completion taking place on 17 March 2021. JD fully recognise and appreciate the rich connection that DTLR has with the communities where its stores are located. Therefore, this is another excellent complementary fit to its existing businesses, strengthening JD's connection with the African American communities in the North and East of the United States.

On 28 April 2021, JD completed the acquisition of a 60% stake in Marketing Investment Group Spółka Akcyjna which is based in Krakow, Poland. At completion, this business had 410 stores trading as either Sizeer or 50 Style across nine countries in Central and Eastern Europe. This acquisition will provide JD with an infrastructure and management team for the future development of JD in Central and Eastern Europe.

Full details of both acquisitions can be found on the Regulatory News & Results section of www.jdplc.com.

Please see note 35 for further details and other significant events after the reporting period.

Summary of Key Performance Indicators

The Group key performance indicators are:

	Note	2020 £m	2019 (restated)* £m
Turnover	2	6,595.7	6,443.2
Operating profit before amortisation of intangibles and exceptional items (2019: restated)	3	499.1	509.0
Operating profit (2019: restated)		369.8	354.1
Profit for the financial year (2019: restated)		613.7	264.5
Profit attributable to shareholders (2019: restated)		492.3	141.7
Dividend per share (pence)	9	£nil	184.9p
Net funds	29	1,102.2	755.1

*See note 34

Directors' Responsibilities

The duty of the directors is to act in good faith with a view to the best interests of the Company. Our success requires the Board and its Committees to maintain an approach to strategic, financial, and operational decision-making that ensures the careful deployment of the Company's capital and resources, the active management of relationships with the businesses we own and with the wide range of businesses in which we invest.

Whilst the successful delivery of the Company's purpose depends upon effective engagement with its stakeholders, the Board is mindful of its subsidiaries' responsibilities to their own stakeholders. The Board expects the boards of its subsidiaries to manage their businesses and to determine their particular strategy and business model, as they are the closest to the markets and stakeholders they serve. In doing so, those boards are expected to engage appropriately with their stakeholders.

While the Company endeavours to serve the interests of all stakeholders, our primary responsibility is to engage with and support those stakeholders whom we can influence directly. At the same time, we actively engage with our subsidiary companies through our representation on their boards.

Shareholders

The Company operates as a collective investment vehicle for the Rubin family shareholders, providing them with a diversified exposure to underlying trading businesses and investments. The Company creates value through the active allocation of resources to underlying trading businesses and investments, which are actively monitored by the Group directly or through managers. The value created for our shareholders translates into dividends and movement in underlying value of shareholders' equity in the Group.

The Board includes six members of the shareholding family. The COVID-19 pandemic has placed constraints on the Board's physical opportunity to meet to consider Company business, but the Board has been flexible in its use of technology and has relied on the directors and family members being represented on the boards and management teams of its subsidiaries, to ensure proper discharge of duties across the Group.

Subsidiaries and Investment Businesses

The Board closely evaluates the performance of its subsidiaries and investments, influencing major strategic changes and intervening where shortcomings are identified. It does so by appointing nominated members to act as representatives on the boards of significant subsidiaries and investment entities.

Communities

Respect for people and the environment has always been at the heart of our business and we strive to do the right thing, not the easy thing, and make all our decisions in good conscience. Our focus is to:

- Help people to live active, healthy lifestyles by building a business with social purpose;
- Protect human rights by doing business ethically and sustainably;
- Enable an ethical and transparent supply chain; and
- Reduce the environmental impact of our operations and materials.

As a company, we have long maintained a commitment to treating people in our business together with the environment, fairly and with respect. Our commitment to giving back to communities runs through the entire Group. The Group continues to make significant charitable donations and through the Rubin Foundation Charitable Trust continues its support for the Pentland Centre for Sustainability in Business at Lancaster University and for an annual Pentland scholarship for a graduate from the southern hemisphere at University College London.

Risk Management

Taking risk is an inevitable aspect of the businesses we operate within and therefore risk management is a fundamental part of achieving our strategy. Risk is present in everything we do, and it is therefore our policy to identify, assess and manage the key areas of risk on a proactive basis. We seek to embed risk management into the culture of the Group without introducing unnecessary bureaucracy. The identification and management of risk is a key role of the teams who run our operating companies.

Risk Management Process

The Board sets and oversees the Group's overall risk management strategy and the effectiveness of the Group's internal controls, with support from the Company's Audit and Risk Committee and the Head of Internal Audit. Any matters of particular concern are escalated for presentation to the Board. Our approach is three-pronged: -

- **Prevent:** Create and maintain a culture that promotes our values. We strive to establish good risk management by implementing policies, procedures, training and communication and by offering advice and support;
- **Detect:** Introduce controls to identify issues, reviews and opportunities to speak up; and
- **Respond:** Confront issues swiftly and remediate them effectively and appropriately

As with any system of internal control, risk management policies and processes are designed to manage, not eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, not absolute, assurance against material misstatement or loss.

Principal Risks and Uncertainties

The principal and emerging risks are discussed and monitored throughout the year to identify changes to the risk landscape. COVID-19 had a significant impact on the Group's business operations, particularly in the UK, and the risk landscape across the Group.

Pentland Group Holdings Limited Strategic Report (continued) For the period ended 31 December 2020

The Company recognises that failure to comply with regulations or reporting requirements may result in financial or reputational damage to the business. In addition, it is conscious that any perceived non-compliance or perceived failure to meet these codes and standards can be as equally damaging. The Group internal audit function monitors compliance with key regulations and the effectiveness of the control environment of the Group's activities.

The Group provides training where required and operates a confidential whistleblowing hotline for colleagues to raise concerns in confidence.

At a Group level the principal risks and uncertainties primarily relate to JD (due to its scale and reach relative to the rest of the Group). Those risks are primarily in the areas of supply chain, the environment, labour standards, governance and regulation, people, property and technology. There are also significant financial and economic risks. These risks are managed and mitigated by the board of JD. More details of these risks and the ways in which they are mitigated can be found on the JD website and in their annual accounts accessible through www.jdplc.com.

Similar risks arise elsewhere within the Group, though with more limited scope and impact.

Statement in Relation to COVID-19

Throughout 2020, the devastating effects of the COVID-19 pandemic were felt across the world and have inevitably caused major disruption to business operations across the Group. Throughout, the priority for our businesses has been the health and wellbeing of their employees, those working for their partners, within their supply chain, and living in the communities in which they operate; whilst also keeping the businesses running for stakeholders, customers and consumers.

JD Sports Fashion Plc

The global COVID-19 pandemic has presented a series of unprecedented challenges which have severely tested all aspects of JD's business including its multi-channel capabilities, the robustness of its operational infrastructure and the resilience of its colleagues.

Throughout the COVID-19 pandemic, JD's priority has been to ensure the safety of their colleagues and customers, to preserve financial resources and limit the impact on profitability. Continuing outbreaks of the virus and periodic strengthening of public safety measures in the UK and a number of their global territories, including forced temporary store closures and the ongoing requirement to maintain strict social distancing in their warehouses, have been reminders that further challenges still lie ahead.

In the UK, which represents around 40% of JD's global revenue, its stores were closed for much of 2020. As a result, to minimise the impact and protect the sustainability of the UK business, the JD board made the decision to place a number of employees, primarily those working in retail stores, on furlough resulting in a 2020 claim of £78.6m.

Additionally, during the year, JD was granted a £300 million facility under the UK Government's Covid Corporate Financing Facility Scheme. The Group did not access this facility at any time with the scheme closing on 22 March 2021.

While store closures had a significant impact on UK revenues, JD's omnichannel strategy and international expansion helped to off-set in-store losses, resulting in a stronger than expected global performance for JD in 2020.

Whilst COVID-19 has inevitably constrained its short-term progress, JD firmly believes it has a robust premium branded multichannel proposition with its loyal consumers comfortably engaging with JD in any channel.

Pentland Brands Division

For Pentland Brands, 2020 saw the majority of its retail customers close their stores over a sustained period. This naturally had a significant impact on product demand across its portfolio of consumer brands. As a result, certain lines of stock became obsolete or aged more quickly, and its ability to sell through the forthcoming seasons product was also affected. It is recognised in the market that there is likely to be a greater rollover of existing stock to the following year where appropriate, to help reduce the current levels of aggressive discounting, also recognising some existing supply chain challenges caused by the global shipping crisis.

Pentland Brands is also aware that sadly some of its retail customers may not survive the economic impact of the crisis and some of its existing debtor balances have become irrecoverable. Pentland Brands is continuing to monitor the viability of new orders, as many retail partners will look to its portfolio of brands for more stock, as the lockdown restrictions are lifted across its trading markets. Appropriate payment plans have been negotiated to reflect customer risk profile.

Pentland Brands endorsed the call-to-action initiative, convened by the International Labour Organisation, to address the COVID-19 impact on the global garment sector and, as a founding member of ACT (Action, Transformation, Collaboration), worked in partnership with their suppliers to assess the impact of changes in demand due to the pandemic.

The drop in sales and operating profit of the Pentland Brands division has required them to seek further financial support from within the Group for the foreseeable future, as the Pentland Brands executive team seek to mitigate the adverse impact on cash generation and working capital caused as a result of the COVID-19 pandemic, which it believes will have a significant impact on the business well into 2021.

With the closure of retail, gyms and swimming pools significantly impacting our businesses over the past 12 months, we were grateful to access government support (£7.7m UK, £0.2m US, £0.4m ANZ and £0.3m Asia) to protect as many jobs as possible across a number of our Brands companies. Given our improved confidence in the recovery, we have now repaid all UK government support (£7.7m) received since the start of the crisis.

Pentland Group Holdings Limited

Strategic Report (continued)

For the period ended 31 December 2020

Investment Division

The Investment Division has continued to seek investment opportunities that have arisen from the evolving marketplace as businesses adapt to the new economic environment. The level of future investment will be closely monitored with the ongoing level of realisations achieved from existing investments within the portfolio, as well as the Company's reserves and the various calls upon those reserves. The Board have considered that the Fair Market valuations (FRS102 basis of assessment) of these investments (see notes 14 and 19 to these consolidated financial statements) may fluctuate, leading to potential unrealised Fair Value losses.

Supporting Charities and Communities

During the pandemic, the Group made a number of product and financial donations to some of the UK and international charitable organisations doing incredible work in the fight against COVID-19 and helping those most in need during the pandemic including Red Cross in China and Medicins Sans Frontiers and, in the UK, the Trussell Trust, the London North-West University Healthcare Trust and the National Emergencies Trust.

JD, through the JD Foundation, provided support to a number of charities throughout the pandemic, details of which are referenced in their annual report.

Pentland Brands donated 6,500 products from across the brand portfolio to In Kind Direct; which then distributes products to UK and international charities in need. In partnership with its vendors, Pentland Brands also supported the international effort by developing and distributing personal protective clothing and equipment for frontline workers.

Pentland Brands supported employees by giving them the flexibility to spend more time to support their families and loved ones impacted by the pandemic, to volunteer and fundraise in their communities or make PPE clothing and equipment. Pentland Brands also fund-matched any of its employees raising money as part of the 2.6 Challenge.

Corporate and Social Responsibility

The Group recognises that it has a responsibility to ensure its business is carried out in a way that ensures the highest standards by behaving ethically and respecting people and the environment. With the help and co-operation of all employees, the Group endeavours to comply with all relevant laws in order to meet that best practice and responsibility wherever it operates. In relation to subsidiaries other than JD, the boards of directors of each subsidiary are empowered to set and implement their own standards appropriate to their specific circumstances, but their standards and performance are reviewed against Pentland Group expectations in terms of overall compliance. The JD board set their own standards and policies in relation to Corporate & Social Responsibility and more details can be found in their annual accounts accessible through www.jdplc.com.

Although operating individually, the group seeks to ensure that its subsidiaries and manufacturing partners do business in a manner consistent with its own aims in relation to employees, customers, business partners and the environment.

The face of corporate responsibility has changed immensely. With more scrutiny than ever before on how businesses are demonstrating value not only to consumers but also to society, operating responsibly is not just a 'nice-to-have' – it is a crucial denominator of business success.

Our Partnerships and Memberships

Memberships

To truly facilitate change it is essential to take a collaborative approach. The Group is committed to being an environmentally and socially responsible business, so we work in collaboration with organisations which share this goal. Through its subsidiaries, the Group is an active member and supporter of the organisations listed.

- **UN Global Compact** (signatory since 2001) – The UN Global Compact is a global call to businesses to align their strategies with environmental and societal goals. We are a signatory and fully support its ten principals on human rights, labour, environment and anti-corruption;
- **World Federation of the Sporting Goods Industry** (members) – The WFSGI is an independent non-profit association, representing the global sporting goods industry. It promotes responsible business practices and encourages more people to become involved in sport;
- **Institute of Business Ethics** (co-founders and members) – The Institute of Business Ethics promotes high standards of business behaviour based on ethical values. It aids organisations to strengthen their ethical culture through the sharing of knowledge and good practice;
- **Ethical Trading Initiative** (co-founders and members) – This alliance of companies, trade unions and voluntary organisations collaborates to improve the lives of workers around the world;
- **Action Collaboration Transformation** (co-founders and members) – Pentland Brands is a founding member of ACT which brings together brands, retailers, manufacturers and trade unions to address the issue of living wages in the textile and garment supply chain;
- **Sustainable Apparel Coalition** (co-founders and members) – This industry alliance, of which Pentland Brands is a member, focuses on developing tools to improve and standardise the reporting of environmental impact across the supply chain;
- **Afirm Group** (members) – This is an industry collaborative effort to reduce the use and impact of harmful substances in the apparel and footwear supply chain; and

Pentland Group Holdings Limited Strategic Report (continued) For the period ended 31 December 2020

- **Leather Working Group** (members) – This industry group aims to improve the environmental compliance and performance capability of tanners and promotes sustainable business practices within the leather industry.

Details on JD's memberships and partnerships can be seen in their annual report.

Education

We support a number of academic institutions and charities doing great work for the arts and education, the environment and sustainability and promoting health and well-being through sport. We also encourage our people to volunteer their time to support charities and to share their business experience within schools and colleges in their local communities.

Charities

The Group continued to give back to those in need during the year in a number of different ways. The causes supported reflect the values and priorities of the shareholders, management and employees of the Group.

The Rubin Foundation continued to support charities focused on climate change, inequality, health and education. The Foundation continues its support of the Pentland Centre for Sustainability in Business at Lancaster University, which it founded in 2015. The Centre carries out research to find practical solutions to social and environmental challenges. The Foundation's annual Pentland Scholarship, established in 2015/16, supports a graduate from the Southern Hemisphere to study at University College London's School of Public Policy. and New York University Wagner to become an Executive Master of Public Administration.

2020 marked the 20th anniversary of Pentland Group's support of The Prince's Trust Enterprise Programme, which provides young entrepreneurs with the learning, mentoring and funding opportunities to start their own businesses.

JD's Foundation supported charities working with young people, making a difference in the communities in which it operates. In 2020, it supported 18 charities, from those tackling youth homelessness and unemployment to others providing support for families dealing with undiagnosed health conditions, terminal illness and bereavement. The Foundation also supports several British mountain rescue organisations.

Pentland Brands continued to support several charity partners in communities where they operate to help disadvantaged young people through empowerment and sport. This includes financial donations, pro bono support and donated products. In 2020 Pentland Brands continued to support three charity partners – SportInspired, Panathlon, The British Council and United Purpose – to support, inspire and educate communities during the pandemic. Additionally, its Charity Network, which is made up of employee volunteers from each of its sites around the world, identified ways to donate local charity funds and support worthwhile causes in their regions.

Brands within the Division engaged in charity partnerships, including Canterbury's support for the IRFU 'Give It A Try' sessions, which helps level the playing field for young female rugby players; Kickers support for Show Racism the Red Card, raising vital funds for anti-racism education; Speedo UK's partnership with the Black Swimming Association (BSA), to help address barriers faced by under-represented communities around swimming and water safety; and Berghaus product donations to support the 2020 Sport Relief celebrity challenges.

Our People

The talented individuals working within the Group are integral to our continuous success, delivering exceptional results year after year. As the Group expands globally, so does the network of people who operate in accordance with our values and standards. This is successfully achieved by focusing on recruitment, wellbeing and development of people who have what it takes to thrive within this fast-paced and exhilarating business environment.

Our people now face a different challenge and the safety of them, and our consumers, will always be our number one priority. We look forward to the time when the situation normalises, and the Group is able to resume its progression giving its people the opportunities to develop their individual careers and achieve their personal ambitions.

The Group is committed to promoting policies which are designed to ensure that employees and those who seek to work for the Group are treated equally and with respect, regardless of age, disability, ethnicity, gender, marital status, religion, social background or sexual orientation.

The Group believes that being transparent about our goals is crucial to achieving them and our trading divisions publish UK Gender Pay Gap reporting on their respective corporate websites.

Recruitment

Over 55,000 people work directly within the Group all over the world. We set out to attract the best talent and acknowledge the continuation of this process as an important factor in our continuous evolution.

Both the Group's core trading businesses have careers websites enabling prospective employees to see up to the minute vacancy information. Furthermore, the Group is actively engaged on digital platforms such as LinkedIn and we continue to explore additional avenues to promote our attractive employment proposition to the industry leaders of tomorrow.

In 2020 JD was approved to take on over 1,200 colleagues as part of the UK government's Kickstart scheme. Available to people on Universal Credit between the ages of 16 and 24, the Kickstart scheme enables the most vulnerable individuals to enter the world of work to gather vital skills and training. JD's Kickstart selection process will have a particular focus on attracting individuals from disadvantaged backgrounds who may otherwise have been displaced further from the employment market due to COVID-19.

Wellbeing

Employee wellbeing is very important to the Group and we promote health and wellbeing through different business areas. The Group will continue its focus on employee wellbeing throughout 2021 and beyond.

Pentland Group Holdings Limited

Strategic Report (continued)

For the period ended 31 December 2020

JD has selected and trained Wellbeing Champions on how to spot signs of modern slavery and how to support employees who are having mental health difficulties in an empathetic, sensitive but practical way.

Pentland Brands has a number of tools to help its people be at their best. It offers all employees unlimited access to online programmes such as Unmind to support mental wellbeing. It also offers confidential 24/7 access to counsellors and information specialists.

Development

A vital component of the Group's strategy is our commitment to the development of our people, whether this is our focus on internal progression or ensuring the talent we acquire is provided with the very best resources and knowledge to excel in their careers.

Our learning strategies provide our people with access to a blend of e-learning, face-to-face tuition, and experiential learning.

JD's online e-learning platform played a crucial part in the accelerated adoption of digital learning in 2020. Globally, JD employees have access to almost 800 courses, tailored to support their specific job role, with 8.4 million hours of learning completed throughout 2020. Additionally, JD has launched an Inclusivity Campaign to educate and train colleagues on key topics such as Equality, Diversity, Biases and Cultural Intelligence.

Pentland Brands provides development resources around topics including peer to peer mentoring, videos and useful guides to aid self-directed learning. In 2020 it launched a new unlimited LinkedIn Learning offering, designed to help its people develop their skills autonomously and in a way that works for them.

Engagement

The Group sees employee engagement as a key aspect of ensuring that our team remains motivated and well informed. Our continually evolving intranet contains a complete library of material that gives our employees the opportunity to learn about our Group's affairs. Additionally, webinars are held with employees to keep them informed of performance and strategy. Management maintains constant communication with direct reports so that employee's views may be considered in making decisions.

The JD 'my hub' mobile app, which helps the business to communicate, connect and share benefits with its employees, was expanded to its international employees in 2020.

At Pentland Brands, all-company webinars are held with employees to keep them informed of performance and strategy. In 2020, Pentland Brands partnered with Glint to run its employee experience survey. The survey achieved an 80% response rate and maintained its overall engagement level of 75 (same as in 2019). As well as allowing the business to understand what people think about working for Pentland Brands, the survey allows the company to access feedback, almost immediately, and to then make improvements - encouraging conversations and action at both a local and global level.

Environmental Considerations

The Group recognises that it has a responsibility to manage the impact its businesses have on the environment and is committed to carrying out its activities with due consideration for any potential environmental impact, both now and in the future. We continue to comply with the UK Government Carbon Reduction Commitment and have the following as the key areas of focus:

- Ensuring compliance with relevant legislation and codes of best practice
- Ensuring efficient use of energy and other materials
- Responsibly managing our use of chemicals
- Reducing the environmental impact of our supply chain and own operations
- Increasing our use of sustainable materials

Key Achievements

Some key achievements across the Group include:

- JD achieved an 'A-' rating for its 2020 Carbon Disclosure Project ('CDP') Climate Change assessment which outperformed our sector benchmark by three grades and a 'B' rating for its first submission within the CDPs 'Water Security' category which outperformed our sector benchmark by two grades.
- JD launched its '#IAmSustainable' learning programme, with the aim of helping its colleagues become better protectors of the planet, whilst also achieving valuable skills accreditation.
- JD achieved an independently audited 'zero to landfill' accreditation for our largest directly operated site (Kingsway Distribution Centre). The Group has also reduced its use of virgin polyester in its private label manufacturing whilst increasing the use of responsibly sourced cotton.
- In October 2020, the JD Foundation (our primary vehicle for social and community support) announced a two-year partnership with Blueprint For All (formerly known as the Stephen Lawrence Charitable Trust) as part of our Diversity and Inclusion programme.
- Pentland Brands' UK offices and distribution centres send zero waste to landfill. Anything that cannot be recycled is used to generate energy and, in the UK, our offices use 100% renewable energy.
- Endura accelerated its sustainability by planting 1 million trees in 2020 and Pentland Brands has committed to its brands planting a further 5 million trees in 2021.
- Pentland Brands has taken steps to increase its use of sustainable materials. In 2020, Canterbury unveiled the latest British & Irish Lions shirt to be worn for the 2021 tour – the brand's most sustainable ever.

Pentland Group Holdings Limited
Strategic Report (continued)
For the period ended 31 December 2020

- SeaVees received its 5 Years of Giving award from 1% for the Planet, for donating 1% of annual revenue to environmental efforts.
- The Group founded and continues to support the Pentland Centre for Sustainability in Business at the University of Lancaster.

Greenhouse Gas Emissions

We report UK greenhouse gas emissions and energy consumption via Streamlined Energy and Carbon Reports (SECR). The data below includes emissions from the energy we use in the operations and retail stores run by JD in the UK and in Pentland Brands' UK offices and distribution centres.

Pentland Brands & JD Sports Fashion Plc SCER report 2020*	
Total Energy Consumption – Electricity (MWh)	76,367
Energy Usage – Natural Gas (MWh)	22,751
Total Energy Use (MWh)	99,118
Carbon Footprint (Tonnes CO ₂)	20,652
Intensity metric: Location based emissions (kgCO ₂ e/m ²)	30.5

* Note: the annual reporting year for Pentland Brands and JD differ so their most recent SCER data is included in the figures above.

As SECR is a new reporting format for 2020 and differs from the previous CRC scheme, we are not able to provide a year-on-year comparison on CO₂ emissions.

As required under UK SECR legislation, we have applied an intensity factor to our greenhouse gas emissions expressed in kilograms CO₂e per meter squared.

Going Concern

The Board have modelled a range of base and downside scenarios based upon currently available information supporting a range of most likely outcomes arising from the current economic uncertainty caused by the pandemic and the continued impact of the Withdrawal Agreement between the UK and European Union. Based on the various cashflow scenarios projected, the Board believe that the Group has sufficient financial resources and, if necessary, the ability to realise assets from the Investment Division to be able to meet any reasonably predictable liquidity requirements of the Company and those of its wholly owned subsidiaries for the foreseeable future. The Company does not provide any direct or indirect financial support or guarantees to JD and the responsibility for assessing the viability of its operations rest with the JD board of directors. The JD board have concluded, following their viability assessment that the JD group has a reasonable expectation of being able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment. Accordingly, having regard to both the Company's cash flow scenarios and the conclusions of the JD board's viability assessment the Board have a reasonable expectation that the Company and the Group as a whole has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis of preparation of these financial statements remains appropriate.

By order of the Board



T E Cullen
Joint Secretary
26 New Street, St Helier, Jersey, JE2 3RA
 Date: 7 July 2021

Pentland Group Holdings Limited

Directors' Report

For the period ended 31 December 2020

The directors have pleasure in presenting their Director's Report of the Company for the period ended 31 December 2020.

As a family-owned business, Pentland Group Holdings Limited's (the "Company's") purpose is to own and invest in businesses to create value for its stakeholders. In pursuit of its purpose, the Company devolves to the boards of its subsidiaries, responsibilities for the management of their business, including the determination of their own purpose, strategy and business model as they are closest to their markets and to the stakeholders they serve.

We believe in creating and maintaining a culture that promotes our values. We strive to establish good risk management by implementing policies, procedures, training and communication and by offering advice and support. Our values are embedded within our Business Standards, which include a Code of Business Conduct, an Ethics and Integrity policy, an Employment Standards policy, our Tax Strategy, a Code of Employment Conduct for suppliers and an Environment and Sustainability Policy.

Leadership

The holding company Board is responsible for creating the framework within which the Group operates and is collectively responsible to the Company's shareholders and stakeholders for the direction, promotion and oversight to ensure its long-term success. Members of the Board also have executive and non-executive positions on the boards of its significant subsidiaries and investment entities to ensure an appropriate level of engagement and representation of the Group in the board decision making processes.

In discharging its duties, the Board draws on a range of capabilities and experience, including:

- Deployment of capital and resources;
- Strategic business development;
- Leadership and team development;
- Industry experience and network;
- Entrepreneurial approach;
- Governance and risk management; and
- Corporate financial management.

Other core activities include obtaining assurance that material risks to the Group are identified, defining the Group's appetite for risk and ensuring that appropriate systems of risk management and internal control exist to mitigate such risks, as well as responsibility for ensuring the effectiveness of, and reporting on, the system of corporate governance. The Board also monitors performance, approves budgets and material initiatives and commitments. It has a clearly articulated set of matters which are specifically reserved for its determination. The Board is responsible for setting the levels of delegated authority, whilst retaining overall responsibility for the governance of the Group.

The Board comprises ten directors with a range of sector expertise. The name, position and brief profile of each director is set out below. Invitations to join and participate at relevant points during Board meetings are extended to other senior executives within the Group and external advisors when appropriate.

Operation of the Board

The Board has an annual calendar of meetings, the timetable of which is set in the prior year to ensure that regular meetings are scheduled and other meetings held, as required, for the Board and the Committees to discharge their respective duties sufficiently. Papers are circulated prior to meetings to facilitate the effective flow of latest information. If directors are unable to attend a meeting, they still receive and read documents for consideration at that meeting and have the opportunity to relay their comments prior to the meeting.

The COVID-19 pandemic placed constraints on the Board's physical opportunity to meet to consider Company business, but the Board has been flexible in its use of technology and has relied on the directors and family members being represented on the boards and management teams of its subsidiaries, to ensure proper discharge of duties across the Group.

The Board of Directors

Stephen Rubin – Executive Chairman and Chairman of the Remuneration Committee – Aged 83

Appointed on 27 November 2019

Stephen has been Executive Chairman of the Pentland Group since 1964. He is also Chairman of the Investment and Remuneration Committees of Pentland Group Limited. He is a law graduate of University College, London, who trained as a barrister. He is life President of the World Federation of the Sporting Goods Industry and has served as World President of the Textile Institute and has won several awards from sportswear industries. He was awarded an OBE in 2002 for his work in business and human rights. He has an honorary professorship at UCL School of Public Policy, holds a number of honorary doctorates, and serves as a Trustee on a number of charities.

Andrew Rubin – Executive Deputy Chairman – Aged 56

Appointed 27 November 2019

Andy was appointed CEO of Pentland Brands in 1998 and became Chair in 2015. He is also a member of the Investment and Banking Committees for Pentland Group Limited. Andy graduated from Trinity College, Cambridge and Harvard Business School, and, in between, worked for an investment bank, prior to joining the family-owned business in 1991. Andy is vice-president for Europe of the World Federation of the Sporting Goods Industry, is on the Family Advisory Council for Responsible Ownership at the Oxford Said Business School, an Enterprise Fellow of the Prince's Trust, a Trustee of In Kind Direct and an Ambassador for Leaders Quest. Andy was made Executive Deputy Chairman of Pentland Group Limited in April 2020.

Pentland Group Holdings Limited
Directors' Report (continued)
For the period ended 31 December 2020

Carolyn Rubin – Non-Executive Director and President of Pentland USA – Aged 60

Appointed 27 November 2019

Carrie was appointed President of Pentland USA in 2013, having joined the family-owned business in 1992. Carrie's speciality is design and creativity. She is involved with Cordwainers and various other colleges both in the UK and internationally to help develop the Pentland graduate design team. She is a member of the board of FFANY and the Two Ten Footwear foundation. She is also a member of everywoman, which is the umbrella organisation for the everywoman in retail awards where she is an Ambassador.

Barry Mosheim – Investment Director – Aged 54

Appointed 27 November 2019

Barry has been a director of the Pentland Group since 2008 and is responsible for our investment activities. He is also a member of the Investment and Banking Committees of Pentland Group Limited. He is a graduate of the London School of Economics and the London Business School and worked as a corporate lawyer and in private equity before joining the Group in 2001. He is on the board of several of our investee businesses.

Andrew Long – Executive Director – Aged 50

Appointed on 4 December 2020

Andy joined Pentland Brands in 2005 and became Chief Executive Officer in 2015 having previously held the roles of Chief Financial Officer and Chief Operating Officer. Andy became an Executive Director of the Pentland Group in 2020 and is Chairman of the Banking Committee for Pentland Group Limited. Prior to joining Pentland, Andy held senior finance roles at Boots and Procter and Gamble and is a Chartered Management Accountant. Andy has been a board member of Sport England since 2016 and was recently appointed as a non-executive director of JD Sports Fashion Plc.

Angela Rubin – Non-Executive Director – Aged 83

Appointed 27 November 2019

Angela has been a director of the Pentland Group since 1969, with a special interest in its apparel and footwear brands. She works with a wide range of charitable organisations.

Alison Mosheim – Non-Executive Director – Aged 54

Appointed 27 November 2019

Alison has been a director of the Pentland Group since 1995. She has a communications degree from Emerson College in Boston USA and is particularly interested in how our brands are targeted and appeal to young people. She is involved in a number of charities.

John Morgan – Senior Independent Director and Chairman of the Audit & Risk Committee – Aged 68

Appointed 24 September 2019

John has been a non-executive director of the Pentland Group since 2012, Chairman of the Audit and Risk Committee of Pentland Group Limited since 2015 and a member of the Remuneration Committee for both the Company and Pentland Group Limited since 2019. Prior to joining Pentland, he was a partner at PwC, responsible for managing relationships with a number of the firm's major public and private clients and was a former board member and head of tax.

Enda Faughnan – Non-Executive Director – Aged 67

Appointed 25 October 2019

Enda joined the Company as an independent non-executive director in October 2019. Prior to joining Pentland, he was a partner and head of tax at PwC Ireland and still provides consultancy services to them on a part time basis. He represents ACCA on a number of tax related committees, including TALC (Tax Administration Liaison Committee) and the CCABI (Consultative Committee of Accounting Bodies in Ireland).

John Kelly – Non-Executive Director – Aged 67

Appointed 25 October 2019

John joined the Company as an independent non-executive director in October 2019. John was a partner at PwC for 31 years and from 2012 to 2017 was Chief Operating Officer of PwC Global Tax & Legal. John is an independent non-executive director of a number of companies. He is a graduate of University College Dublin, a Chartered Accountant and a Chartered Director.

* Until his retirement, Timothy Hockings was a director of the Company. He resigned on 4 December 2020. Timothy Cullen was appointed a director on 24 September 2019 and resigned on 27 November 2019; he is currently Joint Secretary.

Corporate Governance

Pentland has always endeavoured to apply the highest standards of corporate governance and has a goal of continuous improvement in governance. Until November 1999, Pentland held its own listing on the London Stock Exchange and not only complied with, but supported, the developing requirements of good corporate governance as far back as the Cadbury Committee Report in December 1992. Since once again becoming a private company in 1999, Pentland has continued to implement the evolving good governance practices where it has been practical and appropriate to do so in the context of a family-owned business.

Today, the largest component of the Group is JD and as a company listed on the London Stock Exchange in its own right, is subject to the UK Corporate Governance Code issued by the Financial Reporting Council. In accordance with the requirements of the London Stock Exchange Listing Authorities for controlling shareholders, Pentland has entered into a Relationship Agreement with the board of JD which protects the independence of the board of JD.

Pentland Group Holdings Limited
Directors' Report (continued)
For the period ended 31 December 2020

Financial Statements

Principal Activity

The Company's principal activity is as the holding company of a trading group. Pentland Group invests in businesses across a number of different industries. The Group is engaged in the retail and brand management of footwear, clothing and related accessories in the sports, outdoor and fashion sectors both in the UK and internationally. The Company is responsible for formulating and directing overall Group strategy. A list of subsidiary undertakings is set out in note 15.

Dividends

No interim dividends were declared for the period and the Board are not recommending a final dividend for 2020. In 2019, a dividend was declared by Pentland Group Limited, prior to the restructure of the Group's ultimate parent company, for £18.0m (184.9p per share).

Political Contributions & Expenditure

Neither the Company nor any of its subsidiaries have made any political donation or incurred any political expenditure during the period under review.

Events After the Reporting Period

For significant events occurring after the balance date refer to the Strategic Report on page 3 and note 35.

Restatement of Prior Year Financial Statements

Following the restructure of the Group's ultimate parent company, the largest company for which consolidated financial statements are produced is Pentland Group Holdings Limited (2019: Pentland Group Limited). In preparing these consolidated financial statements, the 2019 figures have been restated to represent the equivalent results at Pentland Group Holdings Limited. The impact of this is a £178.0m increase to net assets in 2019. Furthermore, the amounts disclosed as Company represent Pentland Group Holdings Limited for the first time. For further details refer to note 34.

Future Developments

Future developments are discussed throughout the Strategic Report on pages 2 to 9.

Financial Instruments

JD manage their own exposures to foreign exchange and interest rate risks. For more information see their annual accounts accessible through www.jdplc.com. For the rest of the Group, transactions which are denominated in a foreign currency present risk and uncertainty as to their value in an entity's functional currency. Due to the significant volumes of USD and EUR flows across the rest of the Group, these are managed centrally by Group Treasury on a combined rather than individual company basis. The objectives of this are to maximise the efficiency benefits of group hedging and to provide a level of exchange rate certainty to individual companies to assist them in the forecasting, planning and budgeting processes.

Qualifying Third Party and Pension Scheme Liability Provisions

Throughout the period, the Company has provided an indemnity for the directors and officers of the Company.

The Company has irrevocably and unconditionally, by way of deed, given a guarantee to the trustees of the Pentland Group Retirement Benefit Scheme of punctual performance by the Company of the guaranteed obligations to the trustees of the Pentland Group Retirement Benefit Scheme.

Employee Policies & Engagement

The Group sees employee policies and engagement as key aspects of ensuring that our teams remain motivated and well informed. The Strategic Report on pages 7 and 8 provides information on the Group's approach to people and how the Group attracts, develops and engages with its employees.

Awards

The Group is proud to hold a Queen's Award for Enterprise in the International Trade category. The Queen's Awards are the most prestigious UK awards for business performance, with the International Trade category recognising companies that have demonstrated substantial growth overseas. This is our sixth Queen's award, having previously held the award for Innovation, Export Achievement and International Trade.

Compliance

The Group endeavours to comply with the requirements of relevant and material laws and regulations of each country in which it operates.

Pentland Group Holdings Limited
Directors' Report (continued)
For the period ended 31 December 2020

Statement of Directors' Responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and Company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Disclosure of Information to Auditors

In the case of each director in office at the date the directors' report is approved, the following applies:

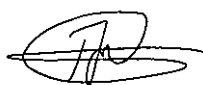
- (a) so far as the director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- (b) he/she has taken all the steps that he/she ought to have taken as a director in order to be aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s113C of the Companies (Jersey) Law 1991 (as amended).

Independent Auditors

During the year, KPMG LLP were appointed as the Company's auditors and have indicated their willingness to continue in office.

By order of the Board



T E Cullen
Joint Secretary
26 New Street, St. Helier, Jersey, JE2 3RA
Date: 7 July 2021

Independent Auditor's Report to the members of Pentland Group Holdings Limited

Opinion

We have audited the group financial statements of Pentland Group Holdings Limited ("the company") for the period ended 31 December 2020 which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash flows and the related notes, including the accounting policies in note 1.

In our opinion the group financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* of the state of the group's and parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group's and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's and the company's business model and analysed how those risks might affect the group's and the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group's or the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the Audit Committee and Internal Audit as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit Committee minutes.
- Considering remuneration incentive schemes and performance targets for management and directors including the profit target for management remuneration.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the group to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at group.

As required by auditing standards, and taking into account the perceived pressure to meet profit pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that component management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates such as valuation of unlisted investments.

We also identified a fraud risk related to valuation of unlisted investments in response to the fact that many of these investments do not have a quoted price available and therefore the valuation technique applied by the directors are highly subjective and could be used to manipulate profit.

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts and material post-closing journals

Independent Auditor's Report to the members of Pentland Group Holdings Limited (continued)

- Evaluated the business purpose of significant unusual transactions
- Assessing significant accounting estimates for bias

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, and pensions legislation in respect of defined benefit pension schemes, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, and certain aspects of company legislation recognising the nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- proper accounting records have not been kept by the company, or
- proper returns adequate for our audit have not been received from branches not visited by us; or
- the company's accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 13, the directors are responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Independent Auditor's Report to the members of Pentland Group Holdings Limited (continued)

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Aimie Keki (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

9th July 2021

Pentland Group Holdings Limited
Consolidated profit and loss account
For the year ended 31 December 2020

<i>All amounts in £m</i>	Note	2020	2019 (Restated)*
Turnover	2	6,595.7	6,443.2
Cost of Sales		(3,405.3)	(3,393.2)
Gross profit		3,190.4	3,050.0
Distribution costs		(1,982.2)	(2,012.4)
Administrative expenses		(709.1)	(528.6)
Operating profit before amortisation of intangibles and exceptional items	3	499.1	509.0
Amortisation of goodwill and other intangibles	3,11	(75.4)	(68.2)
Exceptional items	3	(141.0)	(86.7)
Other operating income		87.1	-
Operating profit	3	369.8	354.1
Income from interests in associated undertakings and joint ventures	5	5.9	15.5
Profit on ordinary activities before investment income, interest and taxation		375.7	369.6
Income from other fixed asset investments		0.6	0.6
Interest receivable and similar income	6	2.3	1.8
Interest payable and similar expenses	6	(7.4)	(7.2)
Other finance charges	7	(1.1)	(1.3)
Profit on disposal of business	10	0.6	4.3
Net gain on fair value of investment property	13	0.2	-
Realised gain/(loss) on disposal of Associates/Joint Ventures	14	1.2	(0.5)
Net gain/(loss) on financial assets at fair value through the profit and loss account	14,19	526.1	(4.2)
Unrealised (losses)/profits on derivative financial instruments	24	(40.0)	(5.7)
Profit before taxation		858.2	357.4
Tax on profit	8	(244.5)	(92.9)
Profit for the financial year		613.7	264.5
Profit attributable to:			
- Pentland Group Holdings Limited shareholders		492.3	141.7
- Non-controlling interests		121.4	122.8
		613.7	264.5

*For further details refer note 34

Dividend per share (pence)	9	£nil	184.9p**
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**For further details refer to note 9

All results derive from continuing operations. The notes on pages 25 to 75 are an integral part of these financial statements.

Pentland Group Holdings Limited
Consolidated statement of comprehensive income
For the year ended 31 December 2020

<i>All amounts in £m</i>	Note	2020	2019 (Restated*)
Profit for the financial year		613.7	264.5
Other comprehensive (loss)/income:			
Re-measurement of net defined benefit obligation	7	(15.2)	(7.7)
Revaluation of tangible assets on transfer to investment property		0.3	3.1
Currency translation differences		(46.2)	(30.6)
Total tax on components of other comprehensive income/(loss)		3.5	0.7
Other comprehensive (loss) / income for the year, net of tax		(57.6)	(34.5)
Total comprehensive income for the year		556.1	230.0
Total comprehensive income attributable to:			
- Pentland Group Holdings Limited shareholders		452.8	126.4
- Non-controlling interests		103.3	103.6
		556.1	230.0

*For further details refer note 34

The notes on pages 25 to 75 are an integral part of these financial statements.

Pentland Group Holdings Limited
Consolidated balance sheet
As at 31 December 2020

<i>All amounts in £m</i>	Note	2020	2019 As restated*
Fixed assets			
Intangible assets	11	888.4	432.8
Tangible assets	12	640.0	639.1
Investment property	13	9.1	5.8
Non-current investments	14	465.6	384.2
Associated undertakings and joint ventures	14	31.2	47.2
		2,034.3	1,509.1
Current assets			
Inventories	16	922.0	901.3
Debtors: amounts falling due within one year	17	287.0	309.7
Debtors: amounts falling due after more than one year	18	9.4	1.0
Current investments	19	549.0	68.0
Cash and cash equivalents	20	1,306.5	839.2
Deferred tax asset within 12 months	25	23.0	19.6
Deferred tax asset after 12 months	25	0.2	-
		3,097.1	2,138.8
Creditors: amounts falling due within one year	21	(1,674.3)	(1,236.2)
Net current assets		1,422.8	902.6
Total assets less current liabilities		3,457.1	2,411.7
Creditors: amounts falling due after more than one year	22	(543.1)	(201.5)
Provisions for liabilities	23	(8.2)	(11.5)
Deferred tax liability	25	(176.5)	(38.8)
Post-employment benefits	7	(69.3)	(54.5)
Net assets		2,660.0	2,105.4
Capital and reserves			
Called up share capital	26	1.0	1.0
Share premium account		5,129.0	5,129.0
Revaluation reserve		3.4	2.5
Merger reserve		(5,128.9)	(5,099.9)
Other capital reserve		(308.3)	(39.1)
Fair value reserve		701.8	177.0
Profit and loss account		1,306.3	1,302.3
Total Equity attributable to owners of the parent		1,704.3	1,472.8
Non-controlling interests		955.7	632.6
Total Equity		2,660.0	2,105.4

*For further details refer to note 34

The notes on pages 25 to 75 are an integral part of these financial statements. The financial statements on pages 17 to 75 were approved by the board of directors on 7 July 2021 and signed on its behalf by:



R S Rubin
Director
Pentland Group Holdings Limited
Registered number: 129937

Pentland Group Holdings Limited
Company balance sheet
As at 31 December 2020

<i>All amounts in £m</i>	Note	2020
Fixed assets		
Investments in Subsidiaries	14	5,130.0
		5,130.0
Creditors: amounts falling due within one year	21	(0.3)
Net current assets		(0.3)
Net assets		5,129.7
Capital and reserves		
Called up share capital	26	1.0
Share premium account		5,129.0
Profit and loss account		(0.3)
Total equity		5,129.7

The loss for the Company for the 16-month period was £0.3m.

The notes on pages 25 to 75 are an integral part of these financial statements.

The financial statements on pages 17 to 75 were approved by the board of directors on 7 July 2021 and signed on its behalf by:



R S Rubin
Director
Pentland Group Holdings Limited
Registered number: 129937

Pentland Group Holdings Limited
Consolidated statement of changes in equity
For the year ended 31 December 2020

	Note	Called up Share capital £m	Share premium account £m	Merger reserve £m	Other capital reserve £m	Revaluation reserve £m	Fair value reserve* £m	Profit and loss account £m	Total attributable to owners £m	Non- controlling interest £m	Total equity £m
Balance as at 1 January 2019 (Restated)**		1.0	5,129.0	(5,099.9)	(38.6)	-	217.2	1,009.8	1,218.5	502.8	1,721.3
Profit for the financial year		-	-	-	-	-	(4.2)	145.9	141.7	122.8	264.5
Other comprehensive income/(loss) for the year		-	-	-	-	2.5	-	(17.8)	(15.3)	(19.2)	(34.5)
Total comprehensive income for the year (Restated)		-	-	-	-	2.5	(4.2)	128.1	126.4	103.6	230.0
Dividends attributable to shareholders	9	-	-	-	-	-	-	(18.0)	(18.0)	(8.6)	(26.6)
Reclassification		-	-	-	-	-	(37.5)	37.5	-	-	-
Fair value losses realised on disposal of fixed asset and current asset investments		-	-	-	-	-	1.5	(1.5)	-	-	-
Acquisition of non-controlling interest		-	-	-	-	-	-	-	-	1.4	1.4
Increase in non-controlling interest		-	-	-	-	-	-	144.7	144.7	32.8	177.5
Put options held by non-controlling interests		-	-	-	(0.5)	-	-	-	(0.5)	-	(0.5)
Issue of shares by non-controlling interests		-	-	-	-	-	-	-	-	2.0	2.0
Other movements		-	-	-	-	-	-	1.7	1.7	(1.4)	0.3
Balance as at 31 December 2019		1.0	5,129.0	(5,099.9)	(39.1)	2.5	177.0	1,302.3	1,472.8	632.6	2,105.4

*Fair value reserve represents unrealised gains/(losses) on current and non-current investments held at fair value, as well as investment properties

** For further details refer to note 34

The notes on pages 25 to 75 are an integral part of these financial statements.

Pentland Group Holdings Limited
Consolidated statement of changes in equity
For the year ended 31 December 2020

	Note	Called up Share capital £m	Share premium account £m	Merger reserve £m	Other capital reserve £m	Revaluation reserve £m	Fair value reserve* £m	Profit and loss account £m	Total attributable to owners £m	Non- controlling interest £m	Total equity £m
Balance as at 1 January 2020		1.0	5,129.0	(5,099.9)	(39.1)	2.5	177.0	1,302.3	1,472.8	632.6	2,105.4
Profit for the financial year	13,14,19	-	-	-	-	-	526.3	(34.0)	492.3	121.4	613.7
Other comprehensive loss for the year		-	-	-	(0.3)	0.3	(1.5)	(38.0)	(39.5)	(18.1)	(57.6)
Total comprehensive income for the year		-	-	-	(0.3)	0.3	524.8	(72.0)	452.8	103.3	556.1
Acquisition of non-controlling interests		-	-	-	2.7	-	-	(2.7)	-	-	-
Disposals of non-controlling interests		-	-	-	-	-	-	(0.9)	(0.9)	1.0	0.1
Share capital reduction		-	-	(29.0)	-	-	-	29.0	-	-	-
Put options held by non-controlling interests		-	-	-	(274.9)	-	-	-	(274.9)	-	(274.9)
Non-controlling interest arising on acquisitions		-	-	-	-	-	-	52.3	52.3	218.8	271.1
Other movements		-	-	-	3.3	0.6	-	(1.7)	2.2	-	2.2
Balance as at 31 December 2020		1.0	5,129.0	(5,128.9)	(308.3)	3.4	701.8	1,306.3	1,704.3	955.7	2,660.0

*Fair value reserve represents unrealised gains / (losses) on current and non-current investments and investment properties held at fair value.

** For further details refer to note 34

The notes on pages 25 to 75 are an integral part of these financial statements.

Pentland Group Holdings Limited
Company statement of changes in equity
For the period ended 31 December 2020

	Note	Called up Share capital £m	Share premium account £m	Profit and loss account. £m	Total equity £m
Balance as at 1 September 2019					
Issue of shares	26	1.0	5,129.0	-	5,130.0
Profit for the period		-	-	(0.3)	(0.3)
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	(0.3)	(0.3)
Balance as at 31 December 2020		1.0	5,129.0	(0.3)	5,129.7

The notes on pages 25 to 75 are an integral part of these financial statements.

Pentland Group Holdings Limited
Consolidated statement of cash flows
For the year ended 31 December 2020

<i>All amounts in £m</i>	Note	2020	2019 As restated*
Net cash from operating activities	28	1,021.3	635.2
Taxation paid		(97.0)	(101.5)
Net cash generated from operating activities		924.3	533.7
Cash flow from investing activities			
Interest received		1.9	1.7
Dividends received from associated undertakings	14	5.7	15.6
Dividends received		0.7	0.7
Purchase of tangible assets	12/13	(110.1)	(152.8)
Purchase of intangible assets	11	(27.7)	(31.3)
Purchase of fixed asset investments	14	(45.3)	(53.1)
Investment in associated undertakings and joint ventures		(0.4)	(6.1)
Purchase of current asset investments	19	(6.8)	(5.4)
Proceeds from sale of tangible assets		0.6	6.9
Proceeds from sale of intangible assets		1.2	4.1
Proceeds from sale of current asset investments		4.6	4.5
Proceeds from sale of fixed asset investments		37.4	28.7
Purchase of businesses	10	(350.5)	(95.9)
Net cash acquired with subsidiary undertakings	29	3.3	7.1
Disposal of investment in associated undertakings and joint ventures	14	-	0.3
Sale of business	10	-	19.9
Partial sale of major shareholding		-	177.2
Net cash disposed of with subsidiary undertakings	10	(0.1)	(1.7)
Net loans made repaid by associated undertakings and joint ventures	6	-	0.1
Net cash used in investing activities		(485.5)	(79.5)
Cash flow from financing activities			
Equity dividends paid to shareholders	9	-	(18.0)
Dividends paid to non-controlling interests		-	(8.6)
Net drawdown/(repayment) of external borrowings	29	62.5	(133.1)
Change in share of minority interest		-	0.5
Interest paid	6	(6.8)	(7.2)
Net cash generated/(used) in financing activities		55.7	(166.4)
Net increase in cash and cash equivalents	29	494.5	287.8
Cash and cash equivalents at the start of the year	29	814.2	527.2
Exchange gains on cash and cash equivalents	29	(2.2)	(0.8)
Cash and cash equivalents at the end of the year		1,306.5	814.2
Cash and cash equivalents consists of:			
Cash at bank and in hand	20	1,045.1	469.4
Short term deposits (included in current assets)	20	261.4	369.8
Bank overdrafts	29	-	(25.0)
Cash and cash equivalents at the end of the year		1,306.5	814.2

* For further details refer to note 34

The notes on pages 25 to 75 are an integral part of these financial statements.

Pentland Group Holdings Limited

Notes to the financial statements for the period ended 31 December 2020

1. Summary of significant accounting policies

General Information

Pentland Group Holdings Limited (the "Company") is a private company limited by shares and is incorporated in Jersey. The Company's registered office is 26 New Street, St. Helier, Jersey, JE2 3RA. The Company is resident for tax purposes in the Republic of Ireland.

Pentland Group Holdings Limited (the "Company") is the holding company of a trading group – Pentland Group (the "Group") - which invests in businesses across a number of different industries. The Group is engaged in the retail and brand management of footwear, clothing and related accessories in the sports, outdoor and fashion sectors both in the UK and internationally. The Company is responsible for formulating and directing overall Group strategy. A list of the subsidiary undertakings is set out in note 15.

Statement of compliance

The Group and Company financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies (Jersey) Law 1991.

Basis of preparation

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The financial statements are presented in pounds sterling, rounded to the nearest thousand. The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below. The judgments, estimates and underlying assumptions are reviewed on an ongoing basis.

The profit and loss account of the Company has been approved by the directors but, as permitted by section 105(11) of the Companies (Jersey) Law 1991, is not presented with these financial statements.

Going Concern

In assessing the Going concern assumption for the Group, the directors performed a detailed review of the Group's projected cash flows, committed facilities and the covenants attached to those facilities over a period which extend until 31 December 2022, excluding JD Sports Fashion Plc ("JD"). The approach included a review of the Group's financial position and performance and specific consideration was given to the continuing risks associated with COVID-19.

In considering future cash flows and funding requirements, the main areas of the Group that were considered were the Brands and the Investment Divisions where certain key assumptions were made in the severe but plausible scenario and if where key mitigations could be actioned. The main assumptions in those areas of the Group are set out below.

- Company

The Company acts as a holding company and has access to sufficient financial resources to be able to meet any reasonably predictable liquidity requirements.

- Brands

As stated within the Strategic Report, Pentland Brands has seen the majority of its retail customers close their retail stores for sustained periods over the pandemic, leading to a drop in sales and operating profit forecasts.

The directors have modelled a base scenario, using currently available information arising from the current economic uncertainty caused by the pandemic and the potential impact of Brexit. Alongside this, the directors have considered a downside scenario which includes a further one-month lockdown in Q4 of 2021. The key assumptions in the forecasts are as follows:

- 50% decrease in revenue in November 2021 compared with the base scenario; and
- Consistent cost assumptions with the base scenario.

The scenarios set out the possible cash impact and the measures which the business could take to control costs, conserve cash and meet its liabilities as they fall due.

- Investment division and other Group cash considerations

Severe but plausible scenarios have been prepared for the Investment division and remaining Group entities, excluding JD, include the following assumptions:

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

1. Summary of significant accounting policies (continued)

Going Concern (continued)

- Investment cash outflows restricted to those committed obligations and no investment cash in-flows;
- All committed spend on acquisitions have been included; and
- 2021 dividends only forecasted where there has been a confirmed intention/actual payment.

The Group (excluding JD) had cash balances at 6 July 2021 of £70.2 million. The overall severe but plausible scenario for the Group results in cash headroom throughout the going concern period. In addition, the Group has a number of additional measures, which include the ability to liquidate certain investments should the need arise.

- JD Sports Fashion Plc

As mentioned above, the Company has no obligations to fund JD and responsibility for assessing the viability of its operations rests with the JD board of directors. The responsibility for assessing the viability of its operations rest with the JD board of directors. The accounts of JD for the period ended 30 January 2021 state that the JD board have concluded, following their going concern and viability assessment, that the JD group has a reasonable expectation of being able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

At 30 January 2021, JD had net cash balances of £795.4 million (2020: £429.9 million) with available committed UK borrowing facilities of £700 million (2020: £700 million) of which £nil (2020: £nil) has been drawn down (see note 19) and US facilities of approximately \$300 million of which \$nil was drawn down. These facilities are subject to certain covenants (see note 19). With a UK facility of £700 million available up to 6 November 2024 and a US facility of approximately \$300m available up until 18 June 2023, the JD board of directors believe that JD is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Since the year end, JD has completed a placing of new ordinary shares in the capital of JD Sports Fashion Plc, raising gross proceeds of approximately £456.0 million after costs. In addition, JD has completed acquisitions in the new year to date with aggregate cash consideration paid of approximately £380 million. JD had net cash of £709.5 million as at 6 April 2021.

Based on the above, the directors are comfortable that the Group has sufficient resources for at least 12 months from the date of signing these financial statements and the going concern assessment remains appropriate.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

- from preparing a statement of cash flows, required under FRS 102 p.3.17(d) on the basis that it is a qualifying entity and its consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows.
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.20, 11.42, 11.44, 11.45, 11.47, 11.48a-iii, 11.48a-iv, 11.48b, 11.48c, 12.26, 12.27, 12.29a and 12.29b, as the information is provided in the consolidated financial statement disclosures of Pentland Group Limited.
- from disclosing key management personnel, under FRS 102 paragraph 33.7 as the directors of the Company are key management personnel

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary undertakings made up to the end of the financial year. JD's financial results are based on management account information for the period ended 31 December 2020, adjusted appropriately to conform with the Group's accounting policies. The results of the subsidiaries acquired during the year have been consolidated into the results of the Group from the relevant dates of acquisition. The results of the subsidiaries disposed of or discontinued during the year have been consolidated into the results of the Group until the relevant dates of disposal or discontinuation. Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is represented as if the operation has been discontinued from the start of the comparative year.

The Group's consolidated financial statements are prepared using the merger accounting method, whereby the consolidated financial statements are prepared as if the Company had always been the parent company of the Group. The assets and liabilities of the existing Group and the Company have been consolidated at their existing book values (subject to any alignment of accounting policies) in both the current year and prior year financial information.

The prior year opening consolidated statement of changes in equity has been restated to show the equity position as if the Company had always been the parent company of the Group (ie. reflecting Company's share capital and share premium) together with the existing Group's consolidated profit and loss account and other equity reserves.

Any difference between this and the consolidated net assets of the Group has been presented as a "merger reserve" in the consolidated statement of changes in equity and the consolidated balance sheet. The method presents the combined entities' results and financial position in the consolidated financial statements as if they had always been combined.

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

1. Summary of significant accounting policies (continued)

Basis of consolidation (continued)

Under Section 105(11) of the Companies (Jersey) Law 1991, the Company is exempt from the requirement to present its own profit and loss account.

Uniform accounting policies have been applied across the Group. Intra-Group transaction balances, income and expenses have been eliminated. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

Business Combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect the returns through its power over the entity.

Costs directly related to the acquisition are included in the cost of acquisition. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. The consideration transferred does not include amounts related to the settlement of pre-existing relationships.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and the settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the Consolidated profit and loss account.

Investments

- Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the equity attributable to holders of the parent. Non-controlling interests consist of the amount of those interests at the date that control commences and the attributable share of changes in equity subsequent to that date.

The Company recognises investment in subsidiaries at cost less impairment.

- Associates

Investments over which the Group exerts significant influence are treated as associated undertakings accordingly. Associate investments are accounted for using the equity method of accounting when the directors consider the Group to have a significant influence. For the Company, investments in associates are held at cost less accumulated impairment losses.

- Joint ventures

Investments which the Group manages jointly with other undertakings are treated as joint ventures accordingly. The results and assets and liabilities of joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. Investments in joint ventures are carried in the consolidated balance sheet at cost and adjusted for post-acquisition changes in the Group's share of the net assets. Losses of the joint venture in excess of the Group's interest in it are not recognised.

The Company recognises investment in joint ventures at cost less impairment.

Goodwill

Goodwill arising on the acquisition of a new subsidiary and associated company undertakings represents the difference between the fair value of the consideration and the Group's share of the fair values of the separable net assets acquired. Goodwill is amortised over its expected useful life, a range of 5 to 20 years. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 5 years.

The valuation of goodwill is reviewed annually to assess whether there has been any diminution in value following any trigger event that may indicate a diminution. Provision is made for any impairment if appropriate.

Intangibles assets

- Brand licences

Brand licences are stated at cost less accumulated amortisation and impairment losses. Amortisation of brand licences is charged to the Consolidated profit and loss account within cost of sales over the term to the licence expiry on a straight-line basis.

Brand licences are tested annually for impairment by comparing the recoverable amount to their carrying value. Impairment losses are recognised in the Consolidated profit and loss account.

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

1 Summary of significant accounting policies (continued)

Intangibles assets (continued)

- Brand licences (continued)

The recoverable amount of brand licences is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the relevant cash-generating unit until the licence expiry date and the choice of a suitable discount rate in order to calculate the present value.

- Brand Names

Brand names acquired as part of a business combination are stated at estimated fair value as at the acquisition date less accumulated amortisation and impairment losses. Brand names separately acquired are stated at cost less accumulated amortisation and impairment losses. The useful economic life of each purchased brand name is considered to be finite.

Brand names are all amortised over a period of 10 years. Brand names are tested annually for impairment by comparing the recoverable amount to their carrying value. The recoverable amount of brand names is determined based on a 'royalty relief' method of valuation. This is based on an estimation of future sales and the choice of a suitable royalty and discount rate in order to calculate the present value, when this method is deemed the most appropriate. This method involves calculating a net present value for each brand by discounting the projected future royalties expected over the remaining useful life of each brand. The future royalties are estimated by applying a suitable royalty rate to the sales forecast. Impairment losses are recognised in the Consolidated profit and loss account.

- Reacquired Right

Reacquired right assets represent the reacquired right to manufacture and distribute the Speedo Brands in specified territories within North America, as well as wholesale customer relationships and e-commerce customer lists.

The multi-period excess-earnings method has been used to value the reacquired right since:

- This asset has been identified as the primary asset, which is valued using excess earnings method.
- The principle behind this method is that the value of an intangible asset is equal to the present value of the incremental after-tax cash flows attributable only to the subject intangible asset. The incremental after-tax cash flows attributable to the subject intangible asset are then discounted to their present value (after accounting for charges on contributory assets) and adjusted for the present value of the tax amortization benefit to arrive at the indication of the asset's fair value.

Despite the perpetual nature of the license agreement, under FRS102, amortisation is required and the reacquired right is amortised over 10 years.

- Software Development

Software development costs (including website development costs) are capitalised as Intangible Assets if the technical and commercial feasibility of the project has been demonstrated, the future economic benefits are probable, the Group has an intention and ability to complete and use or sell the software and the costs can be measured reliably. Costs that do not meet these criteria are expensed as incurred. Software development costs are stated at historic cost less accumulated amortisation.

Software development costs are all amortised over a period of 2 to 7 years and the amortisation charge is included within administrative expenses in the Consolidated profit and loss account.

- Other intangibles

Other intangibles are amortised over their expected useful life, a range of 10 to 20 years. Where the Group is unable to make a reliable estimate of useful life, other intangibles are amortised over a period not exceeding 5 years.

- Fascia Names

Separately identifiable fascia names acquired are stated at estimated fair value as at the acquisition date less accumulated amortisation and impairment losses and they are amortised over their expected useful life of 10 years.

- Key Money

Monies paid in certain countries to give access to retail locations are capitalised within non-current assets. Key money is stated at historic cost less impairment losses. These assets are not depreciated as past experience has shown that the key money is recoverable on disposal of a retail location but will be impaired if evidence exists that the market value is less than the historic cost. Gains/losses on key money from the subsequent disposal of these retail locations are recognised in the Consolidated profit and loss account.

Tangible fixed assets and depreciation

Certain freehold and leasehold properties were re-valued in 1998. All properties which were previously included at valuation have been frozen in 1998 at their deemed cost. All other tangible assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

1 Summary of significant accounting policies (continued)

Tangible fixed assets and depreciation (continued)

No depreciation is provided on freehold land and assets under construction. The principal depreciation rates used on a straight-line basis are:

Long leasehold and Freehold property	50 years
Short leasehold property	50 years or lease term if shorter
Fixtures and Fittings	5 years
Plant and equipment	5 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

- Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in operating profit.

Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

If an owner-occupied property becomes an investment property, an entity shall apply the tangible fixed asset policy up to the date of change in use. Any difference at that date between the carrying amount of the property and its fair value in other comprehensive income and accumulated in the revaluation reserve.

Subsequent to initial recognition, investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise and in the fair value reserve; and no depreciation is provided in respect of investment properties applying the fair value model.

If a reliable measure is not available without undue cost or effort for an item of investment property, this item is thereafter accounted for as tangible fixed assets until a reliable measure of fair value becomes available.

Leases

At inception, the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement. Leased assets are categorised and treated as follows:

- Finance leased assets

Assets funded through finance leases and similar hire purchase contracts are capitalised as property, plant and equipment where the Group assumes substantially all of the risks and rewards of ownership. Upon initial recognition, the leased asset is measured at the lower of its fair value and the present value of the minimum lease payments. Future instalments under such leases, net of financing costs, are included within interest-bearing loans and borrowings.

Rental payments are apportioned between the finance element, which is included in finance costs, and the capital element which reduces the outstanding obligation for future instalments so as to give a constant charge on the outstanding obligation.

- Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Contingent rentals payable based on store revenues are accrued in line with the related sales and are charged as expenses in the period to which they relate. The value of any lease incentives is recognised as deferred income and credited to the Consolidated profit and loss account against rentals payable on a straight-line basis over the life of the lease.

Property incentives

- Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the Consolidated profit and loss account to reduce the lease expense on a straight-line basis over the period of the lease.

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

1 Summary of significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account.

Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the Consolidated profit and loss account.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

The provisions are discounted where the effect is material.

In particular:

- The Group makes a provision for onerous property leases on specific stores based on the anticipated future cash outflows relating to the contractual lease cost less potential sublease income. The estimation of sublease income is based on historical experience and knowledge of the retail property market in the area around each property. Assumptions and judgements are used in making these estimates and changes in assumptions and future events could cause the value of these provisions to change. This would include sublet premises becoming vacant, the liquidation of an assignee resulting in a property reverting to the Group or closing an uneconomic store and subletting at below contracted rent. Within the onerous lease provision, management have provided against the minimum contractual lease cost less potential sublease income for vacant stores. For loss making trading stores and for stores where there is a probable risk of the store returning to the Group under privity of contract, a provision is made to the extent that the lease is deemed to be onerous.
- Restructuring provisions are recognised when the Company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and Provision is not made for future operating losses.
- Legal provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a legal claim for which the payment is probable (defined as more likely than not) and the amount can be estimated reliably.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Contingencies

Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank debit balances included within pooling arrangements. Bank overdrafts outside of pooling arrangements are shown within borrowings in current liabilities.

Foreign currencies

- Transactions and balances

Transactions in foreign currencies during the year are translated at the spot exchange rate at the transaction date, or in the case of stock purchases, at an average spot rate of exchange for the period in which the purchases were made or actual spot rate at the transaction date, where this would give a material difference.

At each period end foreign currency monetary items are translated using the closing spot rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction, and non-monetary items measured at estimated fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

1 Summary of significant accounting policies (continued)

Foreign currencies (continued)

- Transactions and balances (continued)

Foreign exchange gains and losses that relate to borrowings, cash and cash equivalents and all other foreign exchange gain and losses are presented in the profit and loss account within administrative expenses.

The balance sheets of entities in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date and the profit and loss accounts are translated at the average rates of exchange for the year. Foreign exchange differences on translation are recognised in Other Comprehensive Income.

Financial instruments

i) Financial assets and liabilities

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

All financial assets and liabilities are measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at estimated fair value and subsequently measured at fair value.

Financial commitments that are contracted for but not provided for are disclosed in note 27.

ii) Non-current asset and current asset investments

Non-current asset and current asset investments, other than subsidiary and associated undertakings, where fair value can be measured reliably are valued at estimated fair value through the profit and loss account.

Non-current asset and current asset investments, other than subsidiary and associated undertakings, where fair value cannot be measured reliably are measured at cost less impairment.

Subsidiary and associated undertakings are measured at cost less impairment.

iii) Derivative financial instruments

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than pound sterling. The principal currencies giving rise to this risk are the euro and US dollar.

In the normal course of business, we manage this risk by using derivative financial instruments to economically hedge our exposure.

Derivative financial instruments are recognised initially at estimated fair value and remeasured at each period end. The estimated fair value of foreign exchange derivative contracts is determined using cash flows derived from the forward exchange rates at the balance sheet date discounted in order to provide the present value. The gain or loss on remeasurement to estimated fair value is recognised immediately in the Consolidated profit and loss account.

iv) Fair value measurement

The best evidence of estimated fair value is a quoted price for an identical asset in an active market. This is adjusted by management as required to reflect other known circumstances at the time of valuation such as the size or strategic nature of the holding. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value and it is economic to do so, the fair value is estimated by using a valuation technique using available information. Where the fair value of an asset is not able to be reliably measured, its carrying amount at the last date that the asset was reliably measurable becomes its new cost. The asset is carried at this cost amount less impairment until a reliable measure of fair value becomes available.

v) Value of put options held by non-controlling interests

For put options held by controlling interests or call options held by the Group where the Group currently hold a non-controlling interest, the Group assesses the likelihood of each option being exercised. Where no option is considered more likely, no financial asset or liability is recognised. Where an option is assessed as likely the Group does the following:

Put options held by non-controlling interests are accounted for using the present access method. The Group recognises put options held by non-controlling interests in its subsidiary undertakings as a liability in the Consolidated balance sheet at the present value of the estimated exercise price of the put option. Upon initial recognition of put options a corresponding entry is made to other equity, and for subsequent changes on remeasurement of the liability the corresponding entry is made to the Consolidated profit and loss account.

Call options held by the Group are also accounted for using the present access method. The Group recognises call options over non-controlling interests in its subsidiary undertakings as a liability in the Consolidated balance sheet at the present value of the estimated exercise price of the call option. Upon initial recognition and for subsequent changes on remeasurement of the liability of call options a corresponding entry is made to the Consolidated profit and loss account.

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

1 Summary of significant accounting policies (continued)

Turnover

Turnover comprises the value of external sales and royalties, net of trade discounts, rebates and returns, excluding sales related taxes.

- *Revenue recognition*

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied net of returns, discounts and rebates allowed by the Group and value added taxes.

The Group bases its estimate of returns on historical results taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Group recognises revenue when the significant risks and rewards of ownership have been transferred.

- *Sale of goods – retail*

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

In the case of goods sold through retail stores, revenue is recognised when goods are sold and the title has passed, less provision for returns. Accumulated experience is used to estimate and provide for such returns at the time of the sale. Retail sales are usually in cash, by debit card or by credit card.

- *Sale of goods – other*

The Group sells a range of products in the wholesale market. Sales of goods are recognised on delivery to the wholesaler, when the wholesaler has full discretion over the channel and price to sell the product and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the product. Delivery occurs when the goods have been shipped to the location specified by the wholesaler, the risks of obsolescence or loss have been transferred to the wholesaler, the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the company has objective evidence that all criteria for acceptance have been satisfied.

Goods sold to wholesalers are often sold with volume rebates and also with the provision for the wholesale customer to return faulty goods. Sales are measured at the prices specified in the sale contract, net of estimated volume rebates and returns. Accumulated experience is used to estimate and provide for the discounts and returns.

Volume rebates are assessed based on anticipated annual purchases.

Provisions are made for credit notes based on the expected level of returns which is based on the historical experience of returns.

- *Sale of goods – internet based transactions*

The Group sells goods via its websites for delivery to the customer. Revenue is recognised when the risks and rewards of the inventory are passed to the customer on dispatch, which is not considered to be materially different to recognition of delivery.

- *Royalty income*

Royalty income is charged to licensee partners according to the terms of a licence agreement and is recognised in the same period as the sales or purchases to which the royalty relates.

- *Dividend income*

Dividends are recognised when the right to receive payment is established.

Government grants

Government grants that have been received for the purpose of providing financial support (Corona Virus Job Retention Scheme) with no future related costs are recognised in other operating income in the period in which it becomes receivable.

Financial income and expense

Financial income comprises interest receivable on funds invested. Financial income is recognised in the Consolidated profit and loss account on an effective interest method.

Financial expenses comprise interest payable on interest-bearing loans and borrowings. Financial expenses are recognised in the Consolidated profit and loss account on an effective interest method.

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

1 Summary of significant accounting policies (continued)

Exceptional items

Items that are material and/or non-recurring by size and incidence are disclosed separately on the face of the Consolidated profit and loss account as they are not considered reflective of the year on year trading performance of the Group. This helps provide an indication of the Group's underlying business performance.

The principal items which may be included as exceptional items are:

- Profit/(loss) on the disposal of certain non-current assets
- Provision for rentals on onerous property leases
- Impairment of property, plant and equipment and non-current other assets
- Impairment of goodwill, brand names and fascia names
- Business restructuring and business closure related costs
- Fair value adjustments to put option liabilities

Employee benefits

The Group provides a range of benefits to employees, including paid holiday arrangements and defined benefit and defined contribution pension plans.

- *Short term benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

- *Annual bonus plan*

Should the Company provide a bonus for the employees, an expense would be recognised in the profit and loss account when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

- *Retirement benefits*

The Group operated a contributory defined benefit pension scheme for some UK based employees which was closed to new members on 30 June 2005 and to existing members on 30 November 2005. The assets of the closed scheme are held separately to those of the Group.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on high quality corporate bonds of equivalent terms to the liabilities.

The plan assets do not include any of the Group's financial instruments nor is any property occupied by any Group entity.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at reporting date.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as "Remeasurement of net defined benefit liability".

The cost of the defined benefit plan is recognised in profit and loss as employee costs.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the Fair value of plan assets. The cost is recognised in profit or loss as finance expense.

Following closure of the defined benefits pension scheme, the Group introduced a defined contribution scheme being a Group Personal Pension Plan. The assets of the plan attributable to individuals participating in the plan are independently administered and managed by Standard Life. The amounts charged against profit represent the contributions payable to the scheme in respect of the accounting year.

The other defined contribution pension schemes are money purchase schemes, the assets of which are held separately from those of the Group in independently administered funds. The amounts charged against profits represent the contributions payable to the schemes in respect of the accounting year.

Disclosures in relation to the pension schemes for the period ended 31 December 2020 have been set out in note 7 of the financial statements.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in Other Comprehensive Income.

The current income tax charge is calculated on the basis of the tax laws enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

1 Summary of significant accounting policies (continued)

Taxation (continued)

situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising from differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

- Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its estimated fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the estimated future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a Cash Generation Unit ("CGU") is allocated first to the goodwill attached to that CGU and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

- Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options would be shown in equity as a deduction, net of tax, from the proceeds.

Distributions to equity holders

Dividends and other distributions to Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Group's shareholders. These amounts are recognised in the Statement of changes in equity.

Related party transactions

As per FRS 102 p.33.1(a), the Group discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

1 Summary of significant accounting policies (continued)

Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

- *Useful economic lives*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the tangible assets.

The Group also amortises the goodwill associated with the acquisition of brand names and fascias over their useful economic life. In determining the useful economic life of each brand name, the Group considers the market position of the brands acquired, the nature of the market that the brands operate in, typical product life cycles of brands and the useful economic lives of similar assets that are used in comparable ways. See note 11 for the carrying amount of the intangible assets.

- *Inventory provisioning*

The Group's products are subject to changing consumer demands and fashion trends. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, the quality of the current season buy, market trends and management estimates of future events, as well as applying assumptions around anticipated saleability of finished goods based on historical experiences. See note 16 for the net carrying amount of the inventory and associated provision.

- *Impairment of debtors*

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 17 and 18 for the net carrying amount of the debtors and associated impairment provision.

- *Impairment of goodwill*

The Group considers whether goodwill is impaired. Where an indication of impairment is identified the estimation of recoverable values requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also a selection of appropriate discount rates in order to calculate the net present value of those cash flows.

- *Impairment of intangibles assets*

The Group is required to test whether intangible assets have suffered any impairment. The recoverable amount of brand and fascia names is based on an estimation of future sales and the choice of a suitable royalty and discount rate in order to calculate the present value, when this method is deemed the most appropriate. Alternatively, the carrying value of the brand names has been allocated to a cash-generating unit, along with the relevant goodwill and fascia names, and tested in the value-in-use calculation performed for that cash-generating unit. The recoverable amount of brand licenses is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the cash-generating unit until the licence expiry date and the choice of a suitable discount rate in order to calculate the present value.

- *Defined benefit pension scheme*

The Group operates a UK registered trust-based pension scheme that provides defined benefits. The Trustees are responsible for running the Scheme and have obligations to pay benefits to certain employees. The costs of these benefits and the present value of the obligation depend on several factors including: life expectancy, salary increases, asset valuations and discount rates. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. Refer to note 7 for details.

- *Onerous Property Lease Provisions*

The Group makes a provision for onerous property leases on specific stores based on the anticipated future cash outflows relating to the contractual lease cost less potential sublease income. The estimation of sublease income is based on historical experience and knowledge of the retail property market in the area around each specific property. Significant assumptions and judgements are used in making these estimates and changes in assumptions and future events could cause the value of these provisions to change. This would include sublet premises becoming vacant, the liquidation of an assignee resulting in a property reverting to the Group or closing an uneconomic store and subletting at below contracted rent.

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

1 Summary of significant accounting policies (continued)

Critical accounting estimates and judgements (continued)

- Determination of Fair Value of Assets and Liabilities on Acquisition

For each acquisition, the Group reviews the appropriateness of the book values of the assets and liabilities acquired, taking into account the application of Group accounting policies, to determine if fair value adjustments are required. The key judgements involved are the identification and valuation of intangible assets which require the estimation of future cash flows based on the strategic plans for the intangible asset, the useful economic life of the intangible asset and the selection of a suitable discount rate. The valuation techniques used for measuring the fair value of material assets acquired are as follows:

- Intangible assets (computer software) - The cost approach was used which reflects the amount that would be required to currently replace the service capacity of an asset (often referred to as current replacement cost).
- Intangible assets (fascia names and brand names) - The relief from royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the intangible assets being owned.
- Inventories - The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to sell the inventories.
- Leasehold interests - The fair value of leasehold interests is estimated by comparing the annual rent to a normalised rent level based on a market-oriented occupancy rate. The difference is calculated over the remaining lease term and discounted at the estimated pre-tax discount rate.
- Owned property - The cost approach considers the cost to replace the existing improvements, less accrued depreciation, plus the fair value of the land. The value of the properties is derived by adding the estimated value of the land to the cost of constructing a reproduction or replacement for the improvements and then subtracting the amount of depreciation.
- Property, plant and equipment - The depreciated replacement cost new valuation approach is utilised reflecting adjustments for physical deterioration as well as functional and economic obsolescence.

- Determination of fair value of investments

The Group holds a number of listed and unlisted investments which are required to be carried at fair value (other than subsidiaries which the Company has elected to carry at cost). Fair value movements are recognised in the profit and loss account in the year and the cumulative movements shown within the fair value reserve. On disposal, any cumulative fair value gains/(losses) are transferred to profit and loss reserves.

Directly held unlisted investments are also held at fair value where a recent transaction or fund-raising event provides evidence of fair value. If recent transactions are not a good estimate of fair value and it is economic to do so, the fair value is estimated by using a valuation technique using available information. Where the fair value cannot be reliably measured, the cost value is used. The asset is held at the cost amount less impairment until a reliable measure of fair value becomes available.

The Group recognises deferred tax on unrealised fair value movements on investments through the profit and loss account where it is expected that a future disposal of those investments will give rise to a taxable gain or loss.

- Iberian Sports Retail Group Put Option

The Group holds put options over part of the remaining non-controlling interest in Iberian Sport Retail Group and these options are required to be fair valued at each accounting period date. A valuation has been performed by management using an EBITDA multiple, a suitable discount rate and approved forecasts. The valuation is considerably higher than the previous year, which is primarily due to an improved forecast trading performance. Sensitivity was performed over the key variable inputs to the valuation of the put options, being the discount rate and the approved forecasts. A discount rate increase of 1% would result in a reduction in the put option liability of £0.9m and an increase of 1% to the forecasted EBITDA % would result in an increase in the put option liability of £0.6m. 1% was determined to be a reasonable variance to demonstrate the sensitivity of the put option valuation to the key inputs used.

- Genesis Topco Put Options

Following the acquisition of Shoe Palace, the Group now holds put options over 20% of the non-controlling interest in the Genesis Topco sub-group. A valuation has been performed using an EBITDA multiple, a suitable discount rate and approved forecasts and the initial liability has been recognised with the corresponding entry to Other Equity in accordance with the present access method of accounting. These options are required to be fair valued at each accounting date. Given the proximity of the transaction to the reporting date, the estimation uncertainty as at the current reporting date is limited, however in future periods this estimation uncertainty will be significant. Sensitivity was performed over the key variable inputs to the valuation of the put options, being the discount rate and the approved forecasts. A discount rate increase of 1% would result in a reduction in the put option liability of £13.9m and an increase of 1% to the forecasted EBITDA % would result in an increase in the put option liability of £14.7m. 1% was determined to be a reasonable variance to demonstrate the sensitivity of the put option valuation to the key inputs used.

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

2 Turnover

Turnover by business segment

	Turnover	
	2020	2019
	£m	£m
Sale of goods	6,559.2	6,404.7
Royalties	12.5	21.4
Rendering of services	24.0	17.1
	6,595.7	6,443.2

Turnover by geographical origin*

	Turnover	
	2020	2019
	£m	£m
United Kingdom	2,925.6	2,986.2
Continental Europe and Eire	1,496.8	1,526.5
America	1,858.0	1,602.4
Asia-Pacific	150.8	191.6
Other	164.5	136.5
	6,595.7	6,443.2

*Turnover by geographical origin represents sales originated in the country where the legal company selling the product is based.

Turnover by geographical destination**

	Turnover	
	2020	2019
	£m	£m
United Kingdom	2,718.5	2,725.8
Continental Europe and Eire	1,661.6	1,689.7
America	1,873.8	1,658.7
Asia-Pacific	329.1	358.5
Other	12.7	10.5
	6,595.7	6,443.2

**Turnover by geographical destination represents sales originated in the country to which the goods are shipped.

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

3 Operating profit

	Note	2020 £m	2019 £m
Operating profit is stated after (crediting)/charging:			
- Wages and salaries		864.3	854.9
- Social security costs		89.1	93.2
- Other pension costs		16.9	16.8
Total staff costs		970.3	964.9
Tangible assets			
- Depreciation – owned assets	12	140.6	120.6
- Loss on disposal		2.0	1.0
Intangible assets			
- Amortisation	11	75.4	68.2
Fixed asset investments			
- Profit on disposal	14	29.1	17.1
Impairment of trade debtors		1.9	1.3
Impairment of inventory		24.3	7.2
Rent of land and buildings		382.2	393.8
Other operating lease rentals		5.5	5.7
Included within operating exceptional items:			
Impairment of assets (1)	11/12	103.1	35.2
Fair value movement on put options held by non-controlling interests	24	24.3	32.5
Restructuring, intellectual property protection and other provisions		7.9	19.0
Impairment of associates		5.7	-
Total operating exceptional items		141.0	86.7

(1) The charge in the year to 31 December 2020 and 2019 relates to the non-cash impairment of the fascia names and goodwill balance arising on acquisitions (refer to note 11) as well as £8.9m in the current year in relation to the impairment of fixed assets (refer to note 12).

Auditors' remuneration:

The total remuneration of the Group auditor, KPMG LLP, for 2020 and its affiliates for the services to the Group is analysed below:

	2020 £m	2019 £m
Fees payable to the Company's auditors for the audit of the parent company's and the Group's financial statements	0.4	0.3
The audit of the financial statements of the Company's subsidiaries	2.3	2.2
Total auditors' remuneration	2.7	2.5
Fees payable to other auditors for the audit of the Company's subsidiaries	0.3	0.1
	0.3	0.1

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

4 Employees and directors

Employees

The average number of persons (including executive directors) employed by the Group during the year was:

	Group				Company	
	Full time equivalent 2020 No.	2019 No.	Average headcount 2020 No.	2019 No.	Full time equivalent 2020 No.	Average headcount 2020 No.
Retail	35,606	33,913	54,087	51,806	-	-
Other	1,668	1,908	1,668	1,908	2	-
	37,274	35,821	55,755	53,714	2	-

Staff costs of the Company and Group were as follows:

	2020 £m	Group 2019 £m	Company 2020 £m
Wages and salaries	864.3	855.2	-
Social security costs	89.1	92.9	-
Other pension costs	16.9	16.8	-
	970.3	964.9	-

Directors

Directors' emoluments disclosed include common directors between the Company and Pentland Group Limited and therefore remuneration for those directors (in their capacity as employees and services of an executive nature) are included in the disclosure below:

The directors' emoluments were as follows:

Emoluments	2020 £m	2019 £m
Aggregate emoluments	6.9	4.6
Pension contributions - money purchase schemes	0.1	0.1
	7.0	4.7

Aggregate emoluments include £0.6m as compensation for loss of office (2019: £nil).

Retirement benefits are accruing to four directors under defined benefit scheme and two directors under money purchase schemes (2019: two).

No directors (2019: nil) have retirement benefits accruing under funded unapproved retirement benefits schemes.

Highest paid director

The highest paid director's emoluments were as follows:

	2020 £m	2019 £m
Aggregate emoluments	2.3	1.2
Pension contributions - money purchase schemes	0.1	-
	2.4	1.2

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

5 Income from interests in associated undertaking and joint ventures

	2020	2019
	£m	£m
Associated and joint venture undertakings share of income/(loss)	5.9	15.5
	5.9	15.5

6 Net interest expense

	2020	2019
	£m	£m
Interest receivable on cash deposits		
- Group	2.3	1.7
- Associate undertakings	-	0.1
Interest payable on bank loans and overdrafts		
- Group	(6.8)	(7.1)
- Associate undertakings	(0.5)	-
- Hire Purchase Leases	(0.1)	(0.1)
	(5.1)	(5.4)

7 Pension schemes

The Group operated a contributory defined benefit pension scheme for some UK based employees, excluding employees of Speedo International Limited and JD, which was closed to new members on 30 June 2005 and to existing members on 30 November 2005. The closed scheme continues to be administered by Trustees and is independent of Group finances. Contributions are paid to the scheme in accordance with the recommendations of an independent actuary to enable the Trustees to meet from the scheme the benefits accruing in respect of service to 30 November 2005. The scheme's assets are invested and managed by Fulcrum Asset Management on behalf of the Trustees of the scheme.

The Trustees are required to carry out an actuarial valuation every 3 years. The last finalised actuarial valuation of the scheme was performed by the Scheme Actuary as at 1 April 2018. That valuation revealed a funding shortfall of £8.1m. In respect of the deficit in the scheme as at 1 April 2018, Pentland Group Limited agreed to pay £0.3m during July 2019, followed by £1.4m per annum for 3 years from January 2020. Pentland Group Limited therefore currently expects to pay £1.4m to the scheme during the accounting year beginning 1 January 2021. During the year, an extra payment of £nil (2019: £0.7m) was made in relation to the disposal of No Ordinary Shoes Limited.

Total contributions paid during 2020 under the Recovery Plan were £1.4m (2019: £2.1m).

Following closure of the Group's contributory defined benefits pension scheme, the Group introduced a defined contribution pension scheme being a Group personal pension plan to UK based employees, excluding employees of JD. The assets of the Group personal pension plan are held separately from those of the Group in individual funds for the benefit of the participants and independently managed and administered by Standard Life. Contributions to the plan are made both by Group companies and employees. The amounts charged against profits represent the contributions payable to the scheme in respect of the accounting year.

The cost incurred by the Group in respect of the defined contribution scheme was £16.9m (2019: £16.8m).

JD operates a money purchase scheme. The assets of the scheme are held separately from those of JD and the funds are invested with Standard Life. Contributions to the scheme are recognised as an expense in the profit and loss account when incurred.

Employees of The Acme Facilities Group Limited and Pentland Wholesale Limited are members of a stakeholder pension scheme.

Defined benefit scheme

The charge to the profit and loss account for the year for the closed defined pension scheme was £1.1m (2019 charge: £1.3m). This includes a charge for GMP equalisation of £nil (2019 charge: £nil).

The valuation relating to the closed defined benefits scheme has been based on the liabilities as valued at 31 December 2020 and allows for the closure of the scheme to future accrual from 30 November 2005.

In total, 662 (2019: 680) deferred pensioners and 262 (2019: 235) pensioners were valued. The deferred members are assumed to retire at their normal retirement date, on attaining the age of 65 and a 75% allowance has been made for members taking their full allowance of tax-free cash at retirement.

The other demographic assumptions are as referred to above in relation to the Actuarial Valuation as at 31 December 2020.

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

7. Pension schemes (continued)

The asset information was supplied by the investment managers, Fulcrum Asset Management.

The financial assumptions used to calculate scheme liabilities are:

	2020	2019
Discount rate	1.3%	2.0%
RPI Inflation rate	2.7%	2.75%
CPI Inflation rate	2.1%	2.0%
Deferred pension revaluation rate	2.1%	2.0%
Rate of increase in pensions in payment:		
- Accrued prior to 1 January 1992	3.0%	3.0%
- Accrued between 1 January 1992 and 1 January 2001	5.0%	5.0%
- Accrued post 1 January 2001	2.7%	2.7%

The mortality assumptions are:	2020	2019
Pre and post retirement mortality table		
- Males	100% S3PMA	100% S3PMA
- Females	100% S3PFA	100% S3PFA
Birth year mortality improvement	CMI Model 2019 1.25%	CMI Model 2018 1.25%
Life expectancy for a current 65-year old		
- Males	21.9 years	21.8 years
- Females	24.2 years	24.0 years

Sensitivity analysis

A sensitivity analysis was performed over the key assumptions stated above, individually. The impact of this is shown below:

£m	Defined Benefit Obligation	Change in defined Benefit Obligation
Final assumptions	151.0	-
Discount Rate +0.1% p.a.	148.0	(3.0)
Discount Rate -0.1% p.a.	154.1	3.1
RPI inflation +0.1% p.a.	151.5	0.5
RPI inflation -0.1% p.a.	150.5	(0.5)
CPI inflation +0.1% p.a.	151.8	0.8
CPI inflation -0.1% p.a.	150.2	(0.8)
Life expectancy + 1 year	157.9	6.9

Net pension deficit

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from the cash flow projections over long periods and are consequently inherently uncertain, were:

	2020 £m	2019 £m
Equities	43.8	35.8
Bonds	24.3	12.4
Cash	0.3	0.3
Alternatives	13.3	27.9
Total market value of assets	81.7	76.4
Present value of scheme liabilities	(151.0)	(130.9)
Pension scheme deficit	(69.3)	(54.5)

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

7. Pension schemes (continued)

The amounts detailed below have been recognised in the financial statements for the year to 31 December 2020, for the closed defined benefit pension scheme.

The plan assets do not include any of the Group's financial instruments.

Profit and loss account	2020 £m	2019 £m
Amounts charged to past service cost	-	-
Total charge in operating profit	-	-
Amounts charged to other finance income		
- Interest cost	(2.6)	(3.2)
- Interest income	1.5	1.9
Total charge included in profit and loss account	(1.1)	(1.3)

Amounts recognised in Group statement of comprehensive income (OCI)	2020 £m	2019 £m
Return on assets excluding amount included in net interest	5.4	8.5
Changes in assumptions underlying the present value of the scheme liabilities	(20.6)	(16.2)
Actuarial gain recognised in the OCI	(15.2)	(7.7)

Reconciliation of present value of scheme liabilities	2020 £m	2019 £m
1 January	130.9	113.6
Interest cost	2.6	3.2
Benefits paid (pensions)	(2.1)	(1.9)
Benefits paid (transfers)	(0.2)	-
Benefits paid (other)	(0.8)	(0.2)
Actuarial losses	20.6	16.2
31 December	151.0	130.9

Reconciliation of fair value of scheme assets	2020 £m	2019 £m
1 January	76.4	66.0
Interest income	1.5	1.9
Contributions by the employer	1.4	2.1
Benefits paid (pensions)	(2.1)	(1.9)
Benefits paid (transfers)	(0.2)	-
Benefits paid (other)	(0.7)	(0.2)
Return on plan assets less interest	5.4	8.5
31 December	81.7	76.4

Overseas pension schemes

The main overseas subsidiary undertakings schemes are defined contribution schemes in the USA and Far East. Contributions are taken to the profit and loss account.

The Group has no significant health and medical plans providing post-retirement benefits.

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

8. Tax on profit

a) Tax expense included in the profit or loss

	2020	2019
	£m	£m
Current tax		
UK – current corporation tax at 19% (2019: 19%)	62.6	58.4
Adjustments in respect of prior years	(2.1)	(2.1)
	60.5	56.3
Current overseas tax	78.2	48.2
Adjustments in respect of prior years	(0.7)	1.0
	77.5	49.2
Tax on associate undertakings and joint ventures	2.7	3.5
Total current tax charge	140.7	109.0
Deferred tax		
Origination and reversal of timing differences	85.8	(12.7)
Prior year	16.1	(3.5)
Effect of changes in tax rates	1.9	0.1
	103.8	(16.1)
Total tax charge on profit on ordinary activities	244.5	92.9

b) Tax income included in other comprehensive income

	2020	2019
	£m	£m
Current tax	-	-
Deferred tax – origination and reversal of timing differences	3.5	0.7
Total tax income included in other comprehensive income	3.5	0.7

c) Reconciliation of tax charge

Based upon the results the effective tax rate for the period ended 31 December 2020 was 28% (2019: 26%).

The tax assessed for the year is higher (2019: higher) than the standard rate of corporation tax in the UK 19% (2019: 19%).

The current tax charge reconciles with the corporation tax charge calculated using the standard rate of UK corporation tax as follows:

	2020	2019
	£m	£m
Profit before taxation	858.2	357.4
Profit multiplied by standard rate in UK 19% (2019: 19%)	163.1	67.9
Effect on tax charge of:		
Accelerated capital allowances and other timing differences	0.1	(5.9)
Permanent differences	4.2	11.6
Effects of overseas tax rates	20.8	4.6
Adjustments in respect of prior years	18.5	(4.6)
Unrecognised tax losses not utilised	2.6	6.2
Unrecognised deferred tax	10.1	-
Expenses not deductible	32.3	49.4
Income not taxable	(33.0)	(34.0)
Tax rate changes	3.0	(1.2)
Impairment of goodwill	8.4	-
Other taxes due	15.3	-
Other differences	(0.9)	(1.1)
Total tax charge for the year	244.5	92.9

At the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Company's future tax charge.

Following announcements made at the Budget 2020, legislation to reverse the planned reduction in corporation tax from 19% to 17% with effect from 1 April 2020 was substantively enacted on 17 March 2020. As a result, the Company has re-measured its deferred tax balances at the revised 19% rate.

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

9. Dividends

	2020 £m	2019 £m
Dividends attributable to shareholders	-	18.0

Total dividend of £nil per share paid in 2020. In 2019 a dividend was declared by Pentland Group Limited prior to the restructure of the Group's ultimate parent company for £18.0m (184.9p per share).

10. Business Combinations

Additions

Speedo North America Operations

On 9 January 2020, Pentland Group Limited entered into an agreement with PVH Corp, a Delaware corporation, along with Speedo NA Holdings Inc., for Speedo NA Holdings Inc. to acquire the shares of Warnaco Swimwear Inc., a Delaware corporation, from Warnaco Inc., a Delaware corporation, and for Speedo Canada Distribution Inc. to acquire certain assets and liabilities, pertaining to its Canadian operations, from PVH Canada, Inc., a Nova Scotia corporation, on 6th April 2020.

The transaction will reintegrate the North American Speedo business into the global Speedo brand and create growth opportunities for the Pentland portfolio.

The "Asset Purchase Price" for the acquired assets from PVH Canada was equal to the portion of the closing working capital that relates to the acquired Canada assets and the assumed Canada liabilities.

The "Share Purchase Price" for the shares of Warnaco Swimwear Inc. was agreed at \$170.0 million US Dollars less the Asset Purchase Price, referenced above, adjusted for the difference between the consolidated US and Canada working capital at completion and the agreed target working capital. Acquisition costs of \$2.6 million were included within the cost of acquisition. Warnaco Swimwear Inc. was subsequently renamed Speedo USA Inc.

Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £68.7 million, representing the reacquired right to manufacture and distribute the Speedo brand in specified territories within North America, as well as wholesale customer relationships and e-commerce customer lists.

The Board believes that the excess of consideration paid over net assets on acquisition of £6.5 million, adjusted for an amount of £5.8m, recognised in operating exceptionals, for the loss on the settlement of a pre-existing relationship, is best considered as goodwill on acquisition representing future operating synergies. The goodwill calculation is summarised below:

	Book values £m	Adjustments £m	Fair value £m
Acquiree's net assets at acquisition date:			
- Intangible assets (reacquired right)	-	68.7	68.7
- Property, plant and equipment	4.8	-	4.8
- Inventories	48.4	5.5	53.9
- Trade and other receivables	29.7	-	29.7
- Cash and cash equivalents	0.1	-	0.1
- Trade and other payables -current	(34.9)	-	(34.9)
Net assets acquired	48.1	74.2	122.3
Loss on settlement of pre-existing relationship			6.0
Acquisition related costs			2.2
Goodwill on acquisition			6.5
Consideration – settled by cash			137.0

Included in the period ended 31 December 2020 is revenue of £76.3 million and a loss before tax of £2.6 million in respect of Speedo North America.

These results were significantly impacted by COVID-19 post-acquisition. This is expected to continue into 2021 before approaching pre-pandemic levels and growing from there. As a result, an impairment review was performed over the carrying value of the cash generating unit. See note 11 for details.

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

10 Business Combinations (continued)

Additions (continued)

Onepointfive Ventures Limited trading as Livestock ('Livestock')

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

Consideration was comprised of £7.0 million in cash, of which £0.6m is deferred, plus 20% of the equity in Holdco. The fair value of the 20% equity in Holdco was £1.8 million.

Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £1.2 million, representing the 'Livestock' fascia name. The JD board believes that the excess of consideration paid over net assets on acquisition of £8.4 million is best considered as goodwill on acquisition representing future operating synergies. The goodwill calculation is summarised below:

	Book values	Adjustments	Fair value
	£m	£m	£m
Acquiree's net assets at acquisition date:			
- Intangible assets	-	1.2	1.2
- Property, plant and equipment	0.5	-	0.5
- Inventories	0.5	-	0.5
- Trade and other receivables	0.1	-	0.1
- Cash and cash equivalents	(0.8)	-	(0.8)
- Deferred tax liabilities	-	(0.3)	(0.3)
- Trade and other payables -current	(0.5)	-	(0.5)
- Corporation tax	(0.3)	-	(0.3)
Net assets acquired	(0.5)	0.9	0.4
Goodwill on acquisition			8.4
Consideration – settled by cash			6.4
Consideration – fair value of shares received			1.8
Consideration - deferred			0.6
Total consideration			8.8

Included in the period ended 31 December 2020 is revenue of £9.4 million and a profit before tax of £1.5 million in respect of Livestock.

X4L Gyms Limited

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

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

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

The JD board believes the excess of cash consideration paid over the net identifiable assets on acquisition of £14.2 million is best considered as goodwill representing future operating synergies. The goodwill calculation is summarised below:

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

10 Business Combinations (continued)

Additions (continued)

X4L Gyms Limited (continued)

	Book values	Adjustments	Fair value
	£m	£m	£m
Acquiree's net assets at acquisition date:			
- Intangible assets	16.3	(16.1)	0.2
- Property, plant and equipment	7.8	4.4	12.2
- Trade and other receivables	0.1	(0.1)	-
- Trade and other payables - current	-	(1.5)	(1.5)
- Deferred tax liabilities	-	(0.9)	(0.9)
Net assets acquired	24.2	(14.2)	10.0
Goodwill on acquisition			14.2
Consideration – settled by cash			24.2

Included in the period ended 31 December 2020 is revenue of £8.1 million and a loss before tax of £2.8 million in respect of X4L Gyms Limited.

Shoe Palace Corporation and Nice Kicks LLC

On 14 December 2020, JD's wholly owned intermediate holding company in the United States, Genesis Holdings, acquired 100% of the issued shares in both the Shoe Palace Corporation and the members' interests in Nice Kicks LLC (together 'Shoe Palace').

Shoe Palace has an established retail presence in California, Texas, Nevada, Arizona, Florida, Colorado, New Mexico and Hawaii with 163 stores trading under the Shoe Palace fascia and four stores trading as Nice Kicks.

Total consideration for the acquisition was \$672.9 million, comprising \$316.7 million of cash consideration (of which \$100 million has been deferred and will be paid on various dates through 2021) and \$356.2 million, being the initial fair value of the equity in the enlarged group in the United States calculated using an EBITDA multiple and approved forecasts. Additionally, several put and call options, to enable future exit opportunities for the minority interest have also been agreed, which commence after the end of the financial year to 1 February 2025. A valuation of these put options has been performed using an EBITDA multiple, a suitable discount rate and approved forecasts and the initial liability of £261.6 million has been recognised with the corresponding entry to Other Equity in accordance with the present access method of accounting. These options are required to be fair valued at each accounting period date.

Included within the provisional fair value of the net identifiable assets on acquisition is an intangible asset of £105.6 million, representing the 'Shoe Palace' fascia name and an intangible asset of £1.2 million, representing the 'Nice Kicks' fascia name. The JD board believes that the excess of consideration paid over net assets on acquisition of £408.2 million is best considered as goodwill on acquisition representing future operating synergies. Due to the proximity of the date of the acquisition and the financial period end, it has not been possible to present a final goodwill calculation or the final fair values of the assets and liabilities acquired. The provisional goodwill calculation is summarised below:

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

10 Business Combinations (continued)

Additions (continued)

Shoe Palace Corporation and Nice Kicks LLC (continued)

	Book values	Adjustments	Fair value
	£m	£m	£m
Acquiree's net assets at acquisition date:			
- Intangible assets	0.2	106.8	107.0
- Property, plant and equipment	22.7	2.9	25.6
- Other non current assets	0.6	-	0.6
- Inventories	49.7	5.0	54.7
- Trade and other receivables	10.6	-	10.6
- Cash and cash equivalents	3.1	-	3.1
- Bank loans and overdrafts	(1.7)	-	(1.7)
- Trade and other payables -current	(64.2)	6.4	(57.8)
- Trade and other payables -non-current	(9.5)	9.5	-
- Deferred tax liabilities	-	(32.7)	(32.7)
Net assets acquired	11.5	97.9	109.4
Goodwill on acquisition			408.2
Consideration – settled by cash			170.4
Consideration – fair value of shares received			274.1
Consideration – deferred			73.1
Total consideration			517.6

Included in the period ended 31 December 2020 is revenue of £30.4 million and a profit before tax of £11.1 million in respect of Shoe Palace.

A Number of Names Limited

On 23 December 2020, JD acquired 100% of the issued share capital of A Number of Names Limited ('ANON'). ANON is primarily a wholesale business with the licence to the Billionaire Boys Club ('BBC') brand in the UK, Europe, Middle East, Africa, Russia, Ukraine, Australia, Canada and certain other territories.

Due to the proximity of the date of the acquisition and the financial period end, it has not been possible to finalise the goodwill calculation or the fair value of the assets and liabilities acquired. The total provisional fair value of consideration recognised at 23 December 2020 was £4.8 million comprising £3.3 million of cash consideration and £1.5 million of deferred consideration that is contingent on ANON meeting certain performance criteria. £1.5 million was deemed to be the provisional fair value of the deferred consideration based on management's judgement and best estimates as at 23 December 2020.

The JD board believes the provisional excess of consideration over the net assets acquired of £1.9 million is best considered as goodwill on acquisition representing future operating synergies.

Included in the period ended 31 December 2020 is revenue of £0.2 million and a profit before tax of £0.1m in respect of A Number of Names Limited.

Other Acquisitions

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

Disposals

Heidi Klein Limited and its subsidiaries Beach Beautiful Limited and Heidi Klein Inc.

On 14 October 2020, Fitex International Trade Co. Limited, a company incorporated in the British Virgin Islands acquired 100% of the 80% issued share capital of Heidi Klein Limited that the Group held for a total consideration of £1.0m.

The net assets of Heidi Klein Limited and its subsidiaries at the date of disposal were £0.4m and a profit on disposal of £0.6m was recognised in the profit and loss account. Included within the disposal was £0.2m of cash, therefore net proceeds received were £0.8m.

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

11. Intangible assets

Group	Goodwill	Fascia name	Reacquired right	Other	Total
	£m	£m	£m	£m	£m
Cost					
At 1 January 2020	481.7	189.0	-	211.5	882.2
Additions	-	-	-	27.7	27.7
Acquisitions	440.6	108.4	68.7	1.0	618.7
Reclassification	19.4	-	-	0.5	19.9
Disposals	(1.0)	-	-	(1.4)	(2.4)
Disposals of subsidiaries	-	-	-	(0.2)	(0.2)
Currency adjustments	(37.5)	3.4	(2.2)	15.3	(21.0)
At 31 December 2020	903.2	300.8	66.5	254.4	1,524.9
Accumulated amortisation					
At 1 January 2020	284.4	44.8	-	120.2	449.4
Amortisation	25.6	18.2	5.3	26.3	75.4
Impairments	31.3	37.8	24.2	0.9	94.2
Reclassification	18.7	-	-	-	18.7
Disposals	(1.0)	-	-	(0.2)	(1.2)
Disposal of subsidiaries	-	-	-	(0.1)	(0.1)
Currency adjustments	(0.4)	-	(1.6)	2.1	0.1
At 31 December 2020	358.6	100.8	27.9	149.2	636.5
Net book value at:					
31 December 2020	544.6	200.0	38.6	105.2	888.4
31 December 2019	197.3	144.2	-	91.3	432.8

The amortisation of £75.4m is included within the operating profit. Included within the amortisation charge for the period ended 31 December 2020 is accelerated amortisation of £4.0m (2019: £7.0m) following a review of the useful economic life of certain items of software development capitalised.

In addition, the Group owns a portfolio of brands whose value is not recognised in the Group balance sheet. Other intangibles include key money deposits, licences, patents, trademarks and franchise fees.

The acquisition of intangibles assets in the current year principally relate to the acquisition of goodwill as described in note 10.

Other additions of £27.7m in the current year are principally relating to software.

Impairment

Goodwill is amortised over its expected useful life, a range of 5 to 20 years. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 10 years. The valuation of goodwill is reviewed annually to assess whether there has been any diminution in value following any trigger event that may indicate a diminution. Provision is made for any impairment if appropriate. The cash-generating units used are individual stores and the groups of cash-generating units are either the store portfolios or individual businesses acquired. The recoverable amount is compared to the carrying amount of the cash-generating units including goodwill.

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. The intangible assets in the table below have been reviewed for indicators of impairment. The carrying amount of goodwill and fascia name by cash-generating units, along with the key assumptions used in the value-in-use calculation is as follows:

(1) The short-term growth rate is the compound annual growth rate for the five-year period from 1 January 2021 to 31 December 2025, based on management forecasts. The rates used range between 1.0% and 4.0%.

(2) The long-term growth rate is the rate used thereafter, which is an estimate of the growth based on past experience within the Group taking account of economic growth forecast for the relevant industries. The rates used range between 0.0% and 3.0%.

(3) The discount rate applied is pre-tax and reflects the current market assessments of the time value of money and any specific risk premiums relevant to the individual cash-generating unit. These discount rates are considered to be equivalent to the rates a market participant would use. The rates used range between 6.7% and 16.0%.

The cash flow projections used in the value-in-use calculations are all based on actual operating results, together with financial forecasts and strategy plans approved by management of the relevant business units, covering a five-year period. These forecasts and plans are based on both past performance and expectations for future market development.

The impairment of £94.2m in the current year relates largely relates to goodwill in Footasylum (£24.8m), goodwill in Speedo North America (£6.1m), reacquired right in Speedo North America (£24.2m) fascia names for Go Outdoors (£6.9m) and Footasylum (£30.9m). These have been recognised within exceptional items in the profit and loss account.

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

11. Intangible assets (continued)

The individual intangible assets which are material to the financial statements are:

	Carrying amount		Remaining amortisation period (years)	
	2020 £m	2019 £m	2020	2019
Reacquired right of Speedo North America	38.6		10	
Goodwill on acquisition of Shoe Palace	406.7	-	10	-
Fascia name on acquisition of Shoe Palace	106.4	-	10	-
Goodwill on acquisition of JD Gyms (X4L)	14.1	-	10	-
Goodwill on acquisition of JD Sports Fashion Plc	9.5	12.1	4	5
Goodwill on acquisition of Endura Ltd.	19.0	21.7	8	9
Goodwill on acquisition of Sports Zone	12.3	13.9	8	9
Goodwill on acquisition of Finish Line Inc.	78.4	90.7	8	9
Fascia name on acquisition of Finish Line Inc.	54.7	58.2	8	9
Fascia name on acquisition of Go Outdoors Topco Limited	18.3	41.1	6	7
Goodwill on acquisition of Footasylum	-	27.3	-	10
Fascia name on acquisition of Footasylum	-	34.3	-	10

The Company has no intangible assets as at 31 December 2020.

Sensitivity Analysis

A sensitivity analysis has been performed on the base case assumptions of margin growth used for assessing the goodwill and other intangibles, which in the Group's consolidated balance sheet largely comprise the assets managed by JD.

JD management has considered the possibility of each business achieving less revenue and gross profit % than forecast. Whilst any reduction in revenue would be partially offset by a reduction in revenue related costs, JD management would also take actions to mitigate the loss of gross profit by reducing other costs. With regards to the assessment of value-in-use of all cash-generating units, with the exceptions of those listed below, JD management believe that there are no reasonably possible changes in any of the key assumptions which would cause the carrying value of the unit to exceed its recoverable amount.

For the Footasylum cash-generating unit, as noted above, an impairment charge of £55.7 million has been recorded in relation to the fascia name and goodwill in the year, leaving £2.6 million of fascia name. Following this impairment, the headroom available at 31 December 2020 is £nil and therefore any change in key assumption about future business performance of Footasylum could lead to a material adjustment to the carrying amount of fascia name through reversal of the recognised impairment up to a maximum of £27.5 million within the next financial year.

For the Go Outdoors cash-generating unit, there is £6.9 million of headroom following the impairment of fascia name of £6.9 million in the first half of the year (2019: impairment of goodwill £28.7 million). Any change in key assumptions may therefore result in further impairments. Despite the level of headroom in the Go Outdoors impairment model, it was not considered appropriate to reverse any of the impairments made during the first half of the financial year given how sensitive the model is to changes in the assumptions, particularly the margin rate.

Significant changes in key assumptions could cause the carrying value of the unit to exceed its recoverable amount. The following sensitivities were performed:

- Reducing the assumed short-term store and online sales growth by 1%, assuming the business would be unable to reduce selling and distribution and administrative costs, would result in headroom of £3.2 million. All other assumptions remain unchanged.
- Increasing the pre-tax discount rate by 1% would result in headroom of £2.5 million. All other assumptions remain unchanged.
- Reducing the margin rate by 1% would lead to an impairment of £29.4 million. All other assumptions remain unchanged.
- If the UK entered a further lockdown for one month in November 2021, this would result in headroom of £0.4 million.

The impact on store profit and the retention of online sales were assumed to be similar to the impact that Go Outdoors has seen during previous UK lockdown periods. All other assumptions remain unchanged.

For the Speedo North America cash-generating unit, the goodwill has been fully impaired, by £6.1m, whilst reacquired right intangibles have been impaired by £24.2m, leaving a closing value of £38.6 million. The headroom available at 31 December 2020 is £nil and therefore, any change in key assumption about future business performance of Speedo North America could lead to a material change to the impairment of the reacquired right. The following sensitivities were performed:

- Increasing the pre-tax discount rate by 1% would increase the impairment by £11.4 million. All other assumptions remain unchanged.
- Decreasing the pre-tax discount rate by 1% would reduce the impairment by £13.8 million. All other assumptions remain unchanged.
- Increasing the long-term growth rate from 0%, by 1% would reduce the impairment by £9.9 million. All other assumptions remain unchanged.
- Increasing the long-term growth rate from 0%, by 2% would reduce the impairment by £21.9 million. All other assumptions remain unchanged.

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

12. Tangible assets

Group	Freehold property £m	Long leasehold property £m	Short leasehold property £m	Plant and equipment £m	Fixtures and fittings £m	Assets under construction £m	Total £m
Cost							
At 1 January 2020	91.2	7.2	178.2	114.9	758.8	1.2	1,151.5
Additions	4.0	-	22.9	13.9	68.0	1.1	109.9
Acquired subsidiaries	0.4	-	27.2	7.0	13.1	-	47.7
Revaluation	0.3	-	-	-	-	-	0.3
Transfers (to)/from investment property	(3.1)	-	-	-	-	-	(3.1)
Disposals	-	-	(2.2)	(1.9)	(4.2)	(0.7)	(9.0)
Disposals of subsidiaries	-	-	-	(0.1)	(0.1)	-	(0.2)
Reclassification	-	-	(28.1)	(15.3)	(22.3)	(0.6)	(66.3)
Currency adjustments	1.3	(0.1)	5.0	1.0	(0.1)	-	7.1
At 31 December 2020	94.1	7.1	203.0	119.5	813.2	1.0	1,237.9
Accumulated depreciation							
At 1 January 2020	15.0	2.5	66.8	87.1	341.0	-	512.4
Acquired subsidiaries	(0.4)	-	1.1	2.5	1.2	-	4.4
Charge for the year	5.6	0.1	30.5	16.6	87.8	-	140.6
Transfers (to)/from investment property	(0.2)	-	-	-	-	-	(0.2)
Impairments	0.3	-	5.8	0.3	2.5	-	8.9
Disposals	-	-	(1.3)	(1.7)	(3.4)	-	(6.4)
Disposals of subsidiaries	-	-	-	(0.1)	(0.1)	-	(0.2)
Reclassification	0.1	-	(23.8)	(16.1)	(25.3)	-	(65.1)
Currency adjustments	0.1	-	1.0	0.5	1.9	-	3.5
At 31 December 2020	20.5	2.6	80.1	89.1	405.6	-	597.9
Net book value at:							
31 December 2020	73.6	4.5	122.9	30.4	407.6	1.0	640.0
31 December 2019	76.2	4.7	111.4	27.8	417.8	1.2	639.1

Depreciation of £140.6m has been recognised within admin expenses in the Statement of comprehensive income. Included within the depreciation charge for the period ended 31 December 2020 is accelerated depreciation of £16.5m (2019: £0.3m) following a review of the useful economic life of certain items of property, plant and equipment and assets capitalised.

13. Investment property

Group

	Total £m
Cost	
At 1 January 2020	5.8
Additions	0.2
Net gain from fair value adjustments	0.2
Transfer from tangible fixed assets	2.9
Disposals	-
At 31 December 2020	9.1

During the year two residential properties previously used by employees of the business and accounted for as tangible fixed assets (at cost less depreciation) became investment properties. At the date of change, the net book value of the properties were £2.6m. The properties were revalued to £2.9m, leading to a gain of £0.3m recognised within other comprehensive income and included within the revaluation reserve. £2.9m was subsequently transferred to Investment Property.

Furthermore, a £0.2m fair value gain was recognised in the profit and loss account on opening investment properties and included in the fair value reserve.

None of the properties were formally valued by an external third-party surveyor during the year. The valuations at the date of transfer were obtained using reputable third-party online platforms.

The Company has no investment properties.

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

14. Non-current investments

Group

	Participating interests and joint ventures unlisted shares £m	Listed shares at fair value £m [a]	Unlisted interests at fair value £m [b]	Total £m
At 1 January 2020	47.2	1.5	382.7	431.4
Additions	-		45.3	45.3
Share of operating profits for the year	5.9			5.9
Net interest received/(paid) by associate undertakings	(0.5)			(0.5)
Tax charge on income	(2.7)			(2.7)
Disposals (c)	(7.2)		(8.3)	(15.5)
Dividends (d)	(5.7)			(5.7)
Impairment	(5.7)			(5.7)
Fair value gain	-		74.0	74.0
Reclassification to current investments (see note 19)	-	(1.5)	(26.7)	(28.2)
Currency adjustments	(0.1)		(1.4)	(1.5)
At 31 December 2020	31.2	-	465.6	496.8

[a] The fair value of the investments was determined with reference to the quoted market prices at the reporting date.

[b] When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions are not a good estimate of fair value and it is economic to do so, the fair value is estimated by using a valuation technique using available information. Where the fair value cannot be reliably measured, the cost value is used. The asset is held at the cost amount less impairment until a reliable measure of fair value becomes available.

[c] The disposal of associates in the current year relates to Hunter Boot Limited.

[d] The dividends from associate undertakings relate to Pentland Chaussures Limited, which were declared and paid in the year.

Participating interest and joint ventures

The Group has an investment with MAS Holdings (Private) Ltd to manufacture branded garments through Linea Aqua (Pvt) Ltd, (located at 10th floor, Aitken Spence Tower II, No 315, Vauxhall Street, Colombo, Sri Lanka). The Group holds an investment of £6.2m (2019: £6.2m) for which it has equity accounted. The Group's 50% share at 31 December 2020 of Linea Aqua (Pvt) Ltd's gross assets and liabilities was £21.2m (2019: £23.8m) and £19.4m (2019: £18.8m) respectively, for which it equity accounts. Linea Aqua (Pvt) Ltd recorded turnover for the year of £52.7m (2019: £71.9m), resulting in net loss for the year of £8.6m (2019: profit of £0.8m) of which the Group's share at 50% is a loss of £4.3m (2019: profit of £0.4m). During the year a dividend of £nil (2019: £nil) was declared of which the Group's GBP share was £nil (2019: £nil). The Group has also recognised a goodwill amortisation charge of £0.8m during the year (2019: £0.5m). During the year an impairment charge of £4.4m was incurred and the carrying value of the investment as at 31 December 2020 is £nil.

At the start of the year the Group had a 25% shareholding in Hunter Boot Limited, for which it equity accounted. During the year, the Group's shareholding was disposed of with the consideration being a 12% share in Wellington B Limited (the immediate parent of Hunter Boot Limited), as well as a Junior Loan note of £8.3m, as part of a refinancing initiative. A total disposal of £7.1m was recognised including the original cost of investment of £0.9m and share of profits received up to the date of disposal. A gain of £1.2m was recognised whilst the 12% shareholding in Wellington B Limited is held as an unlisted interest at fair value within note 14.

The Group has a 20% shareholding in Pelham Leather Goods Limited (located at 6 New Street Square, London, EC4A 3AQ, incorporated in England). The Group holds an investment of £2.0m (2019: £2.0m) for which it has equity accounted. The Group's share as at 31 December 2020 of Pelham Leather Goods Limited's gross assets and liabilities was £0.7m (2019: £1.0m) and £1.5m (2019: £1.5m) respectively. The turnover of Pelham Leather Goods Limited for the year was £5.5m (2019: £17.9m), resulting in net losses of £1.0m (2019: loss £0.6m), of which the Group's share is £0.2m (2019: £0.1m). The Group has not recognised a goodwill amortisation charge in the year as the investment is nil based on equity accounting (2019: nil).

The Group has a 30% shareholding in Intermarket Agencies (Far East) Limited (located at 4th Floor Swire House, 9 Connaught Road, Central, Hong Kong, incorporated in Hong Kong). The turnover of Intermarket Agencies (Far East) Limited for the year was £2.5m (2019: £5.4m), resulting in net losses of £0.3m (2019: profit £0.3m), of which the Group's share is £0.1m (2019: £0.1m).

The Group holds a 50% shareholding in Pentland Chaussures Limited (located at 8 Manchester Square, London, W1U 3PH, incorporated in England and Wales), an associate for which the Group does not control and for which it has equity accounted. The Group's share of Pentland Chaussures Limited's gross assets and liabilities was £41.7m (2019: £48.3m) and £29.5m (2019: £25.7m) respectively. The turnover of Pentland Chaussures Limited for the year was £181.8m (2018: £222.9m), resulting in a net profit of £22.4m (2019 profit: £28.8m), of which the Group's share is £11.2m (2019: £14.4m). During the year a dividend of \$15.0m (2019: \$35.0m) was paid of which the Group's GBP share was £5.7m (2019: £13.7m).

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

14. Non-current investments (continued)

Participating interest and joint ventures (continued)

The Group has a 25.25% shareholding in Ugly Brands Holding Inc. (located at 1675 South State Street, Suite B, Dover, Delaware 19901). The Group holds an investment of \$3.7m (2019 \$3.7m) for which it has equity accounted. The turnover of Ugly Brands Holding Inc for the year was £1.8m (2019: £0.4m) resulting in a net loss of £3.2m (2019: £1.5m) of which the Group's share was a loss of £0.8m (2019: £0.4m). During the year an impairment charge of £1.3m was incurred and the carrying value of the investment as at 31 December 2020 is £nil.

During the prior year the Group, via JD, made an investment in a footwear company, Mallet Footwear Limited, (located at M25 Business Centre, 121 Brooker Road, Waltham Abbey, Essex, England EN9 1JH, incorporated in England and Wales) totalling an investment of £2.5m and has a shareholding of 25%.

Subsidiary undertakings

Company	£'m
As at 1 September 2019	-
Additions	5,130.0
At 31 December 2020	5,130.0

The subsidiary undertakings of the Group are listed in note 15.

During the period the Company acquired the shares of Pentland Group Limited from Pentland Group Limited's existing shareholders in exchange for the issuance of new ordinary shares by the Company to existing shareholders of Pentland Group Limited, for £5,130.0m.

Pentland Industries International Designated Activity Company then acquired the shares of Pentland Group Limited from the Company in exchange for the issuance of new ordinary shares by Pentland Industries International Designated Activity Company to the Company for £5,130.0m.

This was treated by the Company as a reallocation of its investment carrying value in Pentland Group Limited to an investment in Pentland Industries International Designated Activity Company.

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020

15. Subsidiary and dormant undertakings

Name	Country of incorporation	Registered Office	Nature of the business	Interest
Airborne Footwear Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Design, sourcing, marketing & distribution of footwear	100%
Batson & Webster Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Investment holding company	100%
Berghaus Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Design, sourcing, marketing & distribution of outdoor clothing, footwear & related accessories	100%
Boxfresh International Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Design, sourcing, marketing & distribution of footwear	100%
Canterbury Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Holding company of the Canterbury group	100%
Canterbury of New Zealand	United Kingdom	8 Manchester Square, London, W1U 3PH	Design & wholesale of Canterbury branded products	100%
Ellesse Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Management of the Ellesse brand	100%
Ellesse International SpA	Italy	Italia – Perugia-Via Mario Angeloni.80/a	Licensing company for Ellesse brand	100%
Endura Ltd	United Kingdom	3 Starlaw Business Park, Livingston, West Lothian, EH54 8SF	Design, manufacturing and sale of cycle specific clothing and accessories	100%
First Retail UK Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Retailer of clothing in specialist stores	100%
Pentland KM Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Wholesale of footwear	100%
JD Sports Fashion Plc	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire BL9 8RR	Retailer of clothing and footwear in specialised stores, via mail order and internet	55%*
Manchester Square Enterprises Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Investment company	100%
Mitre Sports International Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Design, sourcing, marketing & distribution of sports footwear, balls and related accessories	100%
Napkleen Europe Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Non-trading company	100%
Pentland BA Holdings Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Investment holding company	100%
Pentland Brands Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Provision of shared services to the Group	100%
Pentland Brands UK Distribution Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Distribution of footwear in UK	100%
Pentland Brands Greenhouse Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Brand development company	100%
Pentland Brands Overseas Agency Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Employment services company	100%
Pentland Holdings B.V. ¹	Netherlands	8 Manchester Square, London, W1U 3PH	Holding company	100%
Pentland Industries Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Holding company	100%
Pentland Industries International Designated Activity Company	Ireland	25-28 North Wall Quay, IFSC, Dublin 1	Holding company	100%
Pentland International Limited	Jersey	26 New Street, St Helier, Jersey, JE23RA	Non-trading company	100%
Pentland UK Holdings	United Kingdom	8 Manchester Square, London, W1U 3PH	Holding company	100%

1. Tax residency is United Kingdom

* As at 31 December 2020, the Group held 55.0% of the shares in JD Sports Fashion Plc. As a result of not participating in a share placing, the Group's shareholding was diluted to 51.89%.

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

15. Subsidiary and dormant undertakings (continued)

Name	Country of incorporation	Registered Office	Nature of the business	Interest
Pentland Wholesale Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Distribution of commercial refrigeration, air conditioning and catering equipment	100%
Prostar Sports Limited	United Kingdom	8 Manchester Square, London W1U 3PH	Non-trading company	100%
Red or Dead Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Management of the 'Red or Dead' brand	100%
Regentmart Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Letting office accommodation to a fellow group undertaking	100%
Speedo Canada Distribution Inc.	Canada	2200 HSBC Building, 885 West Georgia Street, Vancouver, BC	Distributor of Speedo branded swimwear and related accessories	100%
Speedo France S.A.R.L.	France	30/32 avenue du Général Leclerc, 92100 Boulogne-Billancourt	Distributor of Speedo branded swimwear and related accessories	100%
Speedo Holdings B.V. ¹	Netherlands	8 Manchester Square, London, W1U 3PH	Licensing company for Speedo brand	100%
Speedo International Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Design, sourcing, marketing & distribution of swimwear and related accessories	100%
Speedo NA Holdings Inc.	United States	1209 Orange Street, Wilmington, New Castle, DE 19801 USA	Holding company	100%
Speedo USA Inc.	United States	251 Little Falls Drive, Wilmington, New Castle, DE 19808 USA	Distributor of Speedo branded swimwear and related accessories	100%
Speedo USA Products Inc.	United States	251 Little Falls Drive, Wilmington, New Castle, DE 19808 USA	Service company	100%
The Acme Facilities Group Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Supply, installation and servicing of commercial refrigeration, air conditioning and catering equipment	100%
The Canopy Company Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Fabrication of catering equipment	100%
Berghaus USA LLC	United States	1209 Orange Street, Wilmington, New Castle, DE 19801 USA	Distribution of outdoor clothing, footwear and related accessories	100%
Canterbury USA LLC	United States	251 Little Falls Drive, Wilmington, New Castle, DE 19808 USA	Distribution of Canterbury branded apparel	100%
Ellesse USA LLC	United States	251 Little Falls Drive, Wilmington, New Castle, DE 19808 USA	Distribution of Ellesse brand apparel	100%
Endura Inc.	United States	2340 East Perry Road, Plainfield, Indianapolis, US	Distribution of Endura branded cycling apparel	100%
Mitre USA LLC	United States	251 Little Falls Drive, Wilmington, New Castle, DE 19808 USA	Distribution of sports footwear, balls and related accessories	100%
Pentland USA Inc.	United States	251 Little Falls Drive, Wilmington, New Castle, DE 19808 USA	US parent and holding company	100%
SeaVees Acquisitions Inc	United States	251 Little Falls Drive, Wilmington, New Castle, DE 19808 USA	Holding company	93.5%
SeaVees Holdings Inc	United States	251 Little Falls Drive, Wilmington, New Castle, DE 19808 USA	Holding company	93.5%
SeaVees Inc	United States	251 Little Falls Drive, Wilmington, New Castle, DE 19808 USA	Design, development, sourcing, marketing & distribution of footwear	93.5%
Asco Group Limited ¹	Bahamas	8 Manchester Square, London, W1U 3PH	Licensing company for Kangaroos brand and intermediate holding company	100%

1. Tax residency is United Kingdom

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020

15. Subsidiary and dormant undertakings (continued)

Name	Country of incorporation	Registered Office	Nature of the business	Interest
Asco General Supplies (Far East) Limited ²	Bahamas	Chancery Court, The Mall, P.O. Box F-42632, Freeport, Bahamas	Providing buying agency and related services	100%
Asco General Supplies (Thailand) Co., Ltd	Thailand	No. 999/9 The Offices at Centralworld, 19 th Floor, Room ML1910, Rama 1 Road, Pathumwan Sub-District, Thailand	Sourcing operations	100%
Asco General Supplies (Vietnam) Company Limited	Vietnam	Unit 204, Saigon Riverside Office Center Building, 24-4A Ton Duc Thang Street, Den Nghe Ward, District 1, Ho Chi Minh City, Vietnam	Sourcing operations	100%
Canterbury International (Australia) PTY Limited	Australia	PWC, Level 23, 480 Queen Street, Brisbane, QLD 4000, Australia	Design & wholesale of Canterbury branded products	100%
Canterbury of New Zealand Limited	New Zealand	19 Copsey Place, Avondale, Auckland, 1026 New Zealand	Design, market & sale of sports apparel in New Zealand	100%
Pentland Asia Pacific Limited	Hong Kong	13/F, Harbour Crystal Centre, 100 Granville Road, Tsim Sha Tsui East, Kowloon Hong Kong	Export trading of footwear garments	100%
Pentland Brands Asia Pacific Limited	Hong Kong	13/F, HarbourCrystal Centre, 100 Granville Road, Tsim Sha Tsui East, Kowloon Hong Kong	Export trading of footwear garments	100%
Pentland India Trading Private Limited	India	145, Santhome High Road, MRC Nagar, Channai – 600 028, India	Manufacturer and exporter of leather products and accessories	100%
Pentland Management Consulting (Shenzhen) Co. Limited	China	Room 201, Block A, No. 1, QianWan Yi Road, Qianhai Shenzhen	Service company	100%
Pentland Trading (Shanghai) Company Limited	China	Unit 4601, No. 268, Central Tibet Road, HuangPu District, Shanghai City, PRC	Design & development, wholesale/retail, import/export, commission agency and consulting service	100%

2. Tax residency is Hong Kong

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020

15. Subsidiary and dormant undertakings (continued)

JD Sports Fashion Plc subsidiaries

Name	Country of incorporation	Registered Office	Nature of the business	Interest
JD Sports Fashion Aus Pty*	Australia	Level 12, 54 Park St, Sydney, NSW 2000	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion Holdings Aus Pty	Australia	Level 12, 54 Park St, Sydney, NSW 2000	Intermediate holding company	100%
Kukri Australia Pty Limited*	Australia	39 Charles Street, Norwood, SA 5067	Distributor of sports apparel and accessories	80%
JD Sports Fashion AT GmbH	Austria	Wallnerstraße 1, 3. Stock, 1010 Vienna, Austria	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion Belgium BV	Belgium	Wiegstraat 21, 2000 Antwerpen.	Retailer of sports inspired footwear and apparel	100%
JDSF Retail (Canada) Inc	Canada	1200 Waterfront Centre, 200 Burrard Street, Vancouver BC V6C 3L6	Retailer of sports inspired footwear and apparel	88%
JDSF Holdings (Canada) Inc	Canada	1200 Waterfront Centre, 200 Burrard Street, Vancouver BC V6C 3L6	Intermediate holding company	80%
Kukri Sports Canada Inc*	Canada	106-1533 Broadway St, Port Coquitlam, British Columbia, V3c 6P3	Distributor of sports apparel and accessories	60%
Onepointfive Ventures Limited*	Canada	1200 Waterfront Centre, 200 Burrard Street, Vancouver BC V6C 3L6	Retailer of fashion apparel and footwear	80%
JD Sports Fashion Denmark APS	Denmark	c/o Harbour House, Sundkrogsgade 21, 2100 Copenhagen.	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion Finland OY	Finland	c/o Intertrust Finland Oy, Lautatarhankatu 6, 00580, Helsinki	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion (France) SAS	France	96 R Du Pont Rompu, 59200 Tourcoing.	Intermediate holding company	100%
Spodis SA*	France	96 R Du Pont Rompu, 59200 Tourcoing, France	Retailer of sports and leisure goods	100%
Footasylum GmbH	Germany	Wittestraße 30 K, 13509 Berlin	Retailer of sports inspired footwear and apparel	100%
JD Size GmbH	Germany	Neusser Strasse 93, 50670 Cologne	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion Germany GmbH	Germany	Neusser Strasse 93, 50670 Cologne	Retailer of sports inspired footwear and apparel	80%
Kukri (Asia) Limited*	Hong Kong	Unit 4, 27th Floor, Global Trade Square, 21 Wong Chuk Hang Road, Hong Kong	Distributor of sports apparel and accessories	80%
JD Sports Fashion India LLP	India	B-808 The Platina, Gachibawli, Hyderabad, Telangana, India - 500032	Outsourced multi-channel operations	100%
Champion Retail Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Retailer of sports and leisure goods	100%
Champion Sports Group Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Intermediate holding company	100%
Champion Sports Ireland*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Retailer of sports and leisure goods	100%
John David Sports Fashion (Ireland) Limited	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Retailer of sports inspired footwear and apparel	100%
Kukri Sports Ireland Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Distributor of sports apparel and accessories	80%
PCPONE*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Intermediate holding company	100%
Capso Holdings Limited*	Isle of Man	33-37 Athol Street, Isle Of Man, IM1 1LB	Intermediate holding company	100%
Focus Italy S.pa.*	Italy	Viale Majno Luigi 17/A, 20122 Milano Italy	Distributor of sports apparel and footwear	100%

* Indirect holding of JD Sports Fashion Plc

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

15. Subsidiary and dormant undertakings (continued)

JD Sports Fashion Plc subsidiaries (continued)

Name	Country of incorporation	Registered Office	Nature of the business	Interest
JD Sports Fashion SRL	Italy	Via Montenapoleone n. 29 - 20121 Milan, Italy	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion Korea Inc	Korea	6F Yoonik Bldg. 430 Eonju-ro, Gangnam-gu, Seoul	Retailer of sports inspired footwear and apparel	50%
JD Sports Fashion SDN BHD	Malaysia	Suite D23, 2ND Floor, Plaza Pekeliling, No. 2, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia	Retailer of sports inspired footwear and apparel	80%
SEA Sports Fashion SDN. BHD.	Malaysia	Level 19-01, Block B, Plaza Zurich, No. 12, Jalan Gelenggang, Bukit Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan KL.	Retailer of sports inspired footwear and apparel	60%
Kukri Sports Middle East JLT*	Middle East	Lakeview Tower, Jumeirah Lake Towers, Dubai, United Arab Emirates	Distributor of sports apparel and accessories	80%
JD Sports Fashion BV	Netherlands	Oosteinderweg 247 B 1432 AT Aalsmeer.	Retailer of sports inspired footwear and apparel	100%
Sports Unlimited Retail BV	Netherlands	Oosteinderweg 247 B 1432 AT Aalsmeer, The Netherlands	Retailer of sports and leisure goods	100%
JD Sports Fashion NZ Pty Limited*	New Zealand	Anderson Lloyd, Level 10 Otago House, Cnr Moray Place & Princes Street, Dunedin, 9016, NZ	Retailer of sports inspired footwear and apparel	100%
Kukri NZ Limited*	New Zealand	Unit 2, 45 The Boulevard, Te Rapa Park, Hamilton	Distributor of sports apparel and accessories	60%
SDSR - Sports Division SR, S.A.*	Portugal	Rua Joao Mendoca, n.º 505, Matosinhos Freguesia, São Mamede de Infesta e Senhora da Hora, 4464 503 Matosinhos, Portugal	Retailer of sports and leisure goods	50%
Sportiberica - Sociedade de Arigos de Desporto S.A.	Portugal	Avenida das Indústrias, n.º 63, Agualva do Cacém, Sintra, Portugal	Retailer of sports and leisure goods	65%
Kukri Shanghai Limited*	Shanghai	Room 221-225, No. 2 Building, No.38 Debao Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, 200131, China	Distributor of sports apparel and accessories	80%
JD Sports Fashion PTE LTD*	Singapore	190 Middle Road, 14-05, Fortune Centre, Singapore, 188979	Retailer of sports inspired footwear and apparel	80%
Kukri Pte Limited*	Singapore	10 Anson Road, 19-15 International Plaza, Singapore 079903	Distributor of sports apparel and accessories	80%
Iberian Sports Retail Group SL	Spain	Polígono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114.	Intermediate holding company	50%
Jandernama	Spain	Polígono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114.	Intermediate holding company	100%
JD Canary Islands Sports SL*	Spain	Polígono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114.	Retailer of sports inspired footwear and apparel	65%
JD Spain Sports Fashion 2010 SL*	Spain	Polígono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114.	Retailer of sports inspired footwear and apparel	65%
Sport Zone Canarias (SL)*	Spain	Avenida el Paso, 10, 1º, Edificio Multitulos, Polígono Industrial Los Majuelos, La Laguna 38201, Santa Cruz de Tenerife, Spain	Retailer of sports and leisure goods	30%

* Indirect holding of JD Sports Fashion Plc

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

15. Subsidiary and dormant undertakings (continued)

JD Sports Fashion Plc subsidiaries (continued)

Name	Country of incorporation	Registered Office	Nature of the business	Interest
Sprinter Megacentros Del Deporte SLU*	Spain	Polígono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114, Spain	Retailer of sports and leisure goods	50%
JD Sports Fashion Sweden AB	Sweden	c/o Intertrust CN (Sweden) AB, PO Box 16285, 103 25 Stockholm, Sweden	Retailer of sports inspired footwear and apparel	100%
JD Sports (Thailand) Limited*	Thailand	Room No. TT04 No. 1106 Sukhumvit Road, Phrakhanong Sub-district, Klongtoey District, Bangkok	Retailer of sports inspired footwear and apparel	80%
2Squared Agency Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor of fashion apparel and accessories	100%
A Number of Names Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Wholesale of clothing and footwear	100%
ActivInstinct Holdings Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Alpine Group (Scotland) Limited*	United Kingdom	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Intermediate holding company	60%
Athleisure Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Base Childrenswear Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of childrens fashion apparel and footwear	80%
Bernard Esher Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of premium womens fashion apparel and footwear	80%
Blacks Outdoor Retail Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of outdoor footwear, apparel and equipment	100%
Catchbest Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retail of clothing in a specialised store	80%
Choice Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	88%
Clothingsites Holdings Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Clothingsites.co.uk Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	100%
Dantra Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of childrens fashion apparel and footwear	75%
Duffer of St George Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Licensors of a fashion brand	100%
Focus Brands Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Focus Group Holdings Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Focus International Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor of sports apparel and footwear	100%
Footasylum Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of sports inspired footwear and apparel	100%
Genesis Finco Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
George Fisher Holdings Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	60%
George Fisher Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of outdoor footwear, apparel and equipment	60%
Giulio Fashion Limited*	United Kingdom	24-32 King Street, Cambridge, Cambridgeshire, CB1 1LN	Intermediate holding company	88%
Giulio Limited*	United Kingdom	24-32 King Street, Cambridge, Cambridgeshire, CB1 1LN	Retailer of premium fashion apparel and footwear	88%

* Indirect holding of JD Sports Fashion Plc

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

15. Subsidiary and dormant undertakings (continued)

JD Sports Fashion Plc subsidiaries (continued)

Name	Country of incorporation	Registered Office	Nature of the business	Interest
Go Outdoors Fishing Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of outdoor leisure equipment and apparel	100%
GOL Realisations Holdings Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Go Outdoors Retail Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of outdoor leisure equipment and apparel	100%
Graham Tiso Limited*	United Kingdom	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Retailer of outdoor footwear, apparel and equipment	60%
Hip Store Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of premium mens fashion apparel and footwear	100%
Infinites Retail Group Holdings Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
JD Sports Gyms Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Operator of fitness centres	94%
KGR Rugby Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor of rugby apparel and accessories	100%
Kukri GB Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor and retailer of sports apparel and accessories	80%
Kukri Sports Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	80%
Mainline Menswear Holdings Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	80%
Mainline Menswear Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of premium mens fashion apparel and footwear	80%
Naylor's Equestrian LLP*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of Equestrian equipment	100%
Nicholas Deakins Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor of fashion footwear	100%
Oi-Polloi Limited	United Kingdom	63 Thomas Street, Manchester, M4 1LQ	Retail sale of clothing in specialised stores	80%
PG2019 Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	100%
Pink Soda Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Prima Designer Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
R.D. Scott Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	100%
Rascal Clothing Ltd	United Kingdom	Acre House, 11/15 William Road, London, United Kingdom, NW1 3ER	Retailer of fashion apparel and footwear	50%
Size? Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of sports inspired footwear and apparel	100%
Source Lab Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Design and distributor of sportswear	85%
South South East Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Tessuti Group Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Tessuti Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	88%
The Alpine Group Limited*	United Kingdom	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Intermediate holding company	60%
Tiso Group Limited	United Kingdom	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Intermediate holding company	60%
Topgrade Sportswear Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor and multichannel retailer of sports and fashion apparel and footwear	80%

* Indirect holding of JD Sports Fashion Plc

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

15. Subsidiary and dormant undertakings (continued)

JD Sports Fashion Plc subsidiaries (continued)

Name	Country of incorporation	Registered Office	Nature of the business	Interest
Wellgosh Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	100%
X4L Gyms Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Operator of fitness centres	94%
JD Academy Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Management consultancy activities other than financial management	100%
Genesis Holdings Inc	United States	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Intermediate holding company	80%
Genesis Topco Inc	United States	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Intermediate holding company	80%
I Am Athlete, LLC*	United States	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Retailer of sports and leisure inspired goods	80%
NiceKicks Holdings LLC	United States	755 Jarvis Drive, Morgan Hill, CA 95037	Retailer of athletic footwear and streetwear apparel	80%
Pear Sports LLC*	United States	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Retailer of sports and leisure inspired goods	80%
Shoe Palace Corporation	United States	755 Jarvis Drive, Morgan Hill, CA 95037	Retailer of athletic footwear and streetwear apparel	80%
The Finish Line Distribution, Inc*	United States	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Retailer of sports and leisure inspired goods	80%
The Finish Line Puerto Rico, Inc*	United States	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Retailer of sports and leisure inspired goods	80%
The Finish Line Transportation, Inc*	United States	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Retailer of sports and leisure inspired goods	80%
The Finish Line USA, Inc*	United States	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Retailer of sports and leisure inspired goods	80%
The Finish Line, Inc*	United States	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Intermediate holding company	80%

* Indirect holding of JD Sports Fashion Plc

Dormant undertakings

Name	Country of incorporation	Registered Office	Nature of the business	Interest
A & B Securities Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Acme Fabrications Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Acme Heating & Plumbing Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Boxfresh Global Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Canterbury Cotton Oxford Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Canterbury European Fashionwear Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Catering Equipment Professional Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Cook Professional Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Dishwasher Professional Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
DPL Maintenance Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Ellesse International Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
H & H Refrigeration Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Kangaroos International Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

15 Subsidiary and dormant undertakings (continued)

Dormant undertakings (continued)

Name	Country of incorporation	Registered Office	Nature of the business	Interest
Kangaroos Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Liverpool Shoe Company Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Lyncrest (1998) Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Manchester Square 3 Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Manchester Square 5 Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Matchstick Sports Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Pentland Brands Lakeside Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Pentland Brands UK Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Pentland Management Services Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Pentland Maritime Shipbrokers Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Pentland Shoe Company Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Pentland Sports Group Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Pentland Sports Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Pentland Ventures Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Radcliffe Denim Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Refrigeration Professional Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Robert Stephen Holdings Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
RSH Managed Funds Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Severn Catering Services Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
The Brasher Boot Company Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Wesco International Transport Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
PB Agency LLC	United States	251 Little Falls Drive, Wilmington, New Castle, DE 19808 US	Dormant company	100%
Asco Holdings Limited	Bahamas	Chancery Court, The Mall, P.O. Box F-42632, Freeport, Bahamas	Inactive company	100%
Asco Investments Limited ²	Bahamas	Chancery Court, The Mall, P.O. Box F-42632, Freeport, Bahamas	Inactive company	100%
Asset Member Limited	Hong Kong	13/F, Harbour Crystal Centre, 100 Granville Road, Tsim Sha Tsui East, Kowloon, Hong Kong	Dormant company	100%
Chinaways International Limited	Hong Kong	13/F, Harbour Crystal Centre, 100 Granville Road, Tsim Sha Tsui East, Kowloon, Hong Kong	Inactive company	100%
Footwear Sourcing International Limited	Bahamas	Chancery Court, The Mall, P.O. Box F-42632, Freeport, Bahamas	Inactive company	100%
Pentland Asia Limited	Hong Kong	13/F, Harbour Crystal Centre, 100 Granville Road, Tsim Sha Tsui East, Kowloon, Hong Kong	Dormant Company	100%

2. Tax residency is Hong Kong

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

15. Subsidiary and dormant undertakings (continued)

JD Sports Fashion Plc dormant undertakings

Name	Country of incorporation	Registered Office	Nature of the business	Interest
Kukri (HK) Limited*	Hong Kong	Unit 4, 27th Floor, Global Trade Square, 21 Wong Chuk Hang Road, Hong Kong	Dormant company	80%
Champion Sports (Holdings) Unlimited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Dormant company	100%
Champion Sports Newco Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Dormant company	100%
Marathon Sports Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Dormant company	100%
ActivInstinct Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Allsports.co.uk Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Alpine Bikes Limited*	United Kingdom	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Dormant company	60%
Ark Fashion Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Aspecto (Holdings) Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Aspecto Trading Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Blue Retail Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Castlebrook Management Company Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
CCC Outdoors Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Choice 33 Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	88%
Cloggs Online Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Exclusive Footwear Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	90%
First Sport Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Focus Equipment Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Focus Sports & Leisure International Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Footasylum Brands Limited *	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Footpatrol London 2002 Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
GetTheLabel.com Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80%
Giulio Woman Limited*	United Kingdom	24-32 King Street, Cambridge, Cambridgeshire, CB1 1LN	Dormant company	88%
Go Explore Consulting Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Go Outdoors Equestrian Limited *	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Henleys Clothing Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Hip (Birmingham) Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Infinites Retail Group Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Altrincham Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%

* Indirect holding of JD Sports Fashion Plc

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

15. Subsidiary and dormant undertakings (continued)

JD Sports Fashion Plc dormant undertakings (continued)

Name	Country of incorporation	Registered Office	Nature of the business	Interest
IRG Birkenhead Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Blackburn Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Bradford Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Bury Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Chesterfield Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Denton Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Derby Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Stockport Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Stoke Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Warrington Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
JD Sports Active Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
JD Sports Gyms Acquisitions Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	94%
Kukri Events Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80%
Milletts Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Mitchell's Practical Campers Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Nanny State Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Old Brown Bag Clothing Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
OneTrueSaxon Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Open Fashion Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Peter Werth Limited*	United Kingdom	Millae & Bryce Limited, Bonnington Bond 2 Anderson Place, Edinburgh, EH6 5NP	Dormant company	100%
Premium Fashion Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Sonneti Fashions Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Squirrel Sports Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80%
Tessuti Retail Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Topgrade Sportswear Holdings Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80%
Touchwood Sports Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Ultimate Outdoors Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Varsity Kit Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Weaver's Door Ltd	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Frank Harrison Limited*	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	72%

* Indirect holding of JD Sports Fashion Plc

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

15. Subsidiary and dormant undertakings (continued)

JD Sports Fashion Plc dormant undertakings (continued)

Name	Country of incorporation	Registered Office	Nature of the business	Interest
J D Sports Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
JD Newco 2 Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
The John David Group Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Spikes Holding LLC*	United States	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Dormant company	80%
The Finish Line MA, Inc*	United States	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Dormant company	80%

16. Inventories

Group	2020 £m	2019 £m
Raw materials and consumables	-	0.1
Finished goods and goods for resale	922.0	901.2
	922.0	901.3

There is no significant difference between the replacement cost of inventory and its carrying amount.

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £3,399.5m (2019: £3,377.3m) [Company: £nil (2019: £nil)]

Inventories are stated after provisions for impairment of £108.1m (2019: £83.8m).

The Company had no inventories as at 31 December 2020 (2019: £nil).

17. Debtors: amounts falling due within one year

	Group		Company
	2020 £m	2019 £m	2020 £m
Trade debtors	88.6	93.9	-
Other debtors	60.0	55.2	-
Social security and other taxes	0.5	0.3	-
Derivative financial instruments	0.2	6.9	-
Corporation tax recoverable	9.4	16.5	-
Prepayments and accrued income	128.3	136.8	-
Dividends receivable	-	0.1	-
	287.0	309.7	-

Trade debtors are stated after provisions for impairment/credit note provisions of £13.0m (2019: £8.6m)

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

18. Debtors: amounts falling due after more than one year

	Group		Company
	2020	2019	2020
	£m	£m	£m
Derivative financial instruments	0.2	0.6	-
Other debtors	0.4	0.4	-
Loan notes receivable	8.8		
	9.4	1.0	-

The loan receivable due after one year relates to a junior loan note held with Wellington B Limited, the immediate parent of Hunter Boot Limited (an associate disposed by a Group subsidiary during the year, see note 14). The loan note is due for repayment on 8 June 2025, which attracts an interest rate of 10% payable on maturity.

19. Current investments

	Financial instruments		
	Listed investments at fair value	Unlisted investments at fair value	Total current investments
	£m	£m	£m
	[a]	[b]	
Group			
As at 1 January 2020	28.5	39.5	68.0
Additions	6.5	0.3	6.8
Reclassification from non-current investments (see note 14)	28.2	-	28.2
Disposals	(1.3)	(3.3)	(4.6)
Fair value gain	450.5	1.6	452.1
Currency adjustments	0.1	(1.6)	(1.5)
As at 31 December 2020	512.5	36.5	549.0

[a] The fair value of the investments was determined with reference to the quoted market prices at the reporting date.

[b] The fair value is estimated with reference to valuation statements provided by the relevant private equity houses and fund managers.

20. Cash and cash equivalents

	Group		Company
	2020	2019	2020
	£m	£m	£m
Cash at bank and in hand	1,045.1	469.4	-
Short term deposits (included in current assets)	261.4	369.8	-
	1,306.5	839.2	-

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

21. Creditors: amounts falling due within one year (restated)*

	Group		Company
	2020	2019	2020
	£m	£m	£m
Trade creditors	609.4	474.4	-
Amounts owed to group undertakings	-	-	0.1
Corporation tax	83.5	50.7	-
Other taxation and social security	165.9	114.8	-
Other creditors	16.5	31.9	-
Accruals and deferred income	623.1	490.9	0.2
Finance Leases	15.9	14.5	-
Put options held by non-controlling interests	8.3	-	-
Derivative financial instruments	20.0	4.1	-
Interest-bearing loans and borrowings	131.7	54.9	-
	1,674.3	1,236.2	0.3

*see note 34 for details.

Amounts owed by fellow group undertakings are unsecured short-term liquidity balances with no fixed date of repayment and are repayable on demand.

22. Creditors - amounts falling due after more than one year

	Group		Company
	2020	2019	2020
	£m	£m	£m
Other long-term creditors	99.7	108.5	-
Derivative financial instruments	20.8	0.4	-
Put Options held by non-controlling interests	365.9	77.9	-
Interest bearing loans and borrowings	56.7	14.7	-
	543.1	201.5	-

Interest-bearing loans and borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Following the initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Consolidated Income Statement over the period of the borrowings on an effective interest basis.

	Group		Company
	2020	2019	2020
	£m	£m	£m
Amounts falling due within one year			
Bank loans and overdrafts	-	29.9	-
Syndicated bank facility	131.7	25.0	-
	131.7	54.9	-
Amounts falling due after more than one year			
Bank loans and overdrafts	56.7	14.7	-
	56.7	14.7	-
	188.4	69.6	-

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

22. Creditors - amounts falling due after more than one year (continued)

Bank Loans and Overdrafts

Certain wholly owned UK subsidiaries have arrangements with individual banks whereby sterling, US dollar and euro cleared credit balances are set-off against the respective debit balances on their current accounts with interest paid on any aggregate net overdrafts. The net aggregate cash balances are reported for these arrangements. The Group has various short-term borrowing facilities at its disposal.

The bank loans and overdrafts attract interest rates at 0.5% - 9.9%. The overdrafts are repayable on demand and the bank loans are repayable over periods between 2 and 65 months. The maturity of the bank loans and overdrafts is as follows:

	Group	Company
	2020	2019
	£m	£m
Within one year	131.7	29.9
Between one and five years	56.7	14.7
	188.4	44.6

Syndicated bank facility

As at 31 December 2020, JD and some of its subsidiaries have a syndicated committed £700 million bank facility which expires on 6 November 2024. JD is subject to covenants on Net Worth, Net Debt Leverage and a Fixed Charge Cover.

Under this facility a maximum of 15 drawdowns can be outstanding at any time with drawdowns made for a period of one, two, three or six months with interest currently payable at a rate of LIBOR plus a margin of 0.9% (2019: 0.9%). The arrangement and underwriting fee payable on the facility is 1.0% and the commitment fee on the undrawn element of the facility is 35% of the applicable margin rate.

This facility encompasses cross guarantees between JD Sports Fashion Plc, Blacks Outdoor Retail Limited, Tessuti Limited, Go Outdoors Limited, The Finish Line, Inc, The Finish Line USA Inc, Genesis Holdings Inc, Genesis Finco Limited, Focus Brands Limited and Focus International Limited. From 16 March 2021, Genesis Topco Inc and Shoe Palace Corporation were also included within the cross guarantee.

At 31 December 2020, £nil was drawn down on this JD bank facility (2019: £25.0m). The Company does not provide any financial support or guarantees to JD in support of JD's operations or the facilities and indebtedness of JD to its bankers.

JD's second principal bank facility is a syndicated Asset Based Lending Facility in the United States which has a maximum revolving advance amount of approximately \$300 million and expires on 18 June 2023. At 31 December 2020 \$nil was drawn down on this facility (2019: \$nil).

23. Provisions for liabilities

	Property provisions and onerous contracts	Restructuring provision	Other provisions	Total
	£m	£m	£m	£m
Group				
At 1 January 2020	9.3	0.5	1.7	11.5
Profit and loss account (credit)/charge	(2.7)	0.8	-	(1.9)
Utilised/released during the year	(1.0)	(0.4)	-	(1.4)
At 31 December 2020	5.6	0.9	1.7	8.2

Property provisions and onerous contracts arise on onerous and vacant property leases and comprise rent and rates payable on lowest cost of exit from the lease. Property provisions have been calculated using a discount factor applicable of 1% and 8.1% within the portfolio (2018: 9.7%).

Restructuring provisions comprise operational reorganisation costs arising within the Group's businesses.

Other provisions include other legal provisions. The timing on these liabilities is dependent upon the conclusion of the continuing legal proceedings which typically span several years.

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

24. Financial instruments

Group

	Note	2020 £m	2019 (restated)* £m
Financial assets at fair value through profit and loss:			
- Financial derivative instruments	17/18	0.4	7.5
- Fixed asset investments	14	465.6	384.2
- Current asset investments	19	549.0	68.0
		1015.0	459.7
Financial assets that are debt instruments measured at amortised cost:			
- Trade debtors	17	88.6	93.9
- Other debtors	17/18	60.4	55.5
- Loan notes held at amortised cost	18	8.8	-
- Dividends receivable	17	-	0.1
- Short term deposits (included in current assets)	20	261.4	369.8
		419.2	519.3
Financial liabilities at fair value through profit and loss:			
- Financial derivative instruments	21/22	(40.8)	(4.5)
- Put options held by non-controlling interests	21/22	(374.2)	(77.9)
		(415.0)	(82.4)
Financial liabilities measured at amortised cost:			
- Trade creditors	21	(609.4)	(474.4)
- Other creditors	21/22	(116.2)	(31.9)
- Accruals		(481.3)	(465.3)
- Finance leases	21	(15.9)	(14.5)
- Current interest-bearing loans and borrowings	21	(131.7)	(54.9)
- Non-current interest-bearing loans and borrowings	22	(56.7)	(14.7)
		(1411.2)	(1,055.7)

*See note 34 for further details

- Derivative financial instruments

The Group enters into foreign currency contracts to mitigate foreign exchange risk. As at 31 December 2020, the outstanding contracts all mature within 24 months (2019: 24 months) of the year end.

As of 31 December 2020, the Group was committed to buy US\$539.8m and sell €388.3m against a fixed sterling amount (2019: buy US\$584.4 and sell €527.7m).

Fair value is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for GBP: USD and GBP: EUR.

The fair value of the foreign exchange derivative contracts for the Group was an asset of £0.4m (2019: £7.5m) and a liability of £40.9m (2019: £4.5m). The unrealised fair value gains/losses arising from the foreign exchange derivative contracts taken to the Profit and Loss account for the year was a loss of £40.0m (2019: loss £5.7m).

The Group utilises foreign exchange derivative contracts to help reduce exposure to currency volatility during the extended period from design, costing and purchasing to selling and revenue generation from its products. Under FRS102 we are required to fair value foreign exchange derivative contracts at the year end and report unrealised gains or losses in the Profit and Loss account.

Due to the significant volumes of US dollars and euro flows across the Group, these exposures are managed centrally by Group Treasury on a combined rather than individual brand basis for those contracts that are non-JD related and by JD otherwise. The objectives of this policy are to maximise the efficiency benefits of group hedging and to provide a level of exchange rate certainty to individual brands to assist them in the forecasting, planning and budgeting processes.

- Put Options held by non-controlling interests

The Group has a number of options to buy the remaining shares in partly-owned subsidiaries from the non-controlling interests. The present value of these options has been estimated as at 31 December 2020 and is included within amounts falling due after more than one year.

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

24. Financial instruments (continued)

- Put Options held by non-controlling interests (continued)

The present value of the estimated exercise price is calculated using the option price formula agreed on acquisition. All existing option price formulas are based on a profit measure, which is estimated by applying an approved growth assumption to the current budget profit for the upcoming financial year, if appropriate for the individual business the put or call option directly relates to. A discount rate is also applied to the option price which is pre-tax and reflects the current market assessments of the time value of money and any specific risk premiums relevant to the individual businesses involved. These discount rates are considered to be equivalent to the rates a market participant would use.

A breakdown of the movement in put options held by non-controlling interests is as follows:

Group	Group	
	2020 £m	2019 £m
Opening balance	77.9	49.6
Acquisitions	275.1	0.3
Disposals/lapse	(3.1)	(4.5)
Fair value loss through profit and loss (within operating exceptionals)	24.3	32.5
As at 31 December	374.2	77.9

The majority of put options acquired in the year related to £261.6m on Genesis Topco Inc.

Company

	Notes	2020 £m	£m	2019 £m	£m
Financial liabilities that at amortised cost:					
- Accruals	21	(0.2)		-	
- Amounts owed to group undertakings	21	(0.1)		-	
			(0.3)		-

25. Deferred taxation

The net deferred taxation asset in 2020 and 2019, which has been recognised on the basis that there is sufficient evidence of suitable taxable profits, is as follows:

Group	2020 £m	2019 £m
	£m	£m
Deferred tax asset	23.2	19.6
Deferred tax liability	(176.5)	(38.8)
Net deferred liability	(153.3)	(19.2)
Accelerated capital allowances	-	(5.8)
Other timing differences*	(172.0)	(26.1)
Pension deficit	13.2	9.4
Unrelieved tax losses	5.5	3.3
	(153.3)	(19.2)

*Other timing differences mainly attributable to deferred tax impact of fair values of non-current and current investments.

The future potential deferred taxation asset in 2020 and 2019, which has not been recognised on the basis that there was insufficient evidence of suitable taxable profits, is as follows:

	2020 £m	2019 £m
	£m	£m
Unrecognised deferred tax asset	39.8	7.5
	39.8	7.5

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

26. Called up share capital

Group and Company	2020 £m	2019 £m
Authorised		
10,000,000 (2019: 10,000,000) ordinary shares of £0.10001 each	1.0	1.0
Allotted, issued and fully paid		
9,736,402 (2019: 9,736,402) ordinary shares of £0.10001 each	1.0	1.0

The Company has one class of ordinary shares which carry no right to fixed income.

The Company is controlled and 100% owned by R S Rubin and his immediate family and family trusts.

27. Commitments and contingencies

i) Capital commitments

As at 31 December 2020, the Group had authorised capital commitments of £11.3m (2019: £18.9m) of which £11.3m (2019: £18.9m) had been contracted.

As at 31 December 2020, the Group had investment commitments of £95.9m (2019: £100.3m), none of which were related to the Company. All of these may be drawn down over the next five years.

ii) Lease commitments

The Group had the following future minimum lease payments under non-cancellable operating leases for each of the following years:

	Land and buildings		Other	
	2020 £m	2019 £m	2020 £m	2019 £m
Leases expiring:				
- Within one year	372.6	387.3	3.1	3.3
- Within two to five years	914.6	951.3	3.9	3.8
- Over five years	382.1	458.9	-	0.1
	1,669.3	1,797.5	7.0	7.2

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

28. Net cash from operating activities

	2020 £m	2019 (Restated)* £m
Profit for the financial year	613.7	264.5
Adjustments for:		
Tax on profit	244.5	92.9
Net interest expense	5.1	5.4
Income from other fixed asset investments	(0.6)	(0.6)
Other finance charges	1.1	1.3
Net (gain) / loss on financial assets at fair value through the profit and loss account	(526.3)	4.2
Income from interests in associated undertakings and joint ventures	(5.9)	(15.5)
Profit from sale of business	(0.6)	(4.3)
Realised (gain)/loss on disposal of associates and joint ventures	(1.2)	0.5
Unrealised losses on derivative financial instruments	40.0	5.7
Operating profit	369.8	354.1
Depreciation and amortisation	216.0	188.8
Impairment of tangible and intangible assets	103.1	35.2
Impairment of associates	5.7	-
Loss on settlement of pre-existing relationship	6.0	-
Loss / (Profit) on disposal of tangible assets	2.0	(1.0)
Profit on disposal of fixed asset and current asset investments	(29.1)	(18.6)
Fair value loss on put options held by non-controlling interests	24.3	31.4
Net movement in provisions for liabilities and charges	(1.9)	(0.3)
Contribution to the pension scheme	(1.4)	(2.1)
Decrease/(Increase) in inventory	88.4	(44.8)
Decrease in debtors	48.1	11.9
Increase in creditors	190.6	78.5
Foreign exchange movement	(0.2)	2.1
Net cash from operating activities	1,021.3	635.2

*See note 34 for further details

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2020 (continued)

29. Analysis and reconciliation of net funds

	Note	At 1 January 2020 £m	Cash flow £m	Acquisitions £m	Disposals £m	Exchange movement £m	At 31 December 2020 £m
Cash at bank and in hand	20	469.4	574.6	3.3	-	(2.2)	1,045.1
Short term deposits (included in current assets)	20	369.8	(108.4)	-	-	-	261.4
Bank overdrafts	21	(25.0)	25.0	-	-	-	-
Cash and cash equivalents		814.2	491.2	3.3	-	(2.2)	1,306.5
Finance leases due within one year	21	(14.5)	(1.4)	-	-	-	(15.9)
Other loans due within one year	21	(29.9)	(21.5)	(80.3)	-	-	(131.7)
Other loans due after one year	22	(14.7)	(39.6)	(2.4)	-	-	(56.7)
Net Funds		755.1	428.7	(79.4)	-	(2.2)	1,102.2

30. Cash flow relating to exceptional items

Included in operating cash flow is an outflow of £nil (2019: £nil) of which relates to provisions made in prior years.

31. Related party transactions and ultimate controlling party

i) Disclosure of control

The ultimate parent undertaking is Pentland Group Holdings Limited, a company registered in Jersey. R S Rubin and his close family are considered the ultimate controlling party by virtue of their control of Pentland Group Holdings Limited as at 31 December 2020.

ii) Subsidiary undertakings

Details of investments in principal undertakings are included in note 15. In accordance with FRS 102 Section 8 "Related Party Disclosures", disclosure is not required of transactions and balances between Group companies where such transactions are eliminated on consolidation.

iii) Pension funds

Information relating to pension fund arrangements is disclosed in note 7. Other than the payment of normal pension contributions there have been no transactions between the Group or its related parties and any employee pension funds. There are no balances outstanding at the year end between Group companies and employee pension funds except those relating to the payment of pension contributions.

The following directors are Trustees of the RSH Executive Pension Scheme:

A J Mosheim
B A Mosheim
A S Rubin
C L Rubin
R S Rubin (Chairman)
A K Rubin

The following directors were Trustees of the Pentland Group Retirement Benefits Scheme during the year:

TJ Hockings (resigned 17 December)
A M Long (appointed 17 December)

iv) Associated undertakings

The Group holds a 50% interest in Linea Aqua (Pvt) Ltd. During the year, purchases from Linea Aqua (Pvt) Ltd were made by the Group of £3.6m. (2019: £5.7m) and at 31 December 2020 the balance due to Linea Aqua (Pvt) Ltd was £nil (2019: £5.8m).

Pentland Group Holdings Limited

Notes to the financial statements for the period ended 31 December 2020 (continued)

31. Related party transactions and ultimate controlling party (continued)

The Group held a 25% interest in Hunter Boot Limited at the start of the year. During the year, sales were made to Hunter Boot Limited of £0.6m (2019: £2.5m) before there was a dilution in the shareholding such that the Group was left with a 12% shareholding in Wellington B Limited, the immediate parent of Hunter Boot Limited. At 31 December 2020 the net balance receivable from Hunter Boot Limited was £8.8m (2019: £1.7m).

The Group holds a 20% interest in Pelham Leather Goods Limited. At 31 December 2020 the balance owed to the Group was £1.6m (2019: £1.5m).

The Group holds a 50% interest in Pentland Chaussures Limited. During the year, sales were made to Pentland Chaussures Limited of £4.1m and purchases were made totalling £25.1m. At 31 December 2020, there was a balance payable to Pentland Chaussures Limited of £5.9m (2019: £5.1m) and a receivable due from Pentland Chaussures Limited of £1.7m (2019: £5.4m).

v) Charitable donations

As at 31 December 2019, R S Rubin and his close family exercised a Trustee role in The Rubin Foundation Charitable Trust.

During the year payments of £1.0m was made as a charitable donation to the Rubin Foundation Charitable Trust and at year end there was a total accrual of £nil (2019: £nil).

iv) JD and its subsidiaries

The Company had balances outstanding as at year end from JD as follows:

In £m	Amounts owed by related parties 2020	Amounts owed to related parties 2020	Amounts owed by related parties (as restated) 2019	Amounts owed to related parties 2019
Dividends	-	-	1.6	-

vii) Directors

During the year there were no transactions with directors or directors' close family members outside of items already disclosed in note 4 director emoluments.

32. Profit attributable to the Company

The loss for the 16 month period ended 31 December 2020 dealt with in the financial statements of the Company was £0.3m. As permitted by Companies (Jersey) Law 1991, Section 105(11) no separate profit and loss account or statement of comprehensive income is presented in respect of the Company.

33. Approval of financial statements

These financial statements were approved at a directors' meeting held on the 7 July 2021.

Pentland Group Holdings Limited

Notes to the financial statements for the period ended 31 December 2020 (continued)

34. Reconciliation between the consolidated financial statements of Pentland Group Limited and the consolidated financial statements of Pentland Group Holdings Limited as at 31 December 2019.

The previous set of consolidated financial statements were prepared under Pentland Group Limited. As a result of the restructuring of the Group, Pentland Group Holdings Limited is now the ultimate parent entity in which a consolidation is prepared. The impact of this for 2019 is to include adjustments to the profit and loss account and consolidated balance sheet of the newly incorporated group companies included in the restructure are shown below:

Group	2019 as previously reported (Pentland Group Limited) £m	Adjustments £m	2019 (Pentland Group Holdings Limited) £m
Profit for the year			
Profit before taxation	356.9	0.5	357.4
Tax on profit	(92.9)	0	(92.9)
Profit for the financial year	264.0	0.5	264.5
Profit attributable to:			
Pentland Group Limited/Pentland Group Holdings Limited Shareholders	139.1	2.6	141.7
Non-controlling interests	124.9	(2.1)	122.8
	264.0	0.5	264.5
Total comprehensive income for the year:			
Pentland Group Limited/Pentland Group Holdings Limited Shareholders	123.8	2.6	126.4
Non-controlling interests	105.7	(2.1)	103.6
	229.5	0.5	230.0
Net assets:			
Fixed assets	1,509.1	-	1,509.1
Current assets	2,138.8	-	2,138.8
Creditors: amount falling due within one year	(1,414.2)	178.0	(1,236.2)
Net current assets	724.6	178.0	902.6
Total assets less current liabilities	2,233.7	178.0	2,411.7
Non-current liabilities	(306.3)	-	(306.3)
Net assets	1,927.4	178.0	2,105.4
Called up share capital	1.0	-	1.0
Share premium account	0.1	5,128.9	5,129.0
Revaluation reserve	2.5	-	2.5
Merger reserve	29.0	(5,128.9)	(5,099.9)
Other capital reserve	(39.1)	0.0	(39.1)
Fair value reserve	177.0	-	177.0
Profit and loss account	1,075.9	226.4	1,302.3
Total Equity attributable to owners of the parent	1,246.4	226.4	1,472.8
Non-controlling interests	681.0	(48.4)	632.6
Total Equity	1927.4	178.0	2105.4

Pentland Group Holdings Limited

Notes to the financial statements for the period ended 31 December 2020 (continued)

35. Events after the reporting period

DTLR Villa LLC ('DTLR')

On 31 January 2021, JD entered into a conditional agreement for the acquisition of 100% of DTLR Villa LLC ('DTLR'). Completion of the acquisition was subject to customary closing conditions, including expiration or termination of the applicable waiting period under the U.S. Hart-Scott-Rodino Antitrust Improvements Act (HSR Act). The acquisition subsequently completed on 17 March 2021.

Total cash consideration for the acquisition was \$495 million, subject to customary working capital and other adjustments at completion, of which approximately \$100 million will be used to repay existing indebtedness of DTLR. This cash consideration is being funded from the JD Group's cash resources and existing bank facilities. The DTLR Management Team, headed up by Glenn Gaynor and Scott Collins, who will be continuing in their roles as Co-CEOs, have also reinvested a portion of their proceeds back into DTLR in exchange for a new minority stake of approximately 1.4%. Put and call options, to enable future exit opportunities for management, have also been agreed and become exercisable after a minimum period of three years.

DTLR is based in Baltimore, Maryland and is a hyperlocal athletic footwear and apparel streetwear retailer. Originally named Downtown Locker Room, it later re-branded as DTLR and, in 2017, merged with Sneaker Villa Inc (previously based in Philadelphia). At acquisition, DTLR operated from 247 stores across 19 states, principally in the North and East of the United States. The acquisition of DTLR, with its differentiated consumer proposition, will enhance the Group's presence in the North and East of the United States complementing not only our existing JD and Finish Line fascias but also the recent acquisition of Shoe Palace which is based on the West Coast.

Due to the proximity of the date of the acquisition and the date of these financial statements and JD's annual report, it is not possible to present a goodwill calculation, or the fair value of the assets and liabilities acquired. The goodwill calculation and fair value table will be presented in the announcement of JD's Interim Results on the 14 September 2021.

Placing of New Ordinary Shares

On 3 February 2021, JD completed the placing of new ordinary shares in the capital of JD Sports Fashion Plc. A total of 58,393,989 new ordinary shares in the capital of JD Sports Fashion Plc were placed by Investec Bank plc and Peel Hunt LLP at an issue price of 795 pence per share (the 'Placing Price').

The Placing Shares represent approximately 6.0% of the existing issued share capital of JD Sports Fashion Plc and raised proceeds of approximately £456.0 million after costs. The Placing Price represents a discount of approximately 2.5% to the mid-market closing price of 815 pence on 3 February 2021. The placing was implemented on a non-pre-emptive basis.

The admission of the Placing Shares to trading on the main market for listed securities took place on the 8 February 2021. The Placing Shares rank pari passu in all respects with each other and with the existing issued ordinary shares. This includes, without limitation, the right to receive all dividends and other distributions declared or paid in respect of such ordinary shares after the date of issue of the Placing Shares.

JD Sports Fashion Plc now has a total of 1,031,627,149 ordinary shares in issue. JD Sports Fashion Plc does not hold any shares in treasury and the total number of voting shares in issue is therefore 1,031,627,149.

As at 31 December 2020, the Group held 55.0% of the shares in JD Sports Fashion Plc. As a result of not participating in the placing, the Group's shareholding was diluted to 51.89%.

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

On 11 March 2021, JD entered into a conditional agreement for the acquisition of 60% of the share capital of Marketing Investment Group S.A. The business operates 410 retail stores and associated trading websites across nine countries in Central and Eastern Europe. In the period ended 31 January 2020, MIG generated revenues of approximately £200 million (£stg equivalent). Following competition clearance the deal completed in early May.

Net assets of MIG at the date of completion are expected to be approximately £15 million. Put and call options to enable future exit opportunities for the 40% shareholders have also been agreed and become exercisable after the period ended January 2025.